

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED MARCH 31, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number: 001-32433

PRESTIGE BRANDS HOLDINGS, INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)



20-1297589

(I.R.S. Employer Identification No.)

90 North Broadway
Irvington, New York 10533
(914) 524-6810

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

Title of each class:

Common Stock, par value \$.01 per share

Name of each exchange on which registered:

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 No

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

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

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

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

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

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, 2008 was \$333.3 million.

As of June 1, 2009, the Registrant had 49,936,277 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Definitive Proxy Statement for the 2009 Annual Meeting of Stockholders (the "2009 Proxy Statement") presently scheduled for August 4, 2009 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 utilized the ® and □ TM symbols the first time each trademark or trade name appears in this Annual Report on Form 10-K.

ITEM 1. BUSINESS

Overview

Unless otherwise indicated by the context, all references in this Annual Report on Form 10-K to “we”, “us”, “our”, “Company” or “Prestige” refer to Prestige Brands Holdings, Inc. and its subsidiaries. Similarly, reference to a year (e.g. “2009”) refers to our fiscal year ended March 31 of that year.

We sell well-recognized, brand name over-the-counter healthcare, household cleaning and personal care products in a global marketplace. 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 to compete in these categories and, as a result, grow our sales and profits. Our ultimate success is dependent on our ability to:

- Develop effective sales, advertising and marketing programs,
- Grow our existing product lines,
- Develop innovative new products,
- Acquire new brands,
- Respond to the technological advances and product introductions of our competitors, and
- Develop a larger presence in international markets.

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 94.5%, 94.3% and 94.1% of our net revenues for 2009, 2008 and 2007, respectively.

Major Brands	Market Position ⁽¹⁾	Market Segment ⁽²⁾	Market Share ⁽³⁾ (%)	ACV ⁽⁴⁾ (%)
Over-the-Counter Healthcare:				
<i>Chloraseptic</i> ®	#1	Sore Throat Liquids/Lozenges	38.9	95
<i>Clear Eyes</i> ®	#2	Eye Allergy/Redness Relief	16.4	89
<i>Compound W</i> ®	#2	Wart Removal	30.7	90
<i>Wartner</i> ®	#3	Wart Removal	8.2	56
<i>The Doctor's</i> ® <i>NightGuard</i> ™	#1	Bruxism (Teeth Grinding)	43.1	46
<i>The Doctor's</i> ® <i>Brushpicks</i> ®	#2	Interdental Picks	20.1	64
<i>Little Remedies</i> ®	#5	Pediatric Healthcare	3.1	84
<i>Murine</i> ®	#1	Personal Ear Care	20.8	86
<i>New-Skin</i> ®	#1	Liquid Bandages	44.5	42
<i>Dermoplast</i> ®	#2	Pain Relief Sprays	14.6	47
Household Cleaning:				
<i>Comet</i> ®	#2	Abrasive Tub and Tile Cleaner	31.4	99
<i>Chore Boy</i> ®	#1	Soap Free Metal Scrubbers	28.3	37
<i>Spic and Span</i> ®	#6	Dilutable All Purpose Cleaner	2.7	49
Personal Care:				
<i>Cutex</i> ®	#1	Nail Polish Remover	25.2	78
<i>Denorex</i> ®	#5	Medicated Shampoo	1.3	42

- (1) The data included in this Annual Report on Form 10-K as regards the market share and ranking for our brands, has been prepared by the Company, based in part on data generated by the independent market research firm, Information Resources, Inc. (“Information Resources”). Information Resources reports retail sales data in the food, drug and mass merchandise markets. However, Information Resources’ data does not include Wal-Mart point of sale data, as Wal-Mart ceased providing sales data to the industry in 2001. Although Wal-Mart represents a significant portion of the mass merchandise market for us, as well as our competitors, we believe that Wal-Mart’s exclusion from the Information Resources data analyzed by the Company above does not significantly change our market share or ranking relative to our competitors.

Our products are sold through multiple channels, including mass merchandisers, drug, grocery, dollar and club stores, which allows us to effectively launch new products across all distribution channels and reduce our exposure to any single distribution channel. We focus our internal resources on our core competencies:

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

While we perform the production planning and oversee the quality control aspects of the manufacturing, warehousing and distribution of our products, we outsource the operating elements of these functions to entities that offer expertise in these areas and cost efficiencies due to economies of scale. Our operating model allows us to focus on our marketing programs and product development and innovation, which we believe enables us to achieve attractive margins while minimizing capital expenditures and working capital requirements.

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 other 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, they 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 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 and the following competitive strengths and growth strategy, however, face various risks that are described in “Risk Factors” in 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 key 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 advertising and marketing and research and development, which may have an adverse effect on our competitive position.

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- (2) “Market segment” has been defined by the Company based on its product offerings and the categories in which it competes.
 - (3) “Market share” is based on sales dollars in the United States, as calculated by Information Resources for the 52 weeks ended March 22, 2009.
 - (4) “ACV” refers to the All Commodity Volume Food Drug Mass Index, as calculated by Information Resources for the 52 weeks ended March 22, 2009. ACV measures the weighted sales volume of stores that sell a particular product out of 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 ACV is a measure of a product’s importance to major retailers. 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 do not carry products for which consumer demand may not be 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.

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 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 underserved consumer needs, the design of products that directly address those needs and the ability to extend our highly recognizable brand names to other products. Demonstrative of this philosophy, in 2009 we introduced *Chloraseptic Allergen Block* and *Little Allergies Allergen Block*, Food and Drug Administration (“FDA”) cleared, patented topical gels that help block allergens on contact at the nose to help prevent allergic symptoms, such as runny nose, sneezing and nasal congestion. These product introductions followed a successful 2008 when we introduced *Comet Mildew SprayGel*, a high viscosity mildew stain remover spray. During 2008, we also restaged *Clear Eyes* for Dry Eyes ACR Relief as *Clear Eyes* for Itchy Eyes to address the needs of allergy sufferers. Similarly, our 2007 product introductions included *Clear Eyes* Maximum Redness Relief, a fast acting formula that lubricates as it relieves redness, and *Little Tummys®* Gripe Water, an herbal supplement with ginger and fennel for safe, gentle relief of infant colic, hiccups and upset stomach. 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. While we did not discontinue any of our recent product introductions during 2009 or 2008, we did discontinue *Murine* Homeopathic Allergy Eye Relief, *Murine* Homeopathic Tired Eye Relief and *Chloraseptic* Daily Defense Strips in 2007, all of which had been introduced in 2006.

Efficient Operating Model

To gain operating efficiencies, we directly manage 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 Profit %	G&A % To Net Sales	CapEx % To Net Sales
2009	52.2	10.2	0.2
2008	51.6	9.6	0.1
2007	51.9	8.9	0.2

In 2009, our gross profit increased 60 basis points due to the Company’s ongoing efforts to reduce its supply chain costs, a favorable sales mix, and the absence of the voluntary withdrawal costs incurred in 2008. During 2008, our gross profit was adversely affected by the inventory costs associated with the voluntary withdrawal from the marketplace of two medicated pediatric cough and cold products marketed under the *Little Remedies* brand as part of an industry-wide withdrawal of certain medicated pediatric cough and cold products. During 2007 our gross margin was adversely impacted by the obsolescence reserves associated with certain of our *Chloraseptic* inventory. General and Administrative costs increased as a percentage of sales as a result of the \$13.9 million or 4.3% reduction of sales for 2009 versus 2008. During 2007 and 2008, our general and administrative expenses have been impacted by the overall growth of the organization and professional fees incurred to protect our intellectual property and other rights. Our operating model, however, requires us to depend on third-party providers for manufacturing and logistics services. The inability or unwillingness of our third-party providers to supply or ship our products could have a material adverse effect on our business, financial condition and results from operations.

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. Since the Company has approximately 100 employees, we seek more experienced personnel to bear the substantial responsibility of brand management and effectuate our growth strategy. These managers nurture the brands as they 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,
- Innovation and Product Development, and
- Strict Adherence to Quality and Regulatory Standards.

We execute this strategy through:

- **Investments in Advertising and Promotion**

We will invest in advertising and promotion to drive the growth of our key brands. Our marketing strategy is focused primarily on consumer-oriented programs that include media advertising, targeted coupon programs and in-store 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. For example, in 2009, we spent heavily behind the launch of our innovative allergen block products introduced under the *Chloraseptic* and *Little Remedies* brands. In 2008, a very active year, we advertised and promoted the introduction of *Comet* Mildew SprayGel, *Murine Earigate* and *Chloraseptic* Liquid Center Lozenges. Given the competition in our industry and the contraction of the U.S. economy, there is a risk that our marketing efforts may not result in increased sales and profitability. Additionally, no assurance can be given that we can maintain these 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 our share within those categories through ongoing product innovation. As mentioned earlier, in 2009 we introduced the *Chloraseptic* and *Little Allergies* Allergen Block products which occupy unique positions in the allergy relief category. In addition, we continue to expand the *Clear Eyes* product line, most recently with *Clear Eyes* Tears which followed the introduction of *Clear Eyes* Maximum Redness Relief in 2007. In 2008, we launched *Comet* Mildew SprayGel, an innovative new product to address specific needs and capitalize on the consumer awareness of the *Comet* brand. This successful product introduction was the primary driver of the brand's continued growth. The Company's planned advertising and promotion program behind Allergen Block is expected to provide significant support for the introduction of these products consistent with the Company's strategy to extend our product line into new categories. This introduction allows the *Chloraseptic* and *Little Remedies* brands to compete in the allergy relief category, a category in which we have not previously participated. 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 ensures that our products are well positioned across all available channels and that we are able to participate in changing consumer retail trends. To ensure continued sales growth, we have altered our focus and have expanded our reliance on a direct sales force while reducing our reliance on brokers. This philosophy will allow 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 however, that we may not be able to maintain or enhance our relationships across distribution channels, which could adversely impact our sales, business, financial condition and results from operations.

- **Growing Our International Business**

International sales beyond the borders of North America represented 3.5%, 4.0% and 4.6% of revenues in 2009, 2008, and 2007, respectively. We have designed and developed both product and packaging for specific international markets and expect that our international revenues will grow as a percentage of total revenues. In addition to *Clear Eyes*, *Murine* and *Chloraseptic*, which are currently sold internationally, we license The Procter & Gamble Company (“Procter & Gamble”) 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.

- **Pursuing Strategic Acquisitions**

Our management team has a solid track record of successfully identifying, acquiring and integrating new brands. For example, during 2007 we purchased the *Wartner* brand of over-the-counter wart treatment products to augment our ownership of *Compound W*, the number two selling brand in the wart treatment category. 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 will allow us to integrate any future acquisitions in an efficient manner, while also providing opportunities to realize significant cost savings. However, there is a risk that our operating results could be adversely affected in the event we do not realize all of the anticipated operating synergies and cost savings from future acquisitions, we do not successfully integrate such acquisitions or we pay too much for these acquisitions. Provisions in our senior credit facility and the indenture governing our senior subordinated notes, however, may limit our ability to engage in strategic acquisitions. Should the Company identify a significant strategic acquisition, it would be required to restructure its credit facility in order to consummate such an acquisition.

Market Position

During 2009 and 2008, approximately 78% of our net revenues were from brands with a number one or number two market position, compared with approximately 77% during 2007. Such brands include *Chloraseptic*, *Clear Eyes*, *Chore Boy*, *Comet*, *Compound W*, *Cutex*, *Dermoplast*, *The Doctor’s* and *New-Skin*.

See the “Business” section on page 1 of this document 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 over-the-counter drug brands from American Home Products. Since 2001, our portfolio of brand name products has expanded from over-the-counter healthcare to include household cleaning and personal care 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 & Span business in March 2004.

In April 2004, we acquired Bonita Bay Holdings, Inc., 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 over-the-counter healthcare products through our purchase of Vetco, Inc. Products offered under the *Little Remedies* brand include *Little Noses*® nasal products, *Little Tummys* digestive health products, *Little Colds*® cough/cold remedies and *Little Remedies* New Parents Survival Kits. The *Little Remedies* products deliver relief from common childhood ailments without unnecessary additives such as saccharin, alcohol, artificial flavors, coloring dyes or harmful preservatives.

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 1/4% 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 (“TWC/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. The brand has 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 business is driven primarily by two niche segments, bruxism (nighttime teeth grinding) and interdental cleaning. Its products include *The Doctor’s NightGuard* Dental Protector, the first FDA cleared over-the-counter treatment for bruxism and *The Doctor’s BrushPicks*, which are disposable interdental toothpicks.

In September 2006, we acquired Wartner USA B.V. (“Wartner”), the owner of the *Wartner* brand of over-the-counter wart treatment products. The Company expects that the *Wartner* brand, which is the number three brand in the United States over-the-counter wart treatment category, will continue to enhance the Company’s market position in the category, complementing *Compound W*.

While we did not make any strategic acquisitions in either 2008 or 2009, during the second half of 2009 we strengthened our working capital position through the accumulation of a \$30.0 million cash cushion. Additionally during 2008 and 2009 we repaid \$85.0 million of our senior debt with free cash flow generated from operations. These debt repayments reduce our interest costs on a go-forward basis, and favorably affect our interest coverage and our debt-to-equity ratios.

Products

We conduct our operations through three principal business segments:

- Over-the-counter healthcare,
- Household cleaning, and
- Personal care.

Over-the-Counter Healthcare Segment

Our portfolio of over-the-counter healthcare products consists primarily of *Clear Eyes*, *Murine*, *Chloraseptic*, *Compound W*, *Wartner*, the *Little Remedies* line of pediatric healthcare products, *The Doctor’s* brand of oral care products and first aid products such as *New-Skin* and *Dermoplast*. Our other brands in this category include *Percogesic*®, *Momentum*®, *Freezone*®, *Mosco*®, *Outgro*®, *Sleep-Eze*® and *Compoz*®. In 2009, the over-the-counter healthcare segment accounted for 56.6% of our revenues compared to 56.2% and 54.8% in 2008 and 2007, respectively.

Clear Eyes

Clear Eyes, with an ACV of 94.0%, has been marketed as an effective eye care product that helps take redness away and helps moisturize the eye. In 2009, we launched *Clear Eyes Tears* to provide gentle, long lasting relief from dry eyes. In 2008, we launched *Clear Eyes* for Itchy Eyes to address eye symptoms related to allergies. In February 2007, we introduced *Clear Eyes Maximum Redness Relief*. *Clear Eyes* is among the leading brands in the over-the-counter personal eye care category. The 0.5 oz. size of *Clear Eyes* redness relief eye drops is the number two selling product in the eye allergy redness relief category and *Clear Eyes* is the number two brand in that category with 16.4% market share.

Murine

Murine products consist of lubricating, soothing eye drops and ear wax removal aids. *Murine* has been on store shelves for over 100 years and is the leading brand in the over-the-counter ear care category with a market share of 20.8%. The ear drop category is composed of products that loosen earwax and treat trapped water (swimmer's ear) and ear aches. In 2008, we expanded our market share in the ear care category with the introduction of *Murine Earigate*, Ear Cleaning System, a natural and hypoallergenic wax removal system with a patented "reverse spray action" that safely rinses away ear wax without harming the user's sensitive eardrums. While the introduction of *Murine Earigate* has been met with challenges in the marketplace, the Company continues to explore options to enhance sell through at the retail level.

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. The *Chloraseptic* brand has an ACV of 95.0% and is number one in sore throat liquids/sprays with a 47.1% market share.

Historically, *Chloraseptic* products were limited to sore throat lozenges and traditional sore throat sprays that were stored and used at home. In 2006, we introduced our first dual-action product, *Sugar Free Chloraseptic Sore Throat plus Cough Lozenges*. In 2007, we launched another dual action product, *Chloraseptic Center-Filled Sore Throat Plus Coating Protection lozenges*, designed to stop sore throat pain fast, and to soothe sore throats with the unique center-filled technology. In 2009, we launched *Chloraseptic Allergen Block*, an FDA cleared, patented topical gel that helps block allergens on contact at the point of entry, the nose, to help prevent runny nose, sneezing and nasal congestion. These product introductions enable us to market *Chloraseptic* products as a system, encourage consumers to buy multiple types of *Chloraseptic* products, and increase volume for the entire product line. Also in 2009, we introduced *Chloraseptic Max Lozenges* and *Chloraseptic Max Spray* to treat severe cough/cold symptoms.

Compound W

Compound W has a long heritage; its wart removal products having been introduced almost 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. We believe that *Compound W* is one of the most trusted names in wart removal.

Compound W is the number two wart removal brand in the United States with a 30.7% market share and an ACV of 90.0%. Since *Compound W's* acquisition, we have successfully expanded the wart remover category and enhanced the value associated with the *Compound W* brand by introducing several new products, such as *Compound W Freeze Off*, Fast Acting Liquid, One Step Pads for Kids, Waterproof One Step Pads and Invisible Strips Pads. *Compound W Freeze Off* has achieved high trade acceptance, as it allows consumers the convenience of a fast-acting wart freezing treatment similar to that used by doctors.

Wartner

Wartner is the number three brand in the United States in the wart removal category with a 16.6% share of the cryogenic segment and an ACV of 56.0%. Launched in 2003, *Wartner* is recognized by consumers and the trade as the first ever over-the-counter wart freezing (cryogenic therapy) treatment in the U.S. and Canada.

The Doctor's

The Doctor's is a line of products designed to help consumers that are highly motivated to maintain good oral hygiene in between dental office visits. The product line was part of the 2006 acquisition of Dental Concepts LLC. 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 over-the-counter treatment for bruxism and *The Doctor's BrushPicks* are disposable interdental toothpicks. *The Doctor's OraPik* is a nondisposable, interdental pick and mirror.

Little Remedies

Little Remedies is a full line of pediatric over-the-counter products that contain no alcohol, saccharin, artificial flavors or coloring dyes including: (i) *Little Noses*, a product line consisting of an assortment of saline products, including the recently launched Saline Mist, (ii) *Little Colds*, a product line consisting of a multi-symptom cold relief formula, sore throat relief *Saf-T-Pops*®, a cough relief formula, and a combined decongestant plus cough relief formula, (iii) *Little Tummys*, a product line consisting of gas relief drops, laxative drops, as well as gripe water, an herbal supplement used to ease discomfort often associated with colic and hiccups, and (iv) *Little Teethers*, a product line offering teething relief in two formats, a gel and homeopathic tablets. In 2009, we launched *Little Allergies*® Allergen Block, leveraging the same technology as *Chloraseptic* Allergen Block, in a drug free formulation that helps block allergens on contact to help prevent allergic symptoms such as runny nose, sneezing and nasal congestion in children.

New-Skin

New-Skin, believed to have originated over 100 years ago, consists of liquid bandages that are designed to replace traditional bandages in an effective and easy to use form for the protection of small cuts and scrapes. Each *New-Skin* product works by forming a thin, clear, protective covering after it is applied to the skin. *New-Skin* competes in the liquid bandage segment of the first aid bandage category where it has a 44.5% market share and a 42.0% ACV. In 2009, we relaunched *Dermoplast* Poison Ivy Treatment, the only poison ivy wash that contains over-the-counter medicine, under the *New-Skin* label to better position the product and leverage the *New-Skin* name.

Dermoplast

Dermoplast is an aerosol spray anesthetic for minor topical pain that was traditionally a "hospital-only" brand dispensed to mothers after giving birth. The primary use in hospitals is for post episiotomy pain, post-partum hemorrhoid pain, and for the relief of female genital itching.

With the introduction of retail versions of the product, *Dermoplast* offers sanitary, convenient first aid relief for pain and itching from minor skin irritations, including sunburn, insect bites, minor cuts, scrapes and burns to a much larger audience. *Dermoplast* is currently offered in two formulas: regular strength and antibacterial strength.

Household Cleaning Segment

Our portfolio of household cleaning brands includes the *Comet*, *Chore Boy* and *Spic and Span* brands. In both 2009 and 2008, the household cleaning segment accounted for 37.1% of our revenues, compared with 37.4% in 2007.

Comet

Comet was originally introduced in 1956 and is one of the most widely recognized household cleaning brands, with an ACV of 99.0%. *Comet* competes in the abrasive and non-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, sprays and cream, both abrasive and non-abrasive. The non-abrasive tub and tile cleaner segment is more fragmented and competitive than the abrasive sector and we have been attempting, through focused advertising and promotions, including free-standing insert coupons and television advertising, to build momentum in our efforts to increase *Comet's* market share in the non-abrasive tub and tile cleaner sector.

We have expanded the brand's distribution, increased advertising and promotion and implemented focused marketing initiatives. Our 2008 introduction of *Comet Mildew SprayGel* has expanded our product line into the mildew stain cleanser sub-segment of non-abrasive spray cleaners, where we achieved a 10.0% share of the mildew segment in 2009. Previously, we introduced new fragrances, including *Comet Lavender Powder Abrasive Cleanser*. We have also extended the brand into underdeveloped demographic targets, and employed new inverted bottle packaging, which improves evacuation and ease of use, for *Comet Soft Cleanser Cream*. Additionally, multi-packs have been introduced in the warehouse club trade class extending the brand's distribution.

Chore Boy

Chore Boy scrubbing pads and sponges were initially launched in the 1920's. Over the years the line has grown to include metal and non-metal scrubbers that are used for a variety of household cleaning tasks. While many of the brand's products find use in the kitchen, with cooking clean up being the primary use, they are also used in clean up jobs in the home workshop, garage, and other areas, including outdoor grill cleaning. The newest additions to the line, launched in 2004, consist of patented mesh materials that clean most surfaces without scratching. *Chore Boy* products are currently sold in food and drug stores, mass merchandisers, and in hardware and convenience stores.

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. Following our acquisition of the brand, the product line has grown from eight to 29 separate items and we have expanded distribution into new channels such as dollar stores.

Personal Care Segment

Our major personal care brands include *Denorex* dandruff shampoo, *Cutex* nail products and *Prell*® shampoo. Other portfolio brands in this segment include *EZO*® denture cushion, *Oxipor VHC*® psoriasis lotion, *Cloverine*® skin salve, *Zincon*® medicated dandruff shampoo and *Kerodex*® barrier cream. The Company's strategy has been to de-emphasize the personal care segment, and partially as a result, it accounted for 6.3% of our revenues in 2009 compared with 6.7 and 7.8% in 2008 and 2007, respectively.

Denorex

Denorex was originally launched in 1971 as an effective solution to scalp problems. *Denorex* competes in the dandruff shampoo category and holds a 1.3% market share. The current lineup of *Denorex* products includes Extra Strength, for moderate dandruff sufferers; and for those with more serious dandruff conditions, Therapeutic Strength with coal tar.

Cutex

Cutex is the leading branded nail polish remover, with a 25.2% share of market. *Cutex*, with an ACV of 78.0%, has products in two main categories: (i) liquids and (ii) convenience implements, including pads, pump action bottles, and manicure correction pens. *Cutex*'s main competition comes from a number of private label brands, which collectively have a 56.0% market share.

Prell

Acquired from Procter & Gamble in 1999, *Prell* Shampoo was launched in 1947. While the shampoo category is fragmented and populated by hundreds of brands, *Prell* continues to have strong brand recognition. We believe *Prell* has a small, but very loyal, base of consumers who value its superior cleansing and foaming properties and who seek a premium shampoo at a more affordable price point.

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 Operation and Note 17 to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K.

Marketing and Sales

Our marketing strategy is based upon 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 professionally designed, 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 professionally designed support programs. Recognizing that financial resources are limited, we allocate our resources to focus on those brands that 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, which accounted for approximately 81.4% of our combined gross sales for 2009 and 80.9% and 77.1% for 2008 and 2007, respectively. Our sales management team consists of 18 people which has grown in order to focus on our key customer relationships. 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 and club stores. The following table sets forth the percentage of gross sales across our five major distribution channels during the three-year period ended March 31, 2009:

Channel of Distribution	Percentage of Gross Sales ⁽¹⁾		
	2009	2008	2007
<i>Mass</i>	35.9%	33.6%	35.8%
<i>Food</i>	21.8	22.7	23.3
<i>Drug</i>	25.4	28.0	25.6
<i>Dollar</i>	9.6	8.3	7.2
<i>Club</i>	2.2	2.4	2.2
<i>Other</i>	5.1	5.0	5.9

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

Due to the diversity of our product line, 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 Wal-Mart, Walgreens, CVS, Target and Dollar Tree. Sales to our top five and ten customers accounted for 47% and 59% of total gross sales, respectively, in 2009 compared with approximately 46% and 57%, respectively, in 2008 and approximately 43% and 53%, respectively, in 2007. No single customer other than Wal-Mart accounted for more than 10% of our gross sales in any of those years and none of our other top five customers accounted for less than 3% of our gross sales in any of those years. Our top ten customers each purchase products from essentially all of our major brands.

Our strong customer relationships and product recognition provide us with a number of important benefits 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 management's emphasis on strong customer relationships, speed and flexibility, leading sales technology capabilities, including (i) electronic data interchange, (ii) e-mail, (iii) the Internet, and (iv) integrated retail coverage, 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
	Wal-Mart		
		Dollar	Dollar General
Food	Ahold		Dollar Tree
	Kroger		Family Dollar
	Publix		
	Safeway	Club	BJ's Wholesale Club
	Supervalu		Costco
			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 flexibility, (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 is reinvested to support our marketing initiatives, used to fund brand acquisitions or to repay outstanding indebtedness.

We have relationships with over 40 third-party manufacturers. Of those, our top 10 manufacturers produce items that accounted for 81% of our sales for 2009 compared to 80% in 2008. At March 31, 2009, we do not have long-term contracts with the manufacturers of products of approximately 28% of our gross sales for 2009. The lack of manufacturing agreements for these products exposes us to the risk that the manufacturer could stop producing our products at any time for any reason, increase the cost that we are charged for our products or fail to provide us with the level of products we need to meet our customers' demands. Should one or more of our manufacturers stop producing product on our behalf or increase our costs in excess of our ability to increase our sales prices, it could have a material adverse effect on our business, financial condition and results from operations.

At March 31, 2009, suppliers for our key brands included (i) Procter & Gamble, (ii) Access Business Group, (iii) Kolmar Canada and (iv) Altaire Pharmaceuticals, Inc. 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. All of our other products are manufactured on a purchase order basis which is generally based on batch sizes and result 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 confirmation, we send an invoice to the customer.

We manage product distribution in the mainland United States primarily through one facility located in St. Louis, owned and operated by The Jacobson Companies ("Jacobson"). Jacobson provides warehouse services, including without limitation, storage, handling and shipping with respect to our full line of products, as well as transportation services, including without limitation, (i) complete management services, (ii) claims administration, (iii) proof of delivery, (iv) procurement, (v) report generation, and (vi) automation and freight payment services with respect to our full line of products.

If Jacobson abruptly stopped providing warehousing or transportation services to us, our business operations could suffer a temporary disruption while new service providers are engaged. We believe this process could be completed quickly and any temporary disruption resulting therefrom would not be likely to have a significant effect on our operating results and 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 over-the-counter healthcare, household cleaning and personal care 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. Many of these competitors are larger and have substantially greater research and development and financial resources than we do. Consequently, they may have the ability to spend more aggressively on advertising and marketing and research and development, and to respond more effectively to changing business and economic conditions. If this were to occur, our sales, operating results and profitability could be adversely affected. In addition, we are experiencing increased competition from so called "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 whether consumers will continue to purchase "private label" products at increasing rates after the conclusion of the current economic downturn. Should the consumer not return to branded products, it could have a significant impact on our future revenues and profitability.

Our principal competitors vary by industry category. Competitors in the over-the counter healthcare category include Johnson & Johnson, maker of *Visine*®, which competes with our *Clear Eyes* and *Murine* brands; McNeil-PPC, maker of *Tylenol*® Sore Throat, Procter & Gamble, maker of *Vicks*®, and Combe Incorporated, maker of *Cepacol*®, each of which compete with our *Chloraseptic* brand. Other competitors in the over-the counter healthcare category include Schering-Plough, maker of *Dr. Scholl's*®, which competes with our *Compound W* and *Wartner* brands; Johnson & Johnson, maker of *BAND-AID*® Brand Liquid Bandage, which competes with our *New-Skin* brand; GlaxoSmithKline, maker of *Debrox*®, which competes with our *Murine* ear care brand; Sunstar America, Inc., maker of *GUM*® line of oral care products; as well as DenTek® Oral Care, Inc., Power Products, Inc. and Ranir LLC, each of which markets a dental protector for nighttime teeth grinding, which competes with *The Doctor's NightGuard* Dental Protector.

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 Procter & Gamble'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.

Competitors in the personal care category include Johnson & Johnson, maker of *T-Gel*® shampoo, and Chattem, Inc., maker of *Selsun Blue*®, which compete with our *Denorex* brand, as well as Coty, Inc., maker of *Sally Hansen*®, which competes with our *Cutex* 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, affects 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 will 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 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.

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"), the Environmental Protection Agency ("EPA"), and by 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 such compliance. This continual evaluation process ensures that our manufacturing processes and products are of the highest quality and in compliance with all known regulatory requirements. When and if the FDA chooses to audit a particular manufacturing facility, we are required to be notified immediately and updated 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 on 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.

All of our over-the-counter drug products are regulated pursuant to the FDA's monograph system. The monographs, both tentative and final, set out the active ingredients and labeling indications that are permitted for certain broad categories of over-the-counter 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 the Company's over-the-counter healthcare products are medical devices which are 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, the Company and its drug and device manufacturers must also comply with the FDA's current Good Manufacturing Processes ("cGMPs"). The FDA inspects our facilities and those of our third-party manufacturers periodically to determine that both the Company and our third-party manufacturers are complying with cGMPs.

In October 2007, we removed two medicated pediatric cough and cold products marketed under the *Little Remedies* brand from the marketplace. This action was part of an industry-wide voluntary withdrawal of these items pending the final recommendations of an FDA advisory board meeting to review the safety and efficacy of these products. During 2009, we reintroduced those products into the marketplace with revised packaging, labeling, directions and warnings that are in compliance with the latest FDA regulatory guidance.

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 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.

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 products under our *Comet* and *Spic and Span* brands which make antibacterial and/or disinfectant claims. 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.

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*, *Clear Eyes*, *Cinch*, *Comet*, *Compound W*, *Freeze Off*, *Cutex*, *The Doctor's Brushpicks*, *Denorex*, *Dermoplast*, *Little Remedies*, *Longlast®*, *Momentum®*, *Murine*, *New-Skin*, *Percogesic®*, *Prell®*, *Spic and Span* and *Wartner*.

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. Such patents evidence the unique nature of our products, provide us with exclusivity and afford us protection from the encroachment of others. Enforcing our rights 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.

Other intellectual property rights were acquired from Procter & Gamble and Abbott Laboratories when we acquired the trademarks related to the *Comet*, *Chloraseptic*, *Clear Eyes*, *Murine* and *Prell* product lines; however, we did not in all cases obtain title to all of the intellectual property used to manufacture and sell those products. Therefore, we are dependent upon Procter & Gamble and other third parties for intellectual property used in the manufacture and sale of certain of our products.

We have licensed to Procter & Gamble the right to use the *Comet*, *Spic and Span* and *Chlorinol®* trademarks in the commercial/institutional/industrial segment in the United States and Canada until 2019. We have also licensed to Procter & Gamble 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 is the least profitable quarter due to the increased advertising and promotional spending to support those brands with a summer selling season, such as *Chloraseptic* and *Little Allergies Allergen Block* products, *Compound W*, *Wartner* and *New-Skin*. The increased level of advertising and promotional campaigns in the third quarter influence sales of *Chloraseptic* and *Little Remedies* cough/cold products 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 98 full time individuals and two part time individuals at March 31, 2009. None of our employees is a party to a collective bargaining agreement. Management believes that its relations with its employees are good.

Backlog Orders

The Company had no backlog orders at March 31, 2008 or 2009.

Available Information

Our Internet address is www.prestigebrandsinc.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, and 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"). The information found on our website 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 of 1933, as amended (the "Securities Act"), or under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and shall not otherwise be deemed filed under such Acts. 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.

We have adopted a Code of Conduct Policy, Code of Ethics for Senior Financial Employees, Complaint Procedures for Accounting and Auditing Matters, Corporate Governance Guidelines, Audit Committee Pre-Approval Policy, and Charters for our Audit, Compensation, Nominating and Governance, and Strategic Planning 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.
90 North Broadway
Irvington, New York 10533
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 over-the-counter healthcare, household cleaning and personal care 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. If this were to occur, it could have a material adverse effect on our business, financial condition and results from operations.

Certain of our product lines that account for a large percentage of our sales have a small market share relative to our competitors. For example, while *Clear Eyes* has a number two market share position of 16.4% within the allergy/redness eye drop segment, its top competitor, *Visine*®, has a market share of 34.6% in the same segment. In contrast, certain of our brands with number two market positions have a similar market share relative to our competitors. For example, *Compound W* has a number two market position of 30.7% and its top competitor, *Dr. Scholl's*, has a market position of 44.5% in the same category. Also, while *Cutex* is the number one brand name nail polish remover with a market share of 25.2%, non-branded, private label nail polish removers account, in the aggregate, for 20.0% of the market. Finally, while our *New-Skin* liquid bandage product has a number one market position of 44.5%, the size of the liquid bandage market is relatively small, particularly when compared to the much larger bandage category. See "Item 1. Business" section on page 1 of this document 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, the timing of new product introductions and line extensions also have a significant impact on consumer 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 affects in-store position, wall display space and inventory levels in retail stores. If we are unable to maintain our current distribution network, inventory levels and in-store positioning of our products at our customers, our sales and operating results will be adversely affected. Our markets also are highly sensitive to the introduction of new products, which may rapidly capture a significant share of the market. An increase in the number of product innovations by our competitors 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, 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 therefore, could have a material adverse effect on our business, financial condition and results of operations.

For 2009, our top five and ten customers accounted for approximately 47% and 59%, respectively, of our sales, compared with approximately 46% and 57% and 43% and 53% during 2008 and 2007, respectively. Wal-Mart, which itself accounted for approximately 26%, 23% and 24% of our sales in 2009, 2008 and 2007, respectively, is our only customer that accounted for 10% or more of our sales. We expect that for future periods, our top five and ten customers, including Wal-Mart, 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, or a significant decrease in our retail display space in any of these customers' stores, could reduce our sales, and therefore, could have a material adverse effect on our business, 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 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. If a significant number of our smaller customers, or any of our significant customers, elect not to purchase products from us, our business, financial condition and results from operations could be adversely affected.

Our business could be adversely affected by a prolonged recession in the United States.

The economic uncertainty surrounding the current United States recession could materially impact our business because such economic challenges could adversely impact consumers, our customers and suppliers. Specifically:

- Consumer spending may continue to be curtailed resulting in downward pressure on our sales,
- Our customers may continue to rationalize the number of products that reach store shelves resulting in a reduction of the number of products that are carried at retail, particularly those that are not number one or two in their category,
- Our customers may continue to reduce overall inventory levels to strengthen their working capital positions which could result in additional sales reductions for us during those periods that our customers implement such strategies,
- Our customers may continue to increase the number and breadth of products that are sold via their “private label” to the detriment of our branded products,
- Our customers may continue to rationalize store count, closing additional marginally performing stores resulting in sales reductions, potential working capital reductions, and an inability to repay amounts owed to us, and
- Our suppliers may suffer from sales reductions which could diminish their working capital and impede their ability to provide product to us in a timely manner.

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 us in order that we may meet our commitments to customers. In addition, identifying alternative manufacturers without adequate lead times can compromise required product validation and stability protocol, which may involve additional manufacturing expense, delay in production or product disadvantage in the marketplace. The consequences of not securing adequate and timely supplies of merchandise would negatively impact inventory levels, sales and gross margins, and could have a material adverse effect on our business, financial condition and results from operations.

These manufacturers 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. A situation such as this could also have a material adverse effect on our business, financial condition and results from operations.

At March 31, 2009, we had relationships with over 40 third-party manufacturers. Of those, our top 10 manufacturers produced items that accounted for 81% of our sales for 2009 compared to 80% in 2008. We do not

have long-term contracts with the manufacturers of products that accounted for approximately 28% of our gross sales for 2009 compared to 23% in 2008. The fact that we do not have long-term contracts with these manufacturers means that they could cease manufacturing these 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.

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

Commodity and energy costs increased over 2008 and while such costs have receded from their recent highs, volatility in the markets for resins, package materials and diesel fuel could have a significant impact on our 2010 results from operations. Consequently, if the Company is unable to increase the price for its products or continue to achieve cost savings in a rising cost environment, such cost increases could have a material adverse effect on our results from 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. Efforts to effect and integrate such acquisitions or dispositions may divert our managerial resources away from our business operations.

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, or an inability to achieve, our expected returns,
- Difficulties in integrating any acquired companies, personnel and products into our existing business,
- Delays in realizing the benefits of the acquired company or products,
- Higher costs of integration than we anticipated,
- Difficulties in retaining key employees of the acquired business who are necessary to manage the business,
- Difficulties in maintaining uniform standards, controls, procedures and policies throughout our acquired companies, or
- Adverse customer or shareholder reaction to the acquisition.

In addition, any acquisition could adversely affect our operating results as a result of higher interest costs from the acquisition related debt and higher amortization expenses related to the acquired intangible assets. The diversion of management's attention to pursue acquisitions, or our failure to successfully integrate acquired companies into our business, could have a material adverse effect on our business, financial condition and results from operations.

In the event that we decide to sell a brand or product line, we may encounter difficulty finding, or be unable to

find, a buyer on acceptable terms in a timely manner. This could cause 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 2009, 2008 and 2007, approximately 3.5%, 4.0% and 4.6%, respectively, of our total revenues were attributable to our international business. We operate in several regions and countries where we have little or no experience, and generally rely on brokers and distributors for the sale of our products. In addition to the risks associated with political instability, changes in the outlook for economic prosperity in these countries could adversely affect the sales of our products in these countries. Other risks of doing business internationally include:

- Changes in the legislative or regulatory requirements of the countries or regions where we do business,
- Currency controls which restrict or prohibit the payment of funds or the repatriation of earnings to the United States,
- Fluctuating foreign exchange rates could 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,
- Regulatory oversight and its impact on our ability to get products registered for sale in certain markets,
- Potential 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 our U.S. and foreign markets, we 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 or local levels in the United States and at analogous levels of government in foreign jurisdictions.

The formulation, manufacturing, packaging, labeling, distribution, importation, sale and storage of our products are subject to extensive regulation by various federal agencies, including (i) the FDA, (ii) the FTC, (iii) the CPSC, (iv) the EPA, and by (v) various agencies of the states, localities and foreign countries in which our products are manufactured, distributed, stored and sold. If we or our third-party manufacturers fail to comply with those 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, 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, resulting in a significant loss of revenues which could have a material adverse effect on our business, financial condition and results from operations.

The FDC Act and FDA regulations require that the manufacturing processes of our third-party manufacturers must also comply with the FDA's cGMPs. 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 cGMPs. A history of past compliance is not a guarantee that future cGMPs will not mandate other compliance steps and associated expense.

If we or our third-party manufacturers fail to comply with federal, state or foreign regulations, we could be required to:

- Suspend manufacturing operations,
- Modify product formulations or processes,
- Suspend the sale of products with non-complying specifications,

- Initiate product recalls, or
- Change product labeling, packaging or advertising or take other corrective action.

Any of the foregoing actions 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 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 related negative publicity could adversely affect our sales and operating results.

We may be required to pay for losses or injuries purportedly caused by our products. From time-to-time we have been and may again be 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 inadequate warnings concerning side effects and interactions with other substances. For example, certain *Denorex* products contain coal tar which the State of California has determined allegedly causes cancer. Consequently, in order to comply with California law and to mitigate our risks, the *Denorex* packaging contains a warning to that effect. Any product liability claims may result in negative publicity that may adversely affect our sales and operating results. Also, if one of our products is found to be defective we may be required to recall it. This may result in substantial costs and negative publicity which may adversely affect our sales and operating results. 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 potential product liability claims may be excluded under the terms of the policy, which could have a material adverse effect on our business, 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 trademark, 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.

Other parties may infringe on our intellectual property rights and may thereby dilute the value of our brands in the marketplace. Brand dilution or the introduction of competitive brands could cause confusion in the marketplace and adversely affect the value that consumers associate with our brands, and thereby negatively impact our sales. Any such infringement of our intellectual property rights would also likely result in a commitment of our time and resources, financial or otherwise, to protect these rights through litigation or other means. In addition, third parties may assert claims against our intellectual property rights and we may not be able to successfully resolve those claims causing us to lose our ability to use our intellectual property that is the subject of those claims. Such loss could have a material adverse effect on our business, 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 business, financial condition and results from operations.

Virtually all of our assets consist of goodwill and intangibles.

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 a substantial charge in 2009 for impairment of those assets and in the event that the value of those assets become impaired or our business 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 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 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, 2009, our total indebtedness, including current maturities, is approximately \$378.3 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 indenture governing the 9¼% senior subordinated notes and the senior credit facility allow us to issue and incur additional debt upon satisfaction of conditions set forth in the respective agreements. If new debt is added to current debt levels, the related risks described above could increase.

At March 31, 2009, we had \$60.0 million of borrowing capacity available under the Revolving Credit Facility to support our operating activities; however, this facility expired in April 2009. Our ability to borrow up to an additional \$200.0 million for acquisitions pursuant to our Senior Credit Facility under the Tranche B Term Loan Facility expired in April 2008. While management intends to replace these credit facilities during the ensuing year, the uncertainties of the credit markets could impede our ability to do so. As an example, the following factors could influence the amounts available to us and the interest rates associated with such a refinancing:

- A deterioration of the Company's earnings and its strong cash flows from operations,
- Prevailing interest rates in the market for similar offerings by companies with comparable credit ratings,
- Total amount borrowed and the Company's intended use of such proceeds,
- Ratio of amounts bearing fixed and variable rates of interest,
- Ratio of amounts raised through a bond offering compared to a syndicated bank facility, and
- Total amount outstanding at the time, giving effect to the Company's ability to repay principal in excess of stated maturities.

In the current credit environment, management would expect the average interest rate associated with such a refinancing to be in excess of the Company's current average borrowing rate of 4.93%. However, we can give no assurances that financing will be available, or if available, that it can be obtained on terms favorable to us or on a basis that is not dilutive to our stockholders.

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

Our senior credit facility and the indenture governing our senior subordinated 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 our Company.

Our ability to engage in these types of transactions is generally limited by the terms of the senior credit facility and the indenture governing the senior subordinated notes, even if we believe that a specific transaction would positively contribute to our future growth, operating results or profitability. However, if we are able to enter into these types of transactions under the terms of the senior credit facility and the indenture, or if we obtain a waiver with respect to any specific transaction, that transaction may cause our indebtedness to increase, may not result in the benefits we anticipate or may cause us to incur greater costs or suffer greater disruptions in our business than

we anticipate, and could therefore, have a material adverse effect on our business, financial condition and results from operations.

In addition, the senior credit facility requires us to maintain certain leverage, interest and fixed charge coverage ratios. Although we believe we can continue to meet and/or maintain the financial ratios 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 indenture governing the senior subordinated notes could have a material adverse effect on our business, financial condition and results from operations.

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

The senior credit facility and the indenture governing the senior subordinated 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 the other agreement. Consequently, under the senior credit facility, failure to make a payment required by the indenture governing the senior subordinated 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 indenture governing the senior subordinated notes. If the debt under the senior credit facility and indenture governing the senior subordinated notes were to both be accelerated, the aggregate amount immediately due and payable as of March 31, 2009 would have been approximately \$378.3 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 the indebtedness. At March 31, 2009, the book value of our current assets was \$103.6 million. Although the book value of our total assets was \$801.4 million, approximately \$691.8 million was in the form of intangible assets, including goodwill of \$114.2 million, a significant portion of which is illiquid and 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 indenture governing the senior subordinated 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, indenture governing the senior subordinated notes or any other financing agreement, could have a material adverse effect on our business, financial condition and results from operations.

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

Our business is subject to the risk of litigation by employees, 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 goodwill associated therewith. These matters are extremely time consuming and expensive, but absolutely necessary to maintain enterprise value and safeguard our future. 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.

Our principal stockholders have the ability to significantly influence our business, which may be disadvantageous to other stockholders and adversely affect the trading price of our common stock. In addition, substantial sales of our common stock by either GTCR or management or the perception that these sales could occur could cause the price of our common stock to decline.

At March 31, 2009, entities affiliated with GTCR collectively owned approximately 23.0% of our outstanding common stock, down from 30.0% at March 31, 2008. Thereafter, these entities sold an additional 4.5 million shares reducing their ownership interests to 14.0% at June 1, 2009. As a result of this concentration, these stockholders, acting together, will have the ability to exert substantial influence over all matters requiring approval by our stockholders, including the election and removal of directors and any proposed merger, consolidation or sale of all or substantially all of our assets and other corporate transactions. Subject to applicable law, under our amended and restated certificate of incorporation, the GTCR entities and non-employee directors will not have any duty to refrain from engaging directly or indirectly in the same or similar business activities or lines of business that we do. In the event that any GTCR entity or non-employee director, as the case may be, acquires knowledge of a potential transaction or matter which may be a corporate opportunity for itself and us, the GTCR entity or non-employee director, as the case may be, will not have any duty to communicate or offer such corporate opportunity to us and may pursue such corporate opportunity for itself or direct such corporate opportunity to another person. This concentration of stock ownership also may make it difficult for stockholders to replace management. In addition, this significant concentration of stock ownership may adversely affect the trading price for our common stock because investors often perceive disadvantages in owning stock in companies with stockholders who own significant blocks of stock. This concentration of control could be disadvantageous to other stockholders with interests different from those of GTCR and the trading price of shares of our common stock could be adversely affected.

Sales of substantial amounts of our common stock in the public market by the affiliates of GTCR or management, or the perception that these sales could occur, could adversely affect the price of our common stock and could impair our ability to raise capital through the sale of additional equity securities.

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 several factors, including:

- Increases and decreases in average quarterly revenues and profitability,
- The rate at which we make acquisitions or develop new products and successfully market them,
- Our inability to increase the sales of our existing products and expand their distribution,
- Adverse regulatory or market events in our international markets,
- Litigation matters,

- 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,
- Our ability to recruit, train and retain qualified employees, and the costs associated with those activities,
- Changes in advertising and promotional activities and expansion to new markets,
- Negative publicity relating to us and the products we sell,
- Unanticipated increases in infrastructure costs,
- Impairment of goodwill or long-lived assets,
- Changes in interest rates, and
- Changes in accounting, tax, regulatory or other rules applicable to our business.

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

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 5.0 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 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.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters are located in Irvington, New York, a suburb of New York City. Primary functions undertaken at the Irvington facility include senior management, marketing, sales, operations, quality control and regulatory affairs, finance and legal. The lease on our Irvington facility expires on April 30, 2014. We also have an administrative center in Jackson, Wyoming. Primary functions undertaken 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, 2009; however, we have the option to renew this lease on an annual basis. We conduct business regarding all of our business segments at each of the Irvington, New York and Jackson, Wyoming facilities.

ITEM 3. LEGAL PROCEEDINGS

Securities Class Action Litigation

The Company and certain of its officers and directors are defendants in a consolidated securities class action lawsuit filed in the United States District Court for the Southern District of New York (the "Consolidated Action"). The first of the six consolidated cases was filed on August 3, 2005. Plaintiffs purport to represent a class of stockholders of the Company who purchased shares from February 9, 2005 through November 15, 2005 (the "Class Period"). Plaintiffs also name as defendants the underwriters in the Company's initial public offering and a private equity fund that was a selling stockholder in the offering. The District Court has appointed a Lead Plaintiff. On December 23, 2005, the Lead Plaintiff filed a Consolidated Class Action Complaint, which asserted claims under Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 and Sections 10(b), 20(a) and 20A of the Securities Exchange Act of 1934. The Lead Plaintiff generally alleged that the Company issued a series of materially false and misleading statements in connection with its initial public offering and thereafter in regard to the following areas: the accounting issues described in the Company's press release issued on or about November 15, 2005; and the alleged failure to disclose that demand for certain of the Company's products was declining and that the Company was planning to withdraw several products from the market. Plaintiffs seek an unspecified amount of damages. The Company filed a motion to dismiss the Consolidated Class Action Complaint in February 2006. On July 10, 2006, the Court dismissed all claims against the Company and the individual defendants arising under the Securities Exchange Act of 1934.

On June 1, 2007, a hearing before the Court was held regarding Plaintiffs' pending motion for class certification in the Consolidated Action. On September 4, 2007, the United States District Court for the Southern District of New York issued an Order certifying a class consisting of all persons who purchased the Company's common

stock pursuant, or traceable to, the Company's initial public offering during the Class Period and were damaged thereby.

On January 16, 2009, the Court ordered that notice of the pending class action lawsuit be sent to all persons who purchased the Company's common stock during the Class Period pursuant or traceable to the Company's initial public offering. In March 2009, the notice of class action law suit was mailed. The defendants and the lead plaintiffs have reached an agreement in principle to settle the class action lawsuit without any admission of liability by the defendants, subject to the execution of appropriate settlement documents and court approval. It is expected that the settlement funds will come entirely out of insurance proceeds. If approved, the settlement would result in dismissal of all claims against us, our officers and directors and the other defendants in the action with prejudice. If the settlement is not completed, then the parties may attempt to reach agreement on another settlement or resume the litigation.

DenTek Litigation

In April 2007, the Company filed a lawsuit in the U.S. District Court in the Southern District of New York against DenTek Oral Care, Inc. ("DenTek") alleging (i) infringement of intellectual property associated with *The Doctor's NightGuard* Dental Protector which is used for the protection of teeth from nighttime teeth grinding; and (ii) the violation of unfair competition and consumer protection laws. On October 4, 2007, the Company filed a Second Amended Complaint in which it named Kelly M. Kaplan, Raymond Duane and C.D.S. Associates, Inc. ("CDS") as additional defendants in this action and added other claims to the previously filed complaint. Kaplan and Duane were formerly employed by the Company and CDS, a corporation controlled by Duane. In the Second Amended Complaint, the Company has asserted claims for patent, trademark and copyright infringement, unfair competition, unjust enrichment, violation of New York's Consumer Protection Act, breach of contract, tortious interference with contractual and business relations, civil conspiracy and trade secret misappropriation. On October 19, 2007, the Company filed a motion for preliminary injunction, asking the Court to enjoin the defendants from (i) continuing to improperly use the Company's trade secrets; (ii) continuing to breach any contractual agreements with the Company; and (iii) marketing and selling any dental protector products or other products in which Duane or Kaplan has had any involvement or provided any assistance to DenTek. A hearing date for the motion for preliminary injunction has not yet been set by the Court. Discovery requests have been served by the parties and discovery is ongoing. The Court has ordered the Company's motion for a preliminary injunction to be held in abeyance pending a determination of the motions to dismiss.

On September 30, 2008, after considering the defendants' motions to dismiss, the Company's responses (including a motion to strike the motions to dismiss) and the Magistrate's Report and Recommendations, the Court granted in part and denied in part the defendants' Motions to Dismiss, with the following claims being dismissed without prejudice: (1) breach of the Proprietary Information and Inventions Agreement ("PIIA") against Duane; (2) breach of the PIIA against Kaplan; (3) tortious interference with contractual relations against DenTek; (4) tortious interference with contractual relations against Duane; and (5) tortious interference with advantageous business relationship/economic advantage against all defendants. The Court denied the Company's Motions to Strike the Motions to Dismiss filed by DenTek and CDS. The following claims included in the Company's Second Amended Complaint remain in the action: (1) patent, trademark and copyright infringement against DenTek; (2) unjust enrichment against DenTek; (3) violation of a New York consumer protection statute against DenTek; (4) breach of the consulting agreement against Duane; (5) breach of the PIIA against CDS; (6) breach of the release against Kaplan and Duane; and (7) trade secret misappropriation against DenTek, Kaplan, Duane and CDS.

In October 2008, DenTek, Kaplan, Duane and CDS filed Answers to the Second Amended Complaint. In their Answers, each of DenTek, Duane and CDS has asserted counterclaims against the Company. DenTek's counterclaims allege false advertising, violation of New York consumer protection statutes and unfair competition relating to *The Doctor's® NightGuard™ Classic™* dental protector. Duane's counterclaim is a contractual indemnity claim seeking to recover attorneys' fees pursuant to the release between Duane and Dental Concepts LLC ("Dental Concepts"), a predecessor-in-interest to Medtech Products Inc., plaintiff in the DenTek litigation and another wholly-owned subsidiary of Prestige Brands Holdings, Inc. CDS's counterclaim alleges a breach of the consulting agreement between CDS and Dental Concepts.

In November 2008, in response to the counterclaims filed against the Company by DenTek, Duane and CDS, the Company filed a Motion to Dismiss and Strike the counterclaims made by DenTek, which motion is currently pending before the Court. The Company is also continuing with its discovery efforts for the remaining causes of action. However, on March 24, 2009, Duane submitted a petition for a Chapter 7 bankruptcy with the United States Bankruptcy Court for the District of Nevada which automatically stayed the DenTek litigation in which Duane is a defendant. The Company is pursuing on an expedited basis the lifting of the automatic stay and, on April 23, 2009, filed a Motion for Relief from the Automatic Stay to Proceed with Pending Litigation (the DenTek litigation).

The Company's management believes that the counterclaims asserted by DenTek, Duane and CDS are legally deficient and that it has meritorious defenses to the counterclaims. The Company intends to vigorously defend against the counterclaims; however, the Company cannot, at this time, reasonably estimate the potential range of loss, if any.

In addition to the matters described above, the Company is involved from time to time in other routine legal matters and other claims incidental to its business. The Company reviews 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). The Company believes the resolution of routine matters and other incidental claims, taking into account reserves and insurance, will not have a material adverse effect on its business, financial condition or results from operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

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

Market Information

Prestige Brands Holdings, Inc.'s common stock is listed on The New York Stock Exchange ("NYSE") under the symbol "PBH." The high and low closing prices of the Company's common stock as reported by the NYSE for the Company's two most recently completed fiscal years on a quarterly basis and the current year through June 11, 2009 are as follows:

	<u>High</u>	<u>Low</u>
Year Ending March 31, 2010		
April 1, 2009 - June 11, 2009	\$ 7.40	\$ 5.01
Year Ended March 31, 2009		
Quarter Ended:		
June 30, 2008	\$ 11.93	\$ 8.08
September 30, 2008	11.54	8.60
December 31, 2008	10.55	6.00
March 31, 2009	10.12	4.08
Year Ended March 31, 2008		
Quarter Ended:		
June 30, 2007	\$ 13.60	\$ 11.20
September 30, 2007	13.67	10.23
December 31, 2007	11.43	7.47
March 31, 2008	8.58	6.77

Unregistered Sales of Equity Securities and Use of Proceeds

There were no equity securities sold by the Company during the quarter ended March 31, 2009 that were not registered under the Securities Act of 1933, as amended.

There were no purchases of shares of the Company's common stock made during the quarter ended March 31, 2009, by or on behalf of the Company or any "affiliated purchaser," as defined by Rule 10b-18(a)(3) of the Exchange Act.

Holders

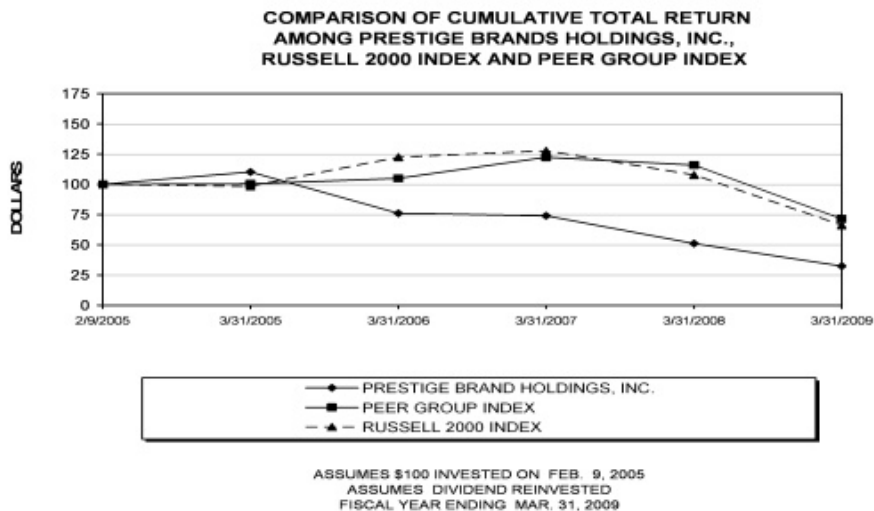
As of June 1, 2009, there were 56 holders of record of our common stock. The number of record holders does not include beneficial owners whose shares are held in the names of banks, brokers, nominees or other fiduciaries.

Dividend Policy

We have not in the past paid, and do not expect for the foreseeable future, to pay 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 upon, among other factors, our results from operations, financial condition, capital requirements and contractual restrictions, including restrictions under our senior credit facility and the indenture governing our 9 1/4% senior subordinated notes, and any other considerations our board of directors deems relevant.

PERFORMANCE GRAPH

The following graph (“Performance Graph”) compares our cumulative total stockholder return since February 9, 2005, the date of our initial public offering, with the cumulative total stockholder return for our Peer Group Index and the Russell 2000 Index (in which the Company is included). The Performance Graph assumes that the value of the investment in the Company’s common stock and each index was \$100.00 on February 9, 2005. The Performance Graph was also prepared based on the assumption that all dividends paid, if any, were reinvested. The Peer Group Index was established by the Company in connection with its research and subsequent implementation of an executive compensation program. Based on the Company’s use of the peer group for benchmarking purposes, the Company believes the peer group should be included in the Performance Graph.



	February 9, 2005 ⁽¹⁾	March 31			
		2006	2007	2008	2009
Prestige Brands Holdings	\$ 100.00	\$ 76.06	\$ 74.06	\$ 51.13	\$ 32.38
The Peer Group Index ⁽²⁾	100.00	105.00	122.45	115.89	71.50
The Russell 2000 Index	100.00	122.61	127.78	107.83	66.26

- (1) The Company’s initial public offering priced at \$16.00 per share on February 9, 2005. Shares of the Company’s common stock closed at \$17.75 per share on February 10, 2005, the first day the shares of the Company’s common stock were traded on the NYSE.
- (2) 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. Such Peer Group Index was constructed in connection with the Company’s benchmark analysis of executive compensation and is comprised of the following companies: (i) Chattem Inc., (ii) Elizabeth Arden, Inc., (iii) Hain Celestial Group, Inc., (iv) Helen of Troy Limited, (v) Inter Parfums, Inc., (vi) Lifetime Brands, Inc., (vii) Maidenform Brands, Inc. and (viii) WD-40 Company. At March 31, 2008, the Peer Group analysis included Alphaarma, Inc. which was acquired by King Pharmaceuticals, Inc. on December 20, 2008. All periods presented have been adjusted to exclude Alphaarma, Inc.

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 of 1933, as amended, 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				
	2009	2008	2007	2006	2005
Income Statement Data					
Total revenues	\$ 312,715	\$ 326,603	\$ 318,634	\$ 296,668	\$ 289,069
Cost of sales ⁽¹⁾	149,445	158,096	153,147	139,430	139,009
Gross profit	163,270	168,507	165,487	157,238	150,060
Advertising and promotion expenses	38,099	34,665	32,005	32,082	29,697
Depreciation and amortization	11,219	11,014	10,384	10,777	9,800
General and administrative	31,888	31,414	28,416	21,158	20,198
Impairment of goodwill and intangibles	249,590	--	--	9,317	--
Interest expense, net ⁽²⁾	28,436	37,393	39,506	36,346	44,726
Other (income) expense	--	(187)	--	--	26,863
Income (loss) before income taxes	(195,962)	54,208	55,176	47,558	18,776
Provision (benefit) for income taxes	(9,186)	20,289	19,098	21,281	8,556
Net income (loss)	(186,776)	33,919	36,078	26,277	10,220
Cumulative preferred dividends	--	--	--	--	(25,395)
Net income (loss) available to common stockholders	\$ (186,776)	\$ 33,919	\$ 36,078	\$ 26,277	\$ (15,175)
Net income (loss) per common share:					
Basic	\$ (3.74)	\$ 0.68	\$ 0.73	\$ 0.54	\$ (0.55)
Diluted	\$ (3.74)	\$ 0.68	\$ 0.72	\$ 0.53	\$ (0.55)
Weighted average shares outstanding:					
Basic	49,935	49,751	49,460	48,908	27,546
Diluted	49,935	50,039	50,020	50,008	27,546
Other Financial Data					
	2009	2008	2007	2006	2005
Capital expenditures	\$ 481	\$ 521	\$ 540	\$ 519	\$ 365
Cash provided by (used in):					
Operating activities	66,679	44,989	71,899	53,861	51,042
Investing activities	(4,672)	(537)	(31,051)	(54,163)	(425,844)
Financing activities	(32,904)	(52,132)	(35,290)	3,168	376,743
Balance Sheet Data					
	2009	2008	2007	2006	2005
Cash and cash equivalents	\$ 35,181	\$ 6,078	\$ 13,758	\$ 8,200	\$ 5,334
Total assets	801,381	1,049,156	1,063,416	1,038,645	996,600
Total long-term debt, including current maturities	378,337	411,225	463,350	498,630	495,360
Stockholders' equity	294,385	479,073	445,334	409,407	382,047

(1) For 2005, 2006 and 2007, cost of sales includes \$5.3 million, \$248,000 and \$276,000, respectively, of charges related to the step-up of inventory.

(2) For 2005, other expense includes a loss on debt extinguishment of \$26.9 million.

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 the 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. Future results could differ materially from the discussion that follows for many reasons, including the factors described in 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 over-the-counter healthcare, household cleaning and personal care products to mass merchandisers, drug stores, supermarkets and club stores primarily in the United States and Canada. We continue to 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 by acquiring strong and well-recognized brands from larger consumer products and pharmaceutical companies, as well as other 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 and did not benefit from the focus of senior level management or strong marketing support. We believe that the brands we have purchased from smaller private companies have been constrained by the limited resources of their prior owners. After acquiring a brand, we seek to increase its sales, market share and distribution in both existing and new channels. We pursue this growth through increased spending on advertising and promotion, new marketing strategies, improved packaging and formulations and innovative new products.

Critical Accounting Policies and Estimates

The Company’s significant accounting policies are described in the notes to the audited 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 upon 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 under different conditions. The most critical accounting policies are as follows:

Revenue Recognition

We comply with the provisions of SEC Staff Accounting Bulletin No. 104 “Revenue Recognition,” which states that revenue should be recognized when the following revenue recognition criteria are met: (i) persuasive evidence of an arrangement exists; (ii) the product has been shipped and the customer takes ownership and assumes the risk of loss; (iii) the selling price is fixed or determinable; and (iv) collection of the resulting receivable is reasonably assured. We have determined that the transfer of risk of loss generally occurs when product is received by the customer, and, accordingly 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 is recorded in accordance with Emerging Issues Task Force 01-09, “*Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor’s Products)*” as either advertising and promotional expenses or as a reduction of sales. Such costs vary from period-to-period based on the actual number of units sold during a finite period of time. We estimate the cost of such promotional programs at their inception based on historical experience and current

market conditions and reduce sales by such estimates. 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 slotting fees and cooperative advertising. We do not provide incentives to customers for the acquisition of product in excess of normal inventory quantities since such incentives increase the potential for future returns, as well as reduce sales in the subsequent fiscal periods.

Estimates of costs of promotional programs are based on (i) historical sales experience, (ii) the current offering, (iii) forecasted data, (iv) current market conditions, and (v) communication with customer purchasing/marketing personnel. At the completion of the promotional program, the estimated amounts are adjusted to actual results. While our promotional expense for the year ended March 31, 2009 was \$21.6 million, we participated in 5,759 promotional campaigns, resulting in an average cost of \$2,884 per campaign. Of such amount, only 782 payments were in excess of \$5,000. We believe that the estimation methodologies employed, combined with the nature of the promotional campaigns, makes the likelihood remote that our obligation would be misstated by a material amount. However, for illustrative purposes, had we underestimated the promotional program rate by 10% for the year ended March 31, 2009, our sales and operating income would have been adversely affected by approximately \$2.2 million. Net income would have been adversely affected by approximately \$1.4 million.

We also periodically run coupon programs in Sunday newspaper inserts 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 2009, we had 16 coupon events. The amount recorded against revenues and accrued for these events during the year was \$1.4 million, of which \$1.3 million was redeemed during the year.

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, 2009, 2008 and 2007, returns represented 4.2%, 4.6% and 3.7%, respectively, of gross sales. While the returns rate increased 0.9% from 2007 to 2008, such amount exclusive of the voluntary withdrawal from the marketplace of *Little Remedies* medicated pediatric cough and cold products in October 2007, would have been 4.1%. At March 31, 2009 and 2008, the allowance for sales returns was \$2.4 million and \$1.8 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 in a manner similar to the *Little Remedies* voluntary withdrawal discussed above. Based upon 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 4.6% to 3.7% of gross sales. An increase of 0.1% in our estimated return rate as a percentage of gross sales would have adversely affected our reported sales and operating income for the year ended March 31, 2009 by approximately \$370,000. Net income would have been adversely affected by approximately \$230,000.

Allowances 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. At March 31, 2009 and 2008, the allowance for obsolete and slow moving inventory was \$1.4 million, representing 4.9% and 4.6%, respectively, of total inventory. The year-over-year increase percentage increase was the result of the \$2.8 million inventory reduction at March 31, 2009 compared to March 31, 2008. Inventory obsolescence costs charged to operations for 2009, 2008, and 2007 were \$2.2 million, \$1.4 million and \$3.1 million, respectively, or 0.7%, 0.4% and 1.0%, respectively, of net sales. A 1.0% increase in our allowance for obsolescence at March 31, 2009 would have adversely affected our reported operating income and net income for the year ended March 31, 2009 by approximately \$284,000 and \$176,000, respectively.

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 collectibility 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 0.3% and 0.1% of accounts receivable at March 31, 2009 and 2008, respectively. Bad debt expense (recoveries) for 2009, 2008 and 2007 were \$130,000, \$124,000, and \$(100,000), respectively, each representing 0.0% of net sales in each of the years.

While management believes that it is diligent in its evaluation of the adequacy of the allowance for doubtful accounts, an unexpected event, such as the bankruptcy filing of a major customer, could have an adverse effect on our future financial results. A 0.1% increase in our bad debt expense as a percentage of sales in 2009 would have resulted in a decrease in reported operating income of approximately \$313,000, and a decrease in our reported net income of approximately \$194,000.

Valuation of Intangible Assets and Goodwill

Goodwill and intangible assets amounted to \$691.8 and \$955.6 million at March 31, 2009 and 2008, respectively. At March 31, 2009, goodwill and intangible assets were apportioned among our three operating segments as follows:

(In Thousands)	Over-the- Counter Healthcare	Household Cleaning	Personal Care	Consolidated
Goodwill	\$ 104,100	\$ 7,389	\$ 2,751	\$ 114,240
Intangible assets				
Indefinite lived	345,467	154,709	--	500,176
Finite lived	67,564	--	9,869	77,433
	<u>413,031</u>	<u>154,709</u>	<u>9,869</u>	<u>577,609</u>
	<u>\$ 517,131</u>	<u>\$ 162,098</u>	<u>\$ 12,620</u>	<u>\$ 691,849</u>

Our *Clear Eyes*, *New-Skin*, *Chloraseptic*, *Compound W* and *Wartner* brands comprise the majority of the value of the intangible assets within the Over-The-Counter Healthcare segment. The *Comet*, *Spic and Span* and *Chore Boy* brands comprise substantially all of the intangible asset value within the Household Cleaning segment. *Denorex*, *Cutex* and *Prell* comprised substantially all of the intangible asset value within the Personal Care 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 the Company acquires or continues 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, which is 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 the intangible's value and useful life based on its analysis of the requirements of Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("Statement") No. 141, "Business Combinations" and Statement No. 142 "Goodwill and Other Intangible Assets" ("Statement No. 142"). Under Statement 142, goodwill is no longer amortized, but must be tested for impairment annually, or more frequently if an event 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 no longer 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, 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 useful lives assigned to goodwill and intangible assets and tests for impairment.

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.

Should analysis of any of the aforementioned factors warrant 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. 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. 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.

Indefinite-Lived Intangible Assets

In a manner similar to finite-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. Should circumstance warrant 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 above in regards to finite-lived intangible assets. Once that analysis is completed, a discount rate is applied to the cash flows to estimate fair value. 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.

Goodwill

As part of its 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 above in regards to finite-lived intangible assets. 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. In a manner similar to indefinite-lived 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.

Impairment Analysis

In estimating the value of trademarks and trade names, as well as goodwill at March 31, 2009, management applied a discount rate of 11.0%, the Company's estimated future weighted-average cost of funds, to the projected cash flows. This discounted cash flow methodology is a widely-accepted valuation technique utilized by market participants in the valuation process and has been applied consistently. In addition, we considered the Company's market capitalization at March 31, 2009, 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.

During the three month period ended March 31, 2009, as a direct consequence of the challenging economic environment, the dislocation of the debt and equity markets, and contracting consumer demand for our branded products, we recorded a non-cash charge in the amount of \$249.6 million related to the impairment of intangible assets and goodwill across the entire product line because the carrying amount of these "branded" assets exceeded their respective fair values. A summary of the impairment activity by segment is as follows:

(In Thousands)	Over-the-Counter Healthcare	Household Cleaning	Personal Care	Consolidated
Goodwill	\$ 125,527	\$ 65,160	\$ --	\$ 190,687
Intangible assets				
Indefinite lived	28,603	16,184	--	44,787
Finite lived	12,420	--	1,696	14,116
	<u>41,023</u>	<u>16,184</u>	<u>1,696</u>	<u>58,903</u>
	<u>\$ 166,550</u>	<u>\$ 81,344</u>	<u>\$ 1,696</u>	<u>\$ 249,590</u>

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 continue to 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, the Company may be required to record additional impairment charges in the future.

Stock-Based Compensation

FASB Statement No. 123(R), "Share-Based Payment" ("Statement No. 123(R)") 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 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 the Company's common stock on the date of grant,
- Discount rates,
- Duration of the instrument, and
- Volatility of the Company's 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 uses diligent analysis 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. The Company recorded net non-cash compensation expense of \$2.4 million, \$1.1 million and \$655,000 during 2009, 2008 and 2007, respectively. However, in 2009, management was required to

reverse previously recorded stock-based compensation costs of \$193,000 and \$705,000 related to the May 2008 and 2007 grants, respectively, as it was determined that the Company would not meet the performance goals associated with such grants of restricted stock. In 2008, management for the same reasons was required to reverse previously recorded stock-based compensation costs of \$538,000, \$394,000 and \$166,000 related to the October 2005, July 2006 and May 2007 grants, respectively. Assuming no changes in assumptions and no new awards authorized by the Compensation Committee of the Board of Directors, we will record non-cash compensation expense of approximately \$2.1 million during 2010.

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 2009, the FASB issued Staff Position No. FAS 107-1 and APB 28-1, “Interim Disclosures about Fair Value of Financial Instruments” (“Staff Position No. 107-1”) which requires disclosures about the fair values of financial instruments at interim reporting periods in addition to annual financial statements. Effective April 1, 2009, Staff Position No. 107-1 involves only enhanced disclosures and will not have any impact on the Company’s financial position, results from operations or cash flows.

In April 2009, the FASB issued Staff Position FAS 115-2 and FAS 124-2, “Recognition and Presentation of Other-Than-Temporary Impairments” (“Staff Position FAS 115-2”) which modified the threshold a company must meet to avoid recognizing other-than-temporary impairments of debt securities purchased as investments. Effective April 1, 2009, the implementation of Staff Position No. 115-2 will not have any impact on the Company’s financial position, results from operations or cash flows.

In March 2008, the FASB issued SFAS No. 161 “Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133” (“Statement No. 161”) that requires a company with derivative instruments to disclose information to enable users of the financial statements to understand (i) how and why the company uses derivative instruments, (ii) how derivative instruments and related hedged items are accounted for, and (iii) how derivative instruments and related hedged items affect an entity’s financial position, financial performance, and cash flows. Accordingly, Statement No. 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. Statement No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The implementation of Statement No. 161 involves enhanced disclosures of derivative instruments and the Company’s hedging activities and did not have any impact on the Company’s financial position, results from operations or cash flows.

In December 2007, the FASB ratified Emerging Issues Task Force 07-01, “Accounting for Collaborative Arrangements” (“EITF 07-01”). EITF 07-01 provides guidance for determining if a collaborative arrangement exists and establishes procedures for reporting revenues and costs generated from transactions with third parties, as well as between the parties within the collaborative arrangement, and provides guidance for financial statement disclosures of collaborative arrangements. EITF 07-01 is effective for fiscal years beginning after December 15, 2008 and is required to be applied retrospectively to all prior periods where collaborative arrangements existed as of the effective date. The adoption of EITF 07-01 on April 1, 2009 will not have any impact on the Company’s financial position, results from operations or cash flows at that date. However, the future impact on the Company’s financial, results from operations and cash flows is dependent on the nature, terms and size of any collaborative arrangements that the Company may initiate.

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), “Business Combinations” (“Statement No.

141(R)”), as amended by FASB Staff Position No. 141(R)-1, “Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies”, to improve consistency and comparability in the accounting and financial reporting of business combinations. Accordingly, Statement 141(R), as amended, requires the acquiring entity in a business combination to (i) recognize all assets acquired and liabilities assumed in the transaction, (ii) establishes acquisition-date fair value as the amount to be ascribed to the acquired assets and liabilities and (iii) requires certain disclosures to enable users of the financial statements to evaluate the nature, as well as the financial aspects of the business combination. Statement 141(R), as amended, is effective for business combinations consummated by the Company on or after April 1, 2009. The impact of adopting this standard will depend on the nature, terms and size of any business combinations completed after the effective date.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115” (“Statement No. 159”). Statement No. 159 permits companies to choose to measure certain financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected will be recognized in earnings at each subsequent reporting date. The implementation of Statement No. 159, effective April 1, 2008, did not have a material effect on the Company’s consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements” (“Statement No. 157”) to address inconsistencies in the definition and determination of fair value pursuant to generally accepted accounting principles (“GAAP”). Statement No. 157 provides a single definition of fair value, establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements in an effort to increase comparability related to the recognition of market-based assets and liabilities and their impact on earnings. Statement No. 157 is effective for the Company’s interim financial statements issued after April 1, 2008. However, on February 12, 2008, the FASB deferred the effective date of Statement No. 157 for one year for non-financial assets and non-financial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. The implementation of Statement No. 157, effective April 1, 2008, did not have a material effect on financial assets and liabilities included in the Company’s consolidated financial statements as fair value is based on readily available market prices. The application of Statement No. 157 is not expected to have a material effect on the Company’s consolidated financial statements as it relates to the non-financial assets and liabilities.

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 the Company’s consolidated financial position, results of operations or cash flows.

Revenues

	2009		2008		Increase (Decrease)	
	Revenues	%	Revenues	%		%
OTC Healthcare	\$ 176,975	56.6	\$ 183,692	56.2	\$ (6,717)	(3.7)
Household Cleaning	116,015	37.1	121,127	37.1	(5,112)	(4.2)
Personal Care	19,725	6.3	21,784	6.7	(2,059)	(9.5)
	<u>\$ 312,715</u>	<u>100.0</u>	<u>\$ 326,603</u>	<u>100.0</u>	<u>\$ (13,888)</u>	<u>(4.3)</u>

Revenues decreased across all reporting segments during fiscal 2009 by an aggregate \$13.9 million, or 4.3% compared to 2008. Revenues from customers outside of North America, which represents 3.5% of total revenues, decreased 16.5% in 2009 compared to 2008.

Over-the-Counter Healthcare Segment

Revenues of the Over-the-Counter Healthcare segment decreased \$6.7 million, or 3.7%, during 2009 versus 2008. Revenue from the launch of the new Allergen Block products, marketed under the *Chloraseptic* and *Little Allergies* trademarks, and revenue increases for *Clear Eyes*, *Little Remedies* and *New-Skin* were more than offset by revenue decreases on our wart care brands, as well as the *Murine Ear*, *The Doctor's* and *Dermoplast* brands. Allergen Block is a new, innovative and non-medicated allergy product targeted toward allergy sufferers looking for an alternative to medicated products. *Clear Eyes* revenue increased as a result of increased consumer consumption while *Little Remedies* revenue increased as a result of the introduction of the Saline Nasal Mist spray, as well as distribution gains and increased consumer consumption of its non-medicated pediatric products. *New-Skin* revenue increased as a result of new distribution and pipeline shipments of a new Poison Ivy skin treatment product. Revenues for the wart care brands, *Compound W* and *Wartner*, decreased primarily due to a price reduction taken on the cryogenic products. This pricing reduction, along with a down-sizing of *Compound W Freeze-off*, was in response to price reductions taken by a major competitor in the category. *Murine Ear's* revenue decreased as a result of slowing consumer consumption. Increased competition in the bruxism category resulted in lower sales of *The Doctor's NightGuard* Dental Protector while *Dermoplast* revenue decreased due to timing of shipments of the institutional spray item and discontinuation of a skin treatment product which had limited distribution.

Household Cleaning Segment

Revenues for the Household Cleaning segment decreased \$5.1 million, or 4.2%, during 2009 versus 2008. Revenues for the *Comet* brand increased slightly during the period primarily as a result of increased sales of *Comet Mildew SprayGel*. *Comet's* revenue increase was offset by lower revenues from the other two brands in this segment – *Spic and Span* and *Chore Boy*. The decline in *Spic and Span's* revenue reflected a decline in consumer consumption while *Chore Boy* sales declined as a result of weaker consumption and lower shipments to small grocery wholesale accounts.

Personal Care Segment

Revenues of the Personal Care segment declined \$2.1 million, or 9.5%, during 2009 versus 2008. Increased revenues for *Cutex* were offset by declines on all other brands in this segment. The increase in revenue for *Cutex* was the result of improving consumer consumption. The decreases in revenues for the other smaller brands in this segment resulted from lower consumption and distribution losses.

Gross Profit

	2009		2008		Increase	
	Gross Profit	%	Gross Profit	%	(Decrease)	%
OTC Healthcare	\$ 113,516	64.1	\$ 114,348	62.2	\$ (832)	(0.7)
Household Cleaning	41,558	35.8	45,668	37.7	(4,110)	(9.0)
Personal Care	8,196	41.5	8,491	39.0	(295)	(3.5)
	<u>\$ 163,270</u>	<u>52.2</u>	<u>\$ 168,507</u>	<u>51.6</u>	<u>\$ (5,237)</u>	<u>(3.1)</u>

Gross profit for 2009 decreased by \$5.2 million, or 3.1%, versus 2008. As a percent of total revenue, gross profit increased from 51.6% in 2008 to 52.2% in 2009. The increase in gross profit as a percent of revenues was the result of favorable sales mix, the absence of costs related to the voluntary recall of pediatric cough/cold products, price increases taken on select items, and the benefits of our cost reduction program that was initiated in 2008, partially offset by an increase in promotional allowances and unfavorable foreign currency exchange rates.

Over-the-Counter Healthcare Segment

Gross profit for the Over-the-Counter Healthcare segment decreased \$832,000, or 0.7%, during 2009 versus 2008. As a percent of Over-the-Counter Healthcare revenue, gross profit increased from 62.2% during 2008 to 64.1% during 2009. The increase in gross profit as a percent of revenues was the result of favorable sales mix toward higher gross margin brands, selling price increases implemented at the end of March 2008, the absence of costs related to the 2008 *Little Remedies* voluntary recall of medicated pediatric cough/cold products and cost reductions, partially offset by higher promotional allowances.

Household Cleaning Segment

Gross profit for the Household Cleaning segment decreased by \$4.1 million, or 9.0%, during 2009 versus 2008. As a percent of Household Cleaning revenue, gross profit decreased from 37.7% during 2008 to 35.8% during 2009. The decrease in gross profit percentage was a result of an increase in promotional allowances and higher product costs related to *Comet* and *Spic and Span*.

Personal Care Segment

Gross profit for the Personal Care segment decreased \$295,000, or 3.5%, during 2009 versus 2008. As a percent of Personal Care revenue, gross profit increased from 39.0% during 2008 to 41.5% during 2009. The increase in gross profit percentage was due to cost savings achieved relative to the *Cutex* and *Prell* product lines, as well as lower inventory obsolescence costs related to *Cutex*.

Contribution Margin

	2009		2008		Increase	
	Contribution Margin	%	Contribution Margin	%	(Decrease)	%
OTC Healthcare	\$ 83,821	47.4	\$ 88,160	48.0	\$ (4,339)	(4.9)
Household Cleaning	33,933	29.3	38,185	31.5	(4,252)	(11.1)
Personal Care	7,417	37.6	7,497	34.4	(80)	(1.1)
	<u>\$ 125,171</u>	<u>40.0</u>	<u>\$ 133,842</u>	<u>41.0</u>	<u>\$ (8,671)</u>	<u>(6.5)</u>

Contribution margin, defined as gross profit less advertising and promotional expenses, decreased by \$8.7 million, or 6.5%, for 2009 versus 2008. The contribution margin decrease was the result of the decrease in gross profit as previously discussed, and an increase of \$3.4 million, or 9.9%, in advertising and promotional spending. The increase in advertising and promotional spending was primarily attributable to introductory media support behind the launch of the two new Allergen Block products in the Over-the-Counter Healthcare segment.

Over-the-Counter Healthcare Segment

Contribution margin for the Over-the-Counter Healthcare segment decreased \$4.3 million, or 4.9% during 2009 versus 2008. The decrease in contribution margin was the result of a decrease in gross profit as previously

discussed, coupled with an increase in advertising and promotional spending of \$3.5 million, or 13.4%. An increase in television media support behind the launch of Allergen Block was offset by a decrease in media support for *The Doctor's NightGuard* Dental Protector and *Chloraseptic* sore throat products.

Household Cleaning Segment

Contribution margin for the Household Cleaning segment decreased \$4.3 million, or 11.1%, during 2009 versus 2008. The contribution margin decrease was the result of the decrease in gross profit as previously discussed, and an increase in advertising and promotional spending of \$141,000 or 1.9%. The increase was the result of increased television media support behind *Comet Mildew SprayGel*.

Personal Care Segment

Contribution margin for the Personal Care segment decreased \$80,000, or 1.1%, during 2009 versus 2008. The contribution margin decrease was primarily the result of the gross profit decrease previously discussed, slightly offset by a \$216,000, or 21.6% decrease in advertising and promotional expenses.

General and Administrative

General and administrative expenses were \$31.9 million for 2009 versus \$31.4 million for 2008. The increase in G&A is primarily related to an increase in stock-based compensation costs and unfavorable currency translation costs, partially offset by a decrease in legal expenses and elimination of certain employee incentive compensation expenses. The increase in stock-based compensation resulted from the issuance of options to purchase common stock to members of management in 2009. While the Company reversed performance-based compensation in each of 2008 and 2009, the vesting of options is not subject to performance measurements, being subject only to time vesting. The increase in currency translation costs resulted from the strengthening of the Canadian dollar against the United States dollar. The decrease in legal expenses is due to the absence of arbitration costs in 2009 versus 2008 and a decrease in legal costs related to the defense of certain intellectual property.

Depreciation and Amortization

Depreciation and amortization expense was \$11.2 million for 2009 versus \$11.0 million for 2008. The slight increase in amortization of intangible assets is related to licensing rights related to the Allergen Block trademark.

Impairment of Intangible Assets and Goodwill

During 2009, an impairment analysis of intangible assets and goodwill was performed in accordance with FASB Statements No. 142 and 144. As a result, non-cash charges were recorded in 2009 related to the impairment of certain intangible assets and goodwill of \$58.9 million and \$190.7 million, respectively. The impairment charges related to intangible assets and goodwill were the result of their carrying value exceeding their fair market value as a result of declining sales and current market conditions. The impairment charges for Over-the-Counter, Household and Personal Care segments were \$166.6 million, \$81.3 million and \$1.7 million respectively. No impairment charges were recorded in 2008.

Interest Expense

Net interest expense was \$28.4 million during 2009 versus \$37.4 million in 2008. The reduction in interest expense was primarily the result of a lower level of indebtedness combined with a reduction of interest rates on our senior debt. The average cost of funds decreased from 8.6% for 2008 to 7.2% for 2009, while the average indebtedness decreased from \$437.3 million during 2008 to \$394.8 million for 2009.

Income Taxes

The benefit for income taxes during 2009 was \$9.2 million versus a provision for income taxes of \$20.3 million in 2008. The effective income tax rates were (4.7%) and 37.9% for 2009 and 2008, respectively. The 2009 tax rate includes a tax benefit of \$29.5 million related the impairment charges of intangible assets and goodwill recorded during the period.

Revenues

	2008		2007		Increase	
	Revenues	%	Revenues	%	(Decrease)	%
OTC Healthcare	\$ 183,692	56.2	\$ 174,704	54.8	\$ 8,988	5.1
Household Cleaning	121,127	37.1	119,036	37.4	2,091	1.8
Personal Care	21,784	6.7	24,894	7.8	(3,110)	(12.5)
	<u>\$ 326,603</u>	<u>100.0</u>	<u>\$ 318,634</u>	<u>100.0</u>	<u>\$ 7,969</u>	<u>2.5</u>

The 2.5% increase in revenues for 2008 versus 2007 was primarily a result of the acquisition of the *Wartner* brand, acquired in September of 2006. Excluding the impact of this acquisition, revenues increased 0.8%. Revenue increases in the Over-the-Counter Healthcare and Household Cleaning segments were partially offset by a decrease in the Personal Care segment. Revenues from customers outside of North America, which represent 4.0% of total revenues, decreased 11.4% in 2008 versus the comparable period in 2007.

During 2008, the Company increased its allowance for returns by \$1.7 million in connection with the voluntary withdrawal from the marketplace in October 2007 of two medicated pediatric cough and cold products marketed under the *Little Remedies* brand. This action was part of an industry-wide voluntary withdrawal of pediatric cough and cold products pending the final results of an FDA safety and efficacy review. Excluding the impact of the withdrawal, total revenues for the Company would have been \$328.3 million, or 3.0% greater than 2007 and up 1.3% excluding the *Wartner* acquisition.

Over-the-Counter Healthcare Segment

Revenues of the Over-the-Counter Healthcare segment increased by \$9.0 million, or 5.1%, for 2008 versus 2007. The revenue increase was primarily due to the acquisition of the *Wartner* brand in September 2006 and the launch of *Murine Earigate*, a new product that helps prevent earwax build-up with its patented reverse spray technology. Excluding the impact of the *Wartner* acquisition, revenues increased by 2.1% for the year. Revenue increases from *Murine Earigate*, *Clear Eyes*, *New-Skin*, *Dermoplast* and *Compound W* were partially offset by decreases in *Chloraseptic*, *The Doctor's NightGuard* Dental Protector and *Little Remedies*. *Clear Eyes* and *New-Skin's* revenue increases were the result of increased consumer consumption and distribution gains. *Dermoplast's* revenue increase was due to improved consumer consumption. *Compound W* revenues were up primarily due to lower promotional allowances as gross shipments were flat due to softness in the cryogenic sub-segment of the wart category. *Chloraseptic's* revenue decreased due to weaker consumer consumption as a result of the decline in the number of sore throat incidences nationwide versus 2007. *The Doctor's NightGuard* Dental Protector revenue decreased as a result of increased competition in the bruxism category. *Little Remedies'* revenue declined due to a \$1.7 million increase in the allowance for returns, as well as lost sales in connection with the voluntary withdrawal from the marketplace of *Little Remedies* medicated pediatric cough and cold products in October 2007.

Household Cleaning Segment

Revenues of the Household Cleaning segment increased \$2.1 million, or 1.8% during the year versus 2007. Increased revenues on the *Comet* brand offset declines in the *Spic and Span* and *Chore Boy* brands. Revenue for *Comet* Mildew SprayGel, which launched in the last quarter of 2007, was partially offset by weaker consumer consumption of *Comet* bathroom sprays. The decline in *Spic and Span's* revenue was the result of weaker consumption and in line with overall declines in the all-purpose cleaning category. *Chore Boy's* revenue decreases were in line with consumption trends partially offset by strong shipments to small grocery wholesale accounts.

Personal Care Segment

Revenues of the Personal Care segment declined \$3.1 million or 12.5% for 2008 versus 2007. All major brands in this segment, except for *Prell*, experienced revenue declines during the year. The decrease in revenues of *Cutex* and *Denorex* was a result of declining consumption and lost market share. *Prell's* revenue increased for the

period primarily due to improved consumption. The Personal Care segment continues to perform in accordance with management's expectations.

Gross Profit

	2008		2007		Increase (Decrease)	
	Gross Profit	%	Gross Profit	%		%
OTC Healthcare	\$ 114,348	62.2	\$ 109,103	62.5	\$ 5,245	4.8
Household Cleaning	45,668	37.7	46,034	38.7	(366)	(0.8)
Personal Care	8,491	39.0	10,350	41.6	(1,859)	(18.0)
	<u>\$ 168,507</u>	<u>51.6</u>	<u>\$ 165,487</u>	<u>51.9</u>	<u>\$ 3,020</u>	<u>1.8</u>

Gross profit for 2008 increased by \$3.0 million, or 1.8%, versus 2007. As a percent of total revenue, gross profit decreased from 51.9% in 2007 to 51.6% during 2008. The decrease in gross profit as a percent of revenues was primarily a result of unfavorable sales mix toward lower margin products, an increase in promotional allowances and higher raw material costs.

Over-the-Counter Healthcare Segment

Gross profit increased \$5.2 million, or 4.8%, versus 2007. As a percent of OTC revenue, gross profit decreased from 62.5% in 2007 to 62.2% during 2008. The decrease in gross profit percentage was primarily the result of an increase in promotional price allowances behind *The Doctor's* and *Little Remedies* brands to stimulate consumer takeaway, as well as an increase in sales of the *Murine Earigate* which has a lower margin than the segment's average gross profit percentage.

Household Cleaning Segment

Gross profit for the Household Cleaning segment decreased by \$366,000, or 0.8%, in 2008 versus 2007. As a percent of household cleaning revenue, gross profit decreased from 38.7% in 2007 to 37.7% during 2008. The decrease in gross profit percentage was primarily the result of higher product costs, primarily for raw material purchases, partially offset by lower distribution costs.

Personal Care Segment

Gross profit decreased \$1.9 million, or 18.0%, versus 2007. As a percent of personal care revenue, gross profit decreased from 41.6% for 2007 to 39.0% during 2008. The decrease in gross profit percentage is a result of increased product and distribution costs.

Contribution Margin

	2008		2007		Increase (Decrease)	
	Contribution Margin	%	Contribution Margin	%		%
OTC Healthcare	\$ 88,160	48.0	\$ 84,902	48.6	\$ 3,258	3.8
Household Cleaning	38,185	31.5	39,355	33.1	(1,170)	(3.0)
Personal Care	7,497	34.4	9,225	37.1	(1,728)	(18.7)
	<u>\$ 133,842</u>	<u>41.0</u>	<u>\$ 133,482</u>	<u>41.9</u>	<u>\$ 360</u>	<u>0.3</u>

Contribution margin, defined as gross profit less advertising and promotional expenses, increased by \$360,000, or 0.3% for 2008 versus 2007. The contribution margin increase was a result of the increase in sales and gross profit as previously discussed, offset by a \$2.6 million, or 8.3% increase in advertising and promotional spending. The increase in advertising and promotional spending was primarily attributable to support behind the launches of *Murine Earigate* and *Comet Mildew SprayGel*.

Over-the-Counter Healthcare Segment

Contribution margin in the Over-the-Counter Healthcare segment increased by \$3.3 million, or 3.8%, for 2008 versus 2007. The contribution margin increase was a result of the increase in sales and gross profit as previously discussed, partially offset by a \$2.0 million, or an 8.2%, increase in advertising and promotional spending. The increase in advertising and promotional spending was primarily a result of television media support behind the launch of *Murine Earigate*, an increase in spending against the *Compound W* and *Little Remedies* brands, partially offset by a reduction in *Chloraseptic* and *Clear Eyes* spending.

Household Cleaning Segment

Contribution margin for the Household Cleaning segment decreased by \$1.2 million, or 3.0%, for 2008 versus 2007. The contribution margin decrease was a result of the sales increase and gross profit decrease previously discussed and an \$800,000, or 12.0%, increase for advertising in support of the *Comet Mildew SprayGel* launch.

Personal Care Segment

Contribution margin for the Personal Care segment decreased \$1.7 million, or 18.7%, for 2008 versus 2007. The contribution margin decrease was primarily the result of the sales and gross profit decreases previously discussed, offset by a \$100,000 reduction in advertising and promotional spending.

General and Administrative

General and administrative expenses were \$31.4 million for 2008 versus \$28.4 million for 2007. Higher professional fees associated with the termination of a product distribution agreement for the Company's cryosurgical wart removal product, as well as protective actions initiated by the Company in connection with *The Doctor's NightGuard* Dental Protector intellectual property were partially offset by lower professional fees related primarily to efficiencies gained in the area of Sarbanes-Oxley compliance.

Depreciation and Amortization

Depreciation and amortization expense was \$11.0 million for 2008 versus \$10.4 million for 2007. The increase in amortization of intangible assets is primarily related to the Wartner acquisition.

Interest Expense

Net interest expense was \$37.4 million for 2008 versus \$39.5 million for 2007. The reduction in interest expense was the result of a lower level of total indebtedness, partially offset by higher interest rates on our variable rate indebtedness. The average cost of funds increased from 8.2% for 2007 to 8.6% for 2008, while the average indebtedness decreased from \$481.0 million for 2007 to \$437.3 million for 2008.

Income Taxes

The income tax provision for 2008 was \$20.3 million, with an effective rate of 37.4%, compared to \$19.1 million, with an effective rate of 34.6% for 2007. The 2007 amount includes a \$2.2 million tax benefit resulting from the reduction of the deferred income tax rate to 38.4% from 39.1% in connection with the implementation of initiatives to obtain operational, as well as tax, efficiencies. As a result of operational efficiencies identified during 2008, the Company has reduced its ongoing income tax rate to 37.9%.

Liquidity and Capital Resources

Liquidity

We have financed and expect to continue to finance our operations with a combination of borrowings and funds generated from operations. Our principal uses of cash are for operating expenses, debt service, brand acquisitions, working capital and capital expenditures. Since our Revolving Credit Facility expired in April 2009 and due to the uncertain credit markets, the Company has increased its cash reserves by an additional \$30.0 million to provide an additional margin of liquidity.

<i>(In thousands)</i>	Year Ended March 31		
	2009	2008	2007
Net cash provided by (used in):			
Operating activities	\$ 66,679	\$ 44,989	\$ 71,899
Investing activities	(4,672)	(537)	(31,051)
Financing activities	(32,904)	(52,132)	(35,290)

Fiscal 2009 compared to fiscal 2008

Operating Activities

Net cash provided by operating activities was \$66.7 million for 2009 compared to \$45.0 million for 2008. The \$21.7 million increase in net cash provided by operating activities was primarily the result of the following:

- A decrease of net income, net of adjustments for the impact of the charge for the impairment of goodwill and intangible assets of \$600,000 from \$33.9 million for 2008 to \$33.3 million for 2009,
- A change in the components of operating assets and liabilities of \$22.1 million as a result of net operating assets and liabilities decreasing by \$7.9 million in 2009 compared to an increase of \$14.2 million in 2008, and
- An increase in non-cash expenses of \$731,000 from \$15.2 million for 2008 to \$15.9 million for 2009.

As a result of the late cough/cold season and the timing of our March 2008 price increase, accounts receivable increased \$9.1 million at March 31, 2008 versus March 31, 2007, while at March 31, 2009, accounts receivable were \$8.2 million less than those reported at March 31, 2008.

Consistent with 2008, the Company's cash flow from operations exceeded net income due to the substantial non-cash charges related to depreciation and amortization of intangibles, 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 stock-based compensation, as well as the 2009 goodwill and intangible impairments.

Investing Activities

Net cash used for investing activities was \$4.7 million for 2009 compared to \$537,000 for 2008. The net cash used for investing activities in 2009 was primarily for the settlement of purchase price contingencies associated with the 2006 acquisition of Wartner USA, B.V., while during 2008, net cash used for investing activities was for the acquisition of property and equipment.

Financing Activities

Net cash used for financing activities was \$32.9 million for 2009 compared to \$52.1 million for 2008. Due to the expiration of the Company's revolving line of credit, general economic conditions and the state of the credit markets, the Company limited its debt repayments during the latter half of 2009 to only scheduled maturities until it had accumulated an additional \$30.0 million in operating funds. During 2009, the Company repaid \$29.3 million of indebtedness in excess of normal maturities with cash generated from operations, while during 2008 such repayments amounted to \$48.6 million. This reduced our outstanding indebtedness to \$378.3 million at March 31, 2009 from \$463.3 million at March 31, 2007.

Fiscal 2008 compared to fiscal 2007

Operating Activities

Net cash provided by operating activities was \$45.0 million for 2008 compared to \$71.9 million 2007. The \$26.9 million decrease in net cash provided by operating activities was primarily the result of the following:

- A decrease of net income of \$2.1 million from \$36.1 million for 2007 to \$34.0 million for 2008,
- A change in the components of operating assets and liabilities of \$26.0 million as a result of net operating assets and liabilities increasing by \$14.2 million in 2008 compared to a decrease of \$11.8 million in 2007, and
- An increase in non-cash expenses of \$1.3 million from \$24.0 million for 2007 to \$25.3 million for 2008.

As a result of the late cough/cold season and the timing of our March 2008 price increase, accounts receivable increased \$9.1 million versus March 31, 2007. Additionally, our accrued liabilities were reduced by \$4.3 million versus March 31, 2007.

Consistent with 2007, the Company's cash flow from operations exceeded net income due to the substantial non-cash charges related to depreciation and amortization of intangibles, 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 stock-based compensation.

Investing Activities

Net cash used for investing activities was \$537,000 for 2008 compared to \$31.1 million for 2007. The net cash used for investing activities in 2008 was for the acquisition of property and equipment, while during 2007, net cash used for investing activities was primarily for the acquisition of Wartner USA B.V.

Financing Activities

Net cash used for financing activities was \$52.1 million for 2008 compared to \$35.3 million for 2007. During 2008, the Company repaid \$48.6 million of indebtedness in excess of normal maturities with cash generated from operations, while during 2007 such repayments amounted to \$31.6 million. This reduced our outstanding indebtedness to \$411.2 million at March 31, 2008 from \$498.6 million at March 31, 2006.

Capital Resources

As of March 31, 2009, we had an aggregate of \$378.3 million of outstanding indebtedness, which consisted of the following:

- \$252.3 million of borrowings under the Tranche B Term Loan Facility, and
- \$126.0 million of 9.25% Senior Subordinated Notes due 2012.

All loans under the Senior Credit Facility bear interest at floating rates, based on either the prime rate, or at our option, the LIBOR rate, plus an applicable margin. At March 31, 2009, an aggregate of \$252.3 million was outstanding under the Senior Credit Facility at a weighted average interest rate of 2.77%.

As deemed appropriate, the Company uses derivative financial instruments to mitigate the impact of changing interest rates associated with its long-term debt obligations. While the Company does not enter into derivative financial instruments for trading purposes, all of the Company's derivatives are straightforward over-the-counter instruments with liquid markets. The notional, or contractual, amount of the Company's derivative financial instruments is used to measure the amount of interest to be paid or received and does not represent an actual liability. The Company accounts for these financial instruments as cash flow hedges.

In March 2005, the Company purchased interest rate cap agreements with a total notional amount of \$180.0 million, the terms of which were as follows:

Notional Amount	Interest Rate Cap Percentage	Expiration Date
(In millions)		
\$ 50.0	3.25%	May 31, 2006
80.0	3.50	May 30, 2007
50.0	3.75	May 30, 2008

In February 2008, the Company entered into an interest rate swap agreement in the notional amount of \$175.0 million, decreasing to \$125.0 million at March 26, 2009 to replace and supplement the interest rate cap agreement that expired on May 30, 2008. The Company has agreed to pay a fixed rate of 2.88% while receiving a variable rate based on LIBOR. The agreement terminates on March 26, 2010. The fair value of the interest rate swap agreement is included in either other assets or current liabilities at the balance sheet date. At March 31, 2009 and 2008 the fair values of the interest rate swap were \$2.2 million and \$1.5 million, respectively. Such amounts were included in other current liabilities.

The Senior Credit Facility contains various financial covenants, including provisions that require us to maintain certain leverage ratios, interest coverage ratios and fixed charge coverage ratios. The Senior Credit Facility, as well as the Indenture governing the Senior Subordinated 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 the Company's equity securities in the public markets, incurrence of indebtedness, creation of liens, making loans and investments and transactions with affiliates. Specifically, we must:

- Have a leverage ratio of less than 4.25 to 1.0 for the quarter ended March 31, 2009, decreasing over time to 3.75 to 1.0 for the quarter ending September 30, 2010, and remaining level thereafter,
- Have an interest coverage ratio of greater than 3.00 to 1.0 for the quarter ended March 31, 2009, increasing over time to 3.25 to 1.0 for the quarter ending March 31, 2010, and remaining level thereafter, and
- Have a fixed charge coverage ratio of greater than 1.5 to 1.0 for the quarter ended March 31, 2009, and for each quarter thereafter until the quarter ending March 31, 2011.

At March 31, 2009, we were in compliance with the applicable financial and restrictive covenants under the Senior Credit Facility and the Indenture governing the Senior Subordinated Notes.

At March 31, 2009, we had \$60.0 million of borrowing capacity available under the Revolving Credit Facility to support our operating activities; however, this facility expired in April 2009. Additionally, we have \$252.3 million outstanding under the Tranche B Term Loan Facility which matures in April 2011. We are obligated to make quarterly principal payments on the Tranche B Term Loan Facility equal to \$887,500, representing 0.25% of the initial principal amount of the term loan. Our ability to borrow an additional \$200.0 million pursuant to our Senior Credit Facility under the Tranche B Term Loan Facility expired during the three month period ended June 30, 2008.

As a result of the current economic environment and the state of the credit markets, the Company established and reached its goal of enhancing its liquidity position and used its strong cash flow generated from operations to build its cash reserves. Management estimated that cash reserves of approximately \$30.0 million would be sufficient to provide adequate liquidity, allowing the Company to meet its current and future obligations as they come due. As a consequence of this action, management made repayments against outstanding indebtedness of \$29.3 million in excess of scheduled maturities through March 31, 2009 compared to \$48.6 million during 2008. While management intends to replace these credit facilities during the ensuing year, the uncertainties of the credit markets could impede our ability to do so. As an example, the following factors could influence the amounts

available to us and the interest rates associated with such a refinancing:

- A deterioration of the Company's earnings and its strong cash flows from operations,
- Prevailing interest rates in the market for similar offerings by companies with comparable credit ratings,
- Total amount borrowed and the Company's intended use of such proceeds,
- Ratio of amounts bearing fixed and variable rates of interest,
- Ratio of amounts raised through a bond offering compared to a syndicated bank facility, and
- Total amount outstanding at the time, giving effect to the Company's ability to repay principal in excess of stated maturities.

In the current credit environment, management would expect the average interest rate associated with such a refinancing to be in excess of the Company's current average borrowing rate of 4.93%. However, we can give no assurances that financing will be available, or if available, that it can be obtained on terms favorable to us or on a basis that is not dilutive to our stockholders.

Commitments

As of March 31, 2009, we had ongoing commitments under various contractual and commercial obligations as follows:

<i>(In Millions)</i> Contractual Obligations	Payments Due by Period				
	Total	Less than 1 Year	1 to 3 Years	4 to 5 Years	After 5 Years
Long-term debt	\$ 378.3	\$ 3.6	\$ 248.7	\$ 126.0	\$ --
Interest on long-term debt ⁽¹⁾	49.4	18.6	30.3	0.5	--
Purchase obligations:					
Inventory costs ⁽²⁾	64.2	41.5	15.1	2.3	5.3
Other costs ⁽³⁾	1.9	1.9	--	--	--
Operating leases	3.2	0.8	1.2	1.2	--
Total contractual cash obligations	\$ 497.0	\$ 66.4	\$ 295.3	\$ 130.0	\$ 5.3

(1) Represents the estimated interest obligations on the outstanding balances of the Tranche B Term Loan Facility and Senior Subordinated Notes, together, assuming scheduled principal payments (based on the terms of the loan agreements) are made and assuming a weighted average interest rate of 4.93%. Estimated interest obligations would be different under different assumptions regarding interest rates or timing of principal payments. If interest rates on borrowings with variable rates increased by 1%, interest expense would increase approximately \$2.5 million, in the first year. However, given the contractual obligation pursuant to the interest rate swap agreement, the impact of a one percentage point increase would be \$3.3 million.

(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.

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. Although we do not believe that inflation has had a material impact on our financial condition or results from operations for the periods referred to above, a high rate of inflation in the future could have a material adverse effect on our business, 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 the Company takes 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.

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 have any intention 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,” “will be,” “will continue,” “will likely result,” or other similar words and phrases. Forward-looking statements and our plans and expectations 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 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:

- General economic conditions affecting our products and their respective markets,
- Our ability to increase organic growth via new product introductions or line extensions,
- The high level of competition in our industry and markets,
- Our ability to invest in research and development,
- Our dependence on a limited number of customers for a large portion of our sales,
- Disruptions in our distribution center,
- Acquisitions or other strategic transactions diverting managerial resources, or incurrence of additional liabilities or integration problems associated with such transactions,
- Changing consumer trends or pricing pressures which may cause us to lower our prices,
- Increases in supplier prices,

- Increases in transportation and fuel charges,
- Changes in our senior management team,
- Our ability to protect our intellectual property rights,
- Our dependency on the reputation of our brand names,
- Shortages of supply of sourced goods or interruptions in the manufacturing of our products,
- Our level of indebtedness, and ability to service our debt,
- Any adverse judgments rendered in any pending litigation or arbitration,
- Our ability to obtain additional financing, and
- The restrictions imposed by our senior credit facility and the indenture on our operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to changes in interest rates because our senior credit facility is variable rate debt. Interest rate changes generally do not affect the market value of the senior credit facility, but do impact the amount of our interest payments and, therefore, our future earnings and cash flows, assuming other factors are held constant. At March 31, 2009 we had variable rate debt of approximately \$252.3 million related to our Tranche B term loan.

In an effort to protect the Company from the adverse impact that rising interest rates would have on our variable rate debt, we have entered into various interest rate cap agreements to hedge this exposure. In March 2005, the Company purchased interest rate cap agreements with a total notional amount of \$180.0 million the terms of which are as follows:

	Notional Amount	Interest Rate Cap Percentage	Expiration Date
	(In millions)		
\$	50.0	3.25%	May 31, 2006
	80.0	3.50	May 30, 2007
	50.0	3.75	May 30, 2008

In February 2008, the Company entered into an interest rate swap agreement, effective March 26, 2008, in the notional amount of \$175.0 million, decreasing to \$125.0 million at March 26, 2009 to replace and supplement the interest rate cap agreement that expired on May 30, 2008. The Company has agreed to pay a fixed rate of 2.88% while receiving a variable rate based on LIBOR. The fair value of the interest rate swap agreement of \$2.2 million was included in current liabilities at March 31, 2009. The agreement terminates on March 26, 2010.

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 ending March 31, 2010 of approximately \$3.3 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and 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 F-1.

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 the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 ("Exchange Act") as of March 31, 2009. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2009, 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

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 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 assessed the effectiveness of the Company's internal control over financial reporting as of March 31, 2009. In making its assessment, management has used the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control – Integrated Framework* (the "COSO Criteria").

Based on our assessment utilizing the COSO Criteria, management has concluded that the Company's internal control over financial reporting was effective as of March 31, 2009.

PricewaterhouseCoopers LLP, an independent registered public accounting firm, has issued an attestation report on our internal control over financial reporting, which appears at page F-1 and is incorporated in Item 15 of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

There have been no changes during the quarter ended March 31, 2009 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.

ITEM 9B. OTHER INFORMATION

None.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required to be disclosed by this Item will be contained in the Company's 2009 Proxy Statement, which is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information required to be disclosed by this Item will be contained in the Company's 2009 Proxy Statement, which 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 2009 Proxy Statement, which is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, DIRECTOR INDEPENDENCE

Information required to be disclosed by this Item will be contained in the Company's 2009 Proxy Statement, which 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 2009 Proxy Statement, which is incorporated herein by reference.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) Financial Statements

The financial statements and financial statement schedules listed below are set forth at pages F-1 through F-32 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 Operations for each of the three years in the period ended March 31, 2009

Consolidated Balance Sheets at March 31, 2009 and 2008

Consolidated Statements of Stockholders' Equity and Comprehensive Income for each of the three years in the period ended March 31, 2009

Consolidated Statements of Cash Flows for each of the three years in the period ended March 31, 2009

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/ PETER J. ANDERSON

Name: Peter J. Anderson

Title: Chief Financial Officer

Date: June 15, 2009

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.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ MARK PETTIE</u> Mark Pettie	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	June 15, 2009
<u>/s/ PETER J. ANDERSON</u> Peter J. Anderson	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	June 15, 2009
<u>/s/ L. DICK BUELL</u> L. Dick Buell	Director	June 15, 2009
<u>/s/ JOHN E. BYOM</u> John E. Byom	Director	June 15, 2009
<u>/s/ GARY E. COSTLEY</u> Gary E. Costley	Director	June 15, 2009
<u>/s/ DAVID A. DONNINI</u> David A. Donnini	Director	June 15, 2009
<u>/s/ RONALD B. GORDON</u> Ronald B. Gordon	Director	June 15, 2009
<u>/s/ VINCENT J. HEMMER</u> Vincent J. Hemmer	Director	June 15, 2009
<u>/s/ PATRICK M. LONERGAN</u> Patrick M. Lonergan	Director	June 15, 2009
<u>/s/ PETER C. MANN</u> Peter C. Mann	Director	June 15, 2009
<u>/s/ RAYMOND P. SILCOCK</u> Raymond P. Silcock	Director	June 15, 2009

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Prestige Brands Holdings, Inc.

Audited Financial Statements

March 31, 2009

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Consolidated Statements of Operations for each of the three years in the period ended March 31, 2009	F-2
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Consolidated Statements of Stockholders' Equity and Comprehensive Income for each of the three years in the period ended March 31, 2009	F-4
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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 operations, 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, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2009 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, 2009, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for 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 Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. 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**

Salt Lake City, Utah
June 15, 2009

Prestige Brands Holdings, Inc.
Consolidated Statements of Operations

<i>(In thousands, except per share data)</i>	Year Ended March 31		
	2009	2008	2007
Revenues			
Net sales	\$ 310,505	\$ 324,621	\$ 316,847
Other revenues	2,210	1,982	1,787
Total revenues	<u>312,715</u>	<u>326,603</u>	<u>318,634</u>
Cost of Sales			
Cost of sales	149,445	158,096	153,147
Gross profit	<u>163,270</u>	<u>168,507</u>	<u>165,487</u>
Operating Expenses			
Advertising and promotion	38,099	34,665	32,005
General and administrative	31,888	31,414	28,416
Depreciation and amortization	11,219	11,014	10,384
Impairment of goodwill and intangible assets	249,590	--	--
Total operating expenses	<u>330,796</u>	<u>77,093</u>	<u>70,805</u>
Operating income (loss)	<u>(167,526)</u>	<u>91,414</u>	<u>94,682</u>
Other (income) expense			
Interest income	(143)	(675)	(972)
Interest expense	28,579	38,068	40,478
Miscellaneous	--	(187)	--
Total other (income) expense	<u>28,436</u>	<u>37,206</u>	<u>39,506</u>
Income (loss) before income taxes	(195,962)	54,208	55,176
Provision (benefit) for income taxes	(9,186)	20,289	19,098
Net income (loss)	<u>\$ (186,776)</u>	<u>\$ 33,919</u>	<u>\$ 36,078</u>
Basic earnings (loss) per share	<u>\$ (3.74)</u>	<u>\$ 0.68</u>	<u>\$ 0.73</u>
Diluted earnings (loss) per share	<u>\$ (3.74)</u>	<u>\$ 0.68</u>	<u>\$ 0.72</u>
Weighted average shares outstanding:			
Basic	<u>49,935</u>	<u>49,751</u>	<u>49,460</u>
Diluted	<u>49,935</u>	<u>50,039</u>	<u>50,020</u>

See accompanying notes.

Prestige Brands Holdings, Inc.
Consolidated Balance Sheets

(In thousands)

	March 31	
	2009	2008
Assets		
Current assets		
Cash and cash equivalents	\$ 35,181	\$ 6,078
Accounts receivable	36,025	44,219
Inventories	26,977	29,696
Deferred income tax assets	4,022	3,066
Prepaid expenses and other current assets	1,358	2,316
Total current assets	103,563	85,375
Property and equipment	1,367	1,433
Goodwill	114,240	308,915
Intangible assets	577,609	646,683
Other long-term assets	4,602	6,750
Total Assets	\$ 801,381	\$ 1,049,156
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 18,050	\$ 20,539
Accrued interest payable	5,371	5,772
Other accrued liabilities	7,255	8,030
Current portion of long-term debt	3,550	3,550
Total current liabilities	34,226	37,891
Long-term debt	374,787	407,675
Other long-term liabilities	--	2,377
Deferred income tax liabilities	97,983	122,140
Total Liabilities	506,996	570,083
Commitments and Contingencies – Note 15		
Stockholders' Equity		
Preferred stock - \$0.01 par value		
Authorized – 5,000 shares		
Issued and outstanding – None	--	--
Common stock - \$0.01 par value		
Authorized – 250,000 shares		
Issued – 50,060 shares at March 31, 2009 and 2008	501	501
Additional paid-in capital	382,803	380,364
Treasury stock, at cost – 124 shares and 59 shares at March 31, 2009 and 2008, respectively	(63)	(47)
Accumulated other comprehensive income (loss)	(1,334)	(999)
Retained earnings (deficit)	(87,522)	99,254
Total stockholders' equity	294,385	479,073
Total Liabilities and Stockholders' Equity	\$ 801,381	\$ 1,049,156

See accompanying notes.

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

	<u>Common Stock</u>		<u>Additional</u>	<u>Treasury Stock</u>		<u>Accumulated</u>	<u>Other</u>	<u>Retained</u>	<u>Totals</u>
	<u>Par</u>	<u>Value</u>	<u>Paid-in</u>	<u>Shares</u>	<u>Amount</u>	<u>Comprehensive</u>	<u>Income</u>	<u>Earnings</u>	
	<u>Shares</u>		<u>Capital</u>						
<i>(In thousands)</i>									
Balances at March 31, 2006	50,056	\$ 501	\$ 378,570	18	\$ (30)	\$ 1,109	\$ 29,257	\$ 409,407	
Stock-based compensation	4	--	655	--	--	--	--	655	
Purchase of common stock for treasury	--	--	--	37	(10)	--	--	(10)	
Components of comprehensive income									
Net income	--	--	--	--	--	--	36,078	36,078	
Amortization of interest rate caps reclassified into earnings, net of income tax expense of \$429	--	--	--	--	--	678	--	678	
Unrealized loss on interest rate caps, net of income tax benefit of \$931	--	--	--	--	--	(1,474)	--	(1,474)	
Total comprehensive income	--	--	--	--	--	--	--	35,282	
Balances at March 31, 2007	50,060	501	379,225	55	(40)	313	65,335	445,334	
Stock-based compensation	--	--	1,139	--	--	--	--	1,139	
Purchase of common stock for treasury	--	--	--	4	(7)	--	--	(7)	
Components of comprehensive income									
Net income	--	--	--	--	--	--	33,919	33,919	
Amortization of interest rate caps reclassified into earnings, net of income tax expense of \$228	--	--	--	--	--	373	--	373	
Unrealized loss on interest rate caps, net of income tax benefit of \$458	--	--	--	--	--	(738)	--	(738)	
Unrealized loss on interest rate swap, net of income tax benefit of \$580	--	--	--	--	--	(947)	--	(947)	
Total comprehensive income	--	--	--	--	--	--	--	32,607	
Balances at March 31, 2008	50,060	\$ 501	\$ 380,364	59	\$ (47)	\$ (999)	\$ 99,254	\$ 479,073	

See accompanying notes.

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

	<u>Common Stock</u>		<u>Additional</u>	<u>Treasury Stock</u>		<u>Accumulated</u>	<u>Other</u>	<u>Retained</u>	<u>Totals</u>
	<u>Par</u>	<u>Value</u>	<u>Paid-in</u>	<u>Shares</u>	<u>Amount</u>	<u>Comprehensive</u>	<u>Income</u>	<u>Earnings</u>	
	<u>Shares</u>		<u>Capital</u>						
Balances at March 31, 2008	50,060	\$ 501	\$ 380,364	59	\$ (47)	\$ (999)	\$ 99,254	\$ 479,073	
Stock-based compensation	--	--	2,439	--	--	--	--	2,439	
Purchase of common stock for treasury	--	--	--	65	(16)	--	--	(16)	
Components of comprehensive loss									
Net loss	--	--	--	--	--	--	(186,776)	(186,776)	
Amortization of interest rate caps reclassified into earnings, net of income tax expense of \$32	--	--	--	--	--	53	--	53	
Unrealized loss on interest rate caps, net of income tax benefit of \$238	--	--	--	--	--	(388)	--	(388)	
Total comprehensive loss	--	--	--	--	--	--	--	(187,111)	
Balances at March 31, 2009	50,060	\$ 501	\$ 382,803	124	\$ (63)	\$ (1,334)	\$ (87,522)	\$ 294,385	

See accompanying notes.

Prestige Brands Holdings, Inc.
Consolidated Statements of Cash Flows

	Year Ended March 31		
	2009	2008	2007
<i>(In thousands)</i>			
Operating Activities			
Net income (loss)	\$ (186,776)	\$ 33,919	\$ 36,078
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	11,219	11,014	10,384
Amortization of financing costs	2,233	3,007	3,257
Impairment of goodwill and intangible assets	249,590	--	--
Deferred income taxes	(19,955)	10,096	9,662
Stock-based compensation costs	2,439	1,139	655
Changes in operating assets and liabilities, net of effects of purchases of businesses			
Accounts receivable	8,193	(9,052)	4,875
Inventories	2,719	477	4,292
Prepaid expenses and other assets	458	(381)	(1,235)
Accounts payable	(2,265)	(975)	(186)
Other accrued liabilities	(1,176)	(4,255)	4,117
Net cash provided by operating activities	<u>66,679</u>	<u>44,989</u>	<u>71,899</u>
Investing Activities			
Purchases of equipment	(481)	(488)	(540)
Purchases of intangible assets	--	(33)	--
Business acquisition purchase price adjustments	(4,191)	(16)	750
Purchases of businesses, net	--	--	(31,261)
Net cash used for investing activities	<u>(4,672)</u>	<u>(537)</u>	<u>(31,051)</u>
Financing Activities			
Repayment of notes	(32,888)	(52,125)	(35,280)
Redemption of equity interests	(16)	(7)	(10)
Net cash used for financing activities	<u>(32,904)</u>	<u>(52,132)</u>	<u>(35,290)</u>
Increase (decrease) in cash	29,103	(7,680)	5,558
Cash - beginning of year	<u>6,078</u>	<u>13,758</u>	<u>8,200</u>
Cash - end of year	<u>\$ 35,181</u>	<u>\$ 6,078</u>	<u>\$ 13,758</u>
Supplemental Cash Flow Information			
<u>Purchases of Businesses</u>			
Fair value of assets acquired, net of cash acquired	\$ --	\$ --	\$ 42,115
Fair value of liabilities assumed	--	--	(10,854)
Cash paid to purchase businesses	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 31,261</u>
Interest paid	<u>\$ 26,745</u>	<u>\$ 36,840</u>	<u>\$ 37,234</u>
Income taxes paid	<u>\$ 9,844</u>	<u>\$ 9,490</u>	<u>\$ 11,751</u>
<i>See accompanying notes.</i>			

1. Business and Basis of Presentation

Nature of Business

Prestige Brands Holdings, Inc. (referred to herein as the “Company” which reference shall, unless the context requires otherwise, be deemed to refer to Prestige Brands Holdings, Inc. and all of its direct or indirect wholly-owned subsidiaries on a consolidated basis) is engaged in the marketing, sales and distribution of over-the-counter healthcare, personal care and household cleaning brands to mass merchandisers, drug stores, supermarkets and club stores primarily in the United States, Canada and certain other international markets. Prestige Brands Holdings, Inc. is a holding company with no assets or operations and is also the parent guarantor of the senior credit facility and the senior subordinated notes more fully described in Note 9 to the consolidated financial statements.

Basis of Presentation

The Company’s consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. All significant intercompany transactions and balances have been eliminated in consolidation. The Company’s fiscal year ends on March 31st of each year. References in these consolidated financial statements or notes to a year (e.g., “2009”) means the Company’s fiscal year ended on March 31st of that year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“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 the Company’s knowledge of current events and actions that the Company may undertake in the future, actual results could differ from those estimates. As discussed below, the Company’s 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

The Company considers all short-term deposits and investments with original maturities of three months or less to be cash equivalents. Substantially all of the Company’s cash is held by a large regional bank with headquarters in California. The Company does not believe that, as a result of this concentration, it is subject to any unusual financial risk beyond the normal risk associated with commercial banking relationships.

Accounts Receivable

The Company extends non-interest bearing trade credit to its customers in the ordinary course of business. The Company maintains an allowance for doubtful accounts receivable based upon historical collection experience and expected collectibility of the accounts receivable. In an effort to reduce credit risk, the Company (i) has established credit limits for all of its customer relationships, (ii) performs ongoing credit evaluations of customers’ financial condition, (iii) monitors the payment history and aging of customers’ receivables, and (iv) monitors open orders against an individual customer’s outstanding receivable balance.

Inventories

Inventories are stated at the lower of cost or fair value, where cost is determined by using the first-in, first-out method. The Company provides an allowance for slow moving and obsolete inventory, whereby it reduces 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	3
Furniture and fixtures	7

Leasehold improvements are amortized over the lesser of the term of the lease or 5 years.

Expenditures for maintenance and repairs are charged to expense as incurred. When an asset is sold or otherwise disposed of, the cost and associated accumulated depreciation are removed from the accounts and the resulting gain or loss is recognized in the consolidated statement of operations.

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. In accordance with Financial Accounting Standards Board (“FASB”) Statement of Financial Accounting Standards (“Statement”) No. 142, “Goodwill and Other Intangible Assets,” the Company does not amortize goodwill, but performs impairment tests of the carrying value at least annually. The Company tests goodwill for impairment at the “brand” level which is one level below the operating segment level.

Intangible Assets

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

Indefinite lived intangible assets are tested for impairment at least annually; however, at each reporting period an evaluation is made to determine whether events and circumstances continue to support an indefinite useful life. 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

The Company has incurred debt origination costs in connection with the issuance of long-term debt. These costs are capitalized as deferred financing costs and amortized using the straight-line method, which approximates the effective interest method, over the term of the related debt.

Revenue Recognition

Revenues are recognized in accordance with Securities and Exchange Commission (“SEC”) Staff Accounting Bulletin 104, “Revenue Recognition,” 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. The Company has determined that the transfer of the risk of loss generally occurs when product is received by the customer and, accordingly, recognizes 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 the Company’s historical experience.

As is customary in the consumer products industry, the Company participates in the promotional programs of its customers to enhance the sale of its products. The cost of these promotional programs varies based on the actual number of units sold during a finite period of time. The Company estimates the cost of such promotional programs at their inception based on historical experience and current market conditions and reduces sales by such estimates. These promotional programs consist of direct to consumer incentives such as coupons and

temporary price reductions, as well as incentives to the Company's customers, such as slotting fees and cooperative advertising. Estimates of the costs of these promotional programs are based on (i) historical sales experience, (ii) the current offering, (iii) forecasted data, (iv) current market conditions, and (v) communication with customer purchasing/marketing personnel. At the completion of the promotional program, the estimated amounts are adjusted to actual results.

Due to the nature of the consumer products industry, the Company is required to estimate future product returns. Accordingly, the Company records 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 the Company's product offerings, and (vi) the impact of changes in product formulation, packaging and advertising.

Costs of Sales

Costs of sales include product costs, warehousing costs, inbound and outbound shipping costs, and handling and storage costs. Shipping, warehousing and handling costs were \$23.5 million for 2009 and \$24.3 million for each of 2008 and 2007.

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred. Slotting fees associated with products are recognized as a reduction of sales. Under slotting arrangements, the retailers allow the Company's products to be placed on the stores' shelves in exchange for such fees. Direct reimbursements of advertising costs are reflected as a reduction of advertising costs in the period earned.

Stock-based Compensation

The Company recognizes stock-based compensation in accordance with FASB, Statement No. 123(R), "Share-Based Payment" ("Statement No. 123(R)"). Statement No. 123(R) requires the Company 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 an employee is required to provide service in exchange for the award, generally referred to as the requisite service period.

Income Taxes

Income taxes are recorded in accordance with the provisions of FASB Statement No. 109, "Accounting for Income Taxes" ("Statement No. 109") and FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes--an interpretation of FASB Statement 109" ("FIN 48"). Pursuant to Statement No. 109, 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.

FIN 48 clarified the accounting for uncertainty in income taxes recognized in a company's financial statements in accordance with Statement No. 109 and prescribed 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, the Company has applied a more-likely-than-not recognition threshold for all tax uncertainties. FIN 48 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. The adoption of FIN 48, effective April 1, 2007, did not result in a cumulative effect adjustment to the opening balance of retained earnings or adjustment to any of the components of assets, liabilities or equity in the consolidated balance sheet.

The Company is subject to taxation in the US, various state and foreign jurisdictions. The Company remains subject to examination by tax authorities for years after 2004.

The Company classifies penalties and interest related to unrecognized tax benefits as income tax expense in the Statement of Operations.

Derivative Instruments

FASB Statement No. 133, “Accounting for Derivative Instruments and Hedging Activities”, as amended (“Statement No. 133”), requires companies to recognize derivative instruments as either assets or liabilities in the consolidated balance sheet at fair value. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, a company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, a cash flow hedge or a hedge of a net investment in a foreign operation.

The Company has designated its derivative financial instruments as cash flow hedges because they hedge exposure to variability in expected future cash flows that are attributable to interest rate risk. For these hedges, the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income (loss) and reclassified into earnings in the same line item associated with the forecasted transaction in the same period or periods during which the hedged transaction affects earnings. Any ineffective portion of the gain or loss on the derivative instruments is recorded in results of operations immediately. Cash flows from these instruments are classified as operating activities.

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 2009, the FASB issued Staff Position No. FAS 107-1 and APB 28-1, “Interim Disclosures about Fair Value of Financial Instruments” (“Staff Position No. 107-1”) which requires disclosures about the fair values of financial instruments at interim reporting periods in addition to annual financial statements. Effective April 1, 2009, Staff Position No. 107-1 involves only enhanced disclosures and will not have any impact on the Company’s financial position, results from operations or cash flows.

In April 2009, the FASB issued Staff Position FAS 115-2 and FAS 124-2, “Recognition and Presentation of Other-Than-Temporary Impairments” (“Staff Position FAS 115-2”) which modified the threshold a company must meet to avoid recognizing other-than-temporary impairments of debt securities purchased as investments. Effective April 1, 2009, the implementation of Staff Position No. 115-2 will not have any impact on the Company’s financial position, results from operations or cash flows.

In March 2008, the FASB issued Statement No. 161 “Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133” (“Statement No. 161”) that requires a company with derivative instruments to disclose information to enable users of the financial statements to understand (i) how and why the company uses derivative instruments, (ii) how derivative instruments and related hedged items are accounted for, and (iii) how derivative instruments and related hedged items affect an entity’s financial position, financial performance, and cash flows. Accordingly, Statement No. 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. Statement No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The implementation of Statement No. 161 involves enhanced disclosures of derivative instruments and the Company’s hedging activities and did not have any impact on the Company’s financial position, results from operations or cash flows.

In December 2007, the FASB ratified Emerging Issues Task Force 07-01, “Accounting for Collaborative Arrangements” (“EITF 07-01”). EITF 07-01 provides guidance for determining if a collaborative arrangement exists and establishes procedures for reporting revenues and costs generated from transactions with third parties, as well as between the parties within the collaborative arrangement, and provides guidance for financial statement disclosures of collaborative arrangements. EITF 07-01 is effective for fiscal years beginning after December 15,

2008 and is required to be applied retrospectively to all prior periods where collaborative arrangements existed as of the effective date. The adoption of EITF 07-01 on April 1, 2009 will not have any impact on the Company's financial position, results from operations or cash flows at that date. However, the future impact on the Company's financial, results from operations and cash flows is dependent on the nature, terms and size of any collaborative arrangements that the Company may initiate.

In December 2007, the FASB issued Statement No. 141 (Revised 2007), "Business Combinations" ("Statement No. 141(R)"), as amended by FASB Staff Position No. 141(R)-1, "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies" to improve consistency and comparability in the accounting and financial reporting of business combinations. Accordingly, Statement 141(R), as amended, requires the acquiring entity in a business combination to (i) recognize all assets acquired and liabilities assumed in the transaction, (ii) establishes acquisition-date fair value as the amount to be ascribed to the acquired assets and liabilities and (iii) requires certain disclosures to enable users of the financial statements to evaluate the nature, as well as the financial aspects of the business combination. Statement 141(R), as amended, is effective for business combinations consummated by the Company on or after April 1, 2009. The impact of adopting this standard will depend on the nature, terms and size of any business combinations completed after the effective date.

In February 2007, the FASB issued Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115" ("Statement No. 159"). Statement No. 159 permits companies to choose to measure certain financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected will be recognized in earnings at each subsequent reporting date. The implementation of Statement No. 159, effective April 1, 2008, did not have a material effect on the Company's consolidated financial statements.

In September 2006, the FASB issued Statement No. 157, "Fair Value Measurements" ("Statement No. 157") to address inconsistencies in the definition and determination of fair value pursuant to GAAP. Statement No. 157 provides a single definition of fair value, establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements in an effort to increase comparability related to the recognition of market-based assets and liabilities and their impact on earnings. Statement No. 157 is effective for the Company's interim financial statements issued after April 1, 2008. However, on November 14, 2007, the FASB deferred the effective date of Statement No. 157 for one year for non-financial assets and non-financial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. The implementation of Statement No. 157, effective April 1, 2008, did not have a material effect on financial assets and liabilities included in the Company's consolidated financial statements as fair value is based on readily available market prices. The application of Statement No. 157 is not expected to have a material effect on the Company's consolidated financial statements as it relates to the non-financial assets and liabilities.

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 the Company's consolidated financial position, results of operations or cash flows.

2. Acquisition of Businesses

Acquisition of Wartner USA B.V.

On September 21, 2006, the Company completed the acquisition of the ownership interests of Wartner USA B.V., the owner of the *Wartner* brand of over-the-counter wart treatment products. The Company expects that the *Wartner* brand, which is the #3 brand in the United States over-the-counter wart treatment category, along with the acquired technology, will continue to enhance the Company's leadership in the category. Additionally, the Company believes that the brand will continue to benefit from a targeted advertising and marketing program, as well as the Company's business model of outsourcing manufacturing and the elimination of redundant operations. The results from operations of the *Wartner* brand have been included within the Company's consolidated financial statements as a component of the over-the-counter healthcare segment commencing September 21, 2006.

The purchase price of the ownership interests was approximately \$31.2 million, including fees and expenses of

the acquisition of \$216,000 and the assumption of approximately \$5.0 million of contingent payments, with an estimated fair value of \$3.8 million, owed to the former owner of *Wartner* through 2011. The Company funded the cash acquisition price from operating cash flows. During 2009, the Company paid the former owner \$4.0 million in full satisfaction of all obligations due to such former owner.

The following table summarizes the fair values of the assets acquired and the liabilities assumed at the date of acquisition.

(In thousands)

Inventory	\$ 769
Intangible assets	29,600
Goodwill	11,746
Accrued liabilities	(3,854)
Deferred tax liabilities	(7,000)
	<u>\$ 31,261</u>

The amount allocated to intangible assets of \$29.6 million includes \$17.8 million related to the *Wartner* brand trademark which the Company estimates to have a useful life of 20 years, as well as \$11.8 million related to a patent estimated to have a useful life of 14 years. Goodwill resulting from this transaction was \$11.7 million, inclusive of a deferred income tax liability recorded for the difference between the assigned values of assets acquired and liabilities assumed, and their respective taxes bases. It is estimated that of such amount, approximately \$4.7 million will be deductible for income tax purposes.

3. Accounts Receivable

Accounts receivable consist of the following (in thousands):

	<u>March 31</u>	
	<u>2009</u>	<u>2008</u>
Accounts receivable	\$ 37,521	\$ 44,918
Other receivables	1,081	1,378
	<u>38,602</u>	<u>46,296</u>
Less allowances for discounts, returns and uncollectible accounts	(2,577)	(2,077)
	<u>\$ 36,025</u>	<u>\$ 44,219</u>

4. Inventories

Inventories consist of the following (in thousands):

	<u>March 31</u>	
	<u>2009</u>	<u>2008</u>
Packaging and raw materials	\$ 1,978	\$ 2,463
Finished goods	24,999	27,233
	<u>\$ 26,977</u>	<u>\$ 29,696</u>

Inventories are shown net of allowances for obsolete and slow moving inventory of \$1.4 million at March 31, 2009 and 2008.

5. Property and Equipment

Property and equipment consist of the following (in thousands):

	March 31	
	2009	2008
Machinery	\$ 1,556	\$ 1,516
Computer equipment	1,021	627
Furniture and fixtures	239	205
Leasehold improvements	357	344
	<u>3,173</u>	<u>2,692</u>
Accumulated depreciation	<u>(1,806)</u>	<u>(1,259)</u>
	<u>\$ 1,367</u>	<u>\$ 1,433</u>

6. Goodwill

A reconciliation of the activity affecting goodwill by operating segment is as follows (in thousands):

	Over-the- Counter Healthcare	Household Cleaning	Personal Care	Consolidated
Balance – March 31, 2007	\$ 235,647	\$ 72,549	\$ 2,751	\$ 310,947
Acquisition purchase price adjustments	<u>(2,032)</u>	<u>--</u>	<u>--</u>	<u>(2,032)</u>
Balance – March 31, 2008	233,615	72,549	2,751	308,915
Acquisition purchase price adjustments	(3,988)	--	--	(3,988)
Impairments	<u>(125,527)</u>	<u>(65,160)</u>	<u>--</u>	<u>(190,687)</u>
Balance – March 31, 2009	<u>\$ 104,100</u>	<u>\$ 7,389</u>	<u>\$ 2,751</u>	<u>\$ 114,240</u>

At March 31, 2009, in conjunction with the annual test for goodwill impairment, the Company recorded an impairment charge aggregating \$190.7 million to adjust the carrying amounts of goodwill related to several reporting units within the over-the-counter healthcare and household cleaning segments to their fair values as determined by use of a discounted cash flow methodology. This discounted cash flow methodology is a widely-accepted valuation technique utilized by market participants in the transaction evaluation process and has been applied consistently. However, we did consider the Company's market capitalization at March 31, 2009, 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. These charges were a consequence of the challenging economic environment experienced in 2008 and thus far in 2009, the dislocation of the debt and equity markets, and contracting consumer demand for the Company's product offerings. Although the impairment charges represent management's best estimate, the estimates and assumptions made in assessing the fair value of the Company's 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.

7. Intangible Assets

A reconciliation of the activity affecting intangible assets is as follows (in thousands):

	Year Ended March 31, 2009			
	Indefinite Lived Trademarks	Finite Lived Trademarks	Non Compete Agreement	Totals
Carrying Amounts				
Balance – March 31, 2008	\$ 544,963	\$ 139,503	\$ 196	\$ 684,662
Additions	--	500	--	500
Deletions	--	--	(38)	(38)
Impairments	(44,787)	(14,116)	--	(58,903)
Balance – March 31, 2009	<u>\$ 500,176</u>	<u>\$ 125,887</u>	<u>\$ 158</u>	<u>\$ 626,221</u>
Accumulated Amortization				
Balance – March 31, 2008	\$ --	\$ 37,838	\$ 141	\$ 37,979
Additions	--	10,632	39	10,671
Deletions	--	--	(38)	(38)
Balance – March 31, 2009	<u>\$ --</u>	<u>\$ 48,470</u>	<u>\$ 142</u>	<u>\$ 48,612</u>

	Year Ended March 31, 2008			
	Indefinite Lived Trademarks	Finite Lived Trademarks	Non Compete Agreement	Totals
Carrying Amounts				
Balance – March 31, 2007	\$ 544,963	\$ 139,470	\$ 196	\$ 684,629
Additions	--	33	--	33
Balance – March 31, 2008	<u>\$ 544,963</u>	<u>\$ 139,503</u>	<u>\$ 196</u>	<u>\$ 684,662</u>
Accumulated Amortization				
Balance – March 31, 2007	\$ --	\$ 27,375	\$ 97	\$ 27,472
Additions	--	10,463	44	10,507
Balance – March 31, 2008	<u>\$ --</u>	<u>\$ 37,838</u>	<u>\$ 141</u>	<u>\$ 37,979</u>

In a manner similar to goodwill, the Company completed a test for impairment of its intangible assets. Accordingly, the Company recorded an impairment charge aggregating \$58.9 million to the over-the-counter healthcare and household cleaning segments as facts and circumstances indicated that the carrying values of the assets exceeded their fair values and may not be recoverable.

At March 31, 2009, intangible assets are expected to be amortized over a period of five to 30 years as follows (in thousands):

Year Ending March 31

2010	\$	8,211
2011		8,195
2012		8,028
2013		8,028
2014		7,388
Thereafter		37,583
	\$	<u>77,433</u>

8. Other Accrued Liabilities

Other accrued liabilities consist of the following (in thousands):

	March 31	
	<u>2009</u>	<u>2008</u>
Accrued marketing costs	\$ 3,519	\$ 4,136
Accrued payroll	750	2,845
Accrued commissions	312	464
Accrued income taxes	679	--
Accrued professional fees	1,906	338
Other	89	247
	<u>\$ 7,255</u>	<u>\$ 8,030</u>

9. Long-Term Debt

Long-term debt consists of the following (in thousands):

	March 31	
	2009	2008
Senior secured term loan facility ("Tranche B Term Loan Facility") that bears interest at the Company's option at either the prime rate plus a margin of 1.25% or LIBOR plus a margin of 2.25%. At March 31, 2009, the average interest rate on the Tranche B Term Loan Facility was 2.77%. The interest rate is adjusted either monthly or quarterly at the Company's option. Principal payments of \$887,500 plus accrued interest are payable quarterly. Current amounts outstanding under the Tranche B Term Loan Facility mature on April 6, 2011 and are collateralized by substantially all of the Company's assets.	\$ 252,337	\$ 285,225
Senior Subordinated Notes that bear interest at 9.25% which is payable on April 15 th and October 15 th of each year. The Senior Subordinated Notes mature on April 15, 2012; however, the Company may redeem some or all of the Senior Subordinated Notes at redemption prices set forth in the indenture governing the Senior Subordinated Notes. The Senior Subordinated Notes are unconditionally guaranteed by Prestige Brands Holdings, Inc., and its domestic wholly-owned subsidiaries other than Prestige Brands, Inc., the issuer. 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.	126,000	126,000
	378,337	411,225
Current portion of long-term debt	(3,550)	(3,550)
	<u>\$ 374,787</u>	<u>\$ 407,675</u>

The Company's senior revolving credit facility that was available for maximum borrowings of \$60.0 million expired on April 6, 2009. The Tranche B Term Loan Facility contain various financial covenants, including provisions that require the Company to maintain certain leverage ratios, interest coverage ratios and fixed charge coverage ratios. The Tranche B Term Loan Facility and the Senior Subordinated Notes also contain provisions that restrict the Company from undertaking specified corporate actions, such as asset dispositions, acquisitions, dividend payments, repurchase of common shares outstanding, changes of control, incurrence of indebtedness, creation of liens, making of loans and transactions with affiliates. Additionally, the Tranche B Term Loan Facility and the Senior Subordinated Notes contain cross-default provisions whereby a default pursuant to the terms and conditions of either indebtedness will cause a default on the remaining indebtedness. At March 31, 2009, the Company was in compliance with its applicable financial and other covenants under the Tranche B Term Loan Facility and the Indenture.

Future principal payments required in accordance with the terms of the Tranche B Term Loan Facility and the Senior Subordinated Notes are as follows (in thousands):

Year Ending March 31

2010	\$ 3,550
2011	3,550
2012	245,237
2013	126,000
	<u>\$ 378,337</u>

10. Fair Value Measurements

As deemed appropriate, the Company uses derivative financial instruments to mitigate the impact of changing interest rates associated with its long-term debt obligations. At March 31, 2009, the outstanding obligation under the Company's variable rate Tranche B Term Loan Facility was \$252.3 million. While the Company does not enter into derivative financial instruments for trading purposes, all of the Company's derivatives are over-the-counter instruments with liquid markets. The notional, or contractual, amount of the Company's derivative financial instruments is used to measure the amount of interest to be paid or received and does not represent an actual liability. The Company is accounting for the interest rate cap and swap agreements as cash flow hedges.

In March 2005, the Company purchased interest rate cap agreements with a total notional amount of \$180.0 million, the terms of which were as follows:

	Notional Amount	Interest Rate Cap Percentage	Expiration Date
	(In millions)		
\$	50.0	3.25%	May 31, 2006
	80.0	3.50	May 30, 2007
	50.0	3.75	May 30, 2008

The Company entered into an interest rate swap agreement, effective March 26, 2008, in the notional amount of \$175.0 million, decreasing to \$125.0 million at March 26, 2009 to replace and supplement the interest rate cap agreement that expired on May 30, 2008. The Company has agreed to pay a fixed rate of 2.88% while receiving a variable rate based on LIBOR. The agreement terminates on March 26, 2010.

Effective April 1, 2008, the Company adopted Statement No. 157, "Fair Value Measurements", for all financial instruments accounted for at fair value. Statement No. 157 established a new framework for measuring fair value and provides for expanded disclosures. Accordingly, Statement No. 157 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. Statement No. 157 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.

–

Quantitative disclosures about the fair value of the Company's derivative hedging instruments are as follows:

(In Thousands) Description	Fair Value Measurements at March 31, 2009			
	March 31, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest Rate Swap Liability	\$ 2,152	\$ --	\$ 2,152	\$ --

A summary of the fair value of the Company's derivatives instruments, their impact on the consolidated statements of operations and comprehensive income and the amounts reclassified from other comprehensive income is as follows (in thousands):

Cash Flow Hedging Instruments	Balance Sheet Location	Notional Amount	Fair Value Asset/ (Liability)	Income Statement Account Gains/ Losses Charged	Amounts Recognized In Income	Amount Gains (Losses) Recognized In OCI
Interest Rate Cap ⁽¹⁾	N/A	\$ 50,000	\$ --	Interest Expense	\$ 85	\$ --
Interest Rate Swap	Accounts Payable	125,000	(2,152)	Interest Expense	480	(1,105)

(1) The final tranche with a notional amount of \$50.0 million expired on May 30, 2008.

The Company recorded a charge to interest expense of \$480,000 during 2009 in connection with this interest rate swap agreement. Additionally, the Company estimates that during the year ending March 31, 2010, it will recognize approximately \$2.7 million in interest expense.

At March 31, 2009 and 2008, the fair values of the interest rate swap were \$2.2 million and \$1.5 million, respectively. Such amounts were included in current liabilities. The determination of fair value is based on closing prices for similar instruments traded in liquid over-the-counter markets. The changes in the fair value of this interest rate swap are recorded in Accumulated Other Comprehensive Income in the balance sheet due to its designation as a cash flow hedge.

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.

At March 31, 2009, the carrying value of the Tranche B Term Loan Facility was \$252.3 million. The terms of the facility provide that the interest rate is adjusted, at the Company's option, on either a monthly or quarterly basis, to the prime rate plus a margin of 1.25% or LIBOR plus a margin of 2.25%. The market value of the Company's Tranche B Term Loan Facility was approximately \$244.8 million. At March 31, 2009, the carry value of the Company's 9.25% Senior Subordinate Notes was \$126.0 million with a market value of approximately \$119.7 million. The market values have been determined from market transactions in the Company's debt securities.

11. 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, 2009.

During 2009, 2008 and 2007, the Company repurchased 65,000, 4,000 and 6,000 shares, respectively, of restricted common stock from former employees pursuant to the provisions of the various employee stock purchase agreements. The 2009 purchases were at an average price of \$0.24 per share while the 2008 and 2007 purchases

were at an average purchase price of \$1.70 per share. Additionally, during 2007, the Company recovered 30,888 shares of restricted stock upon the departure of a former member of management. All of such shares have been recorded as treasury stock.

12. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share (in thousands):

	Year Ended March 31		
	2009	2008	2007
Numerator			
Net income	\$ (186,776)	\$ 33,919	\$ 36,078
Denominator			
Denominator for basic earnings per share	49,935	49,751	49,460
Dilutive effect of unvested restricted common stock and stock appreciation rights issued to employees and directors	--	288	560
Denominator for diluted earnings per share	49,935	50,039	50,020
Earnings per Common Share:			
Basic	\$ (3.74)	\$ 0.68	\$ 0.73
Diluted	\$ (3.74)	\$ 0.68	\$ 0.72

At March 31, 2009, 183,000 shares of restricted stock granted to employees have been excluded from the calculation of both basic and diluted earnings per share since vesting of such shares is subject to contingencies. Additionally, at March 31, 2009, there were options to purchase 663,000 shares of common stock outstanding that were not included in the computation of diluted earnings per share because their exercise price was greater than the average market price of the common stock, and therefore, their inclusion would be antidilutive.

At March 31, 2008, 314,000 restricted shares issued to employees, subject only to time-vesting, were unvested and excluded from the calculation of basic earnings per share; however, such shares were included in the calculation of diluted earnings per share. Additionally, at March 31, 2008, 324,000 shares of restricted stock granted to management and employees, as well as 16,000 stock appreciation rights have been excluded from the calculation of both basic and diluted earnings per share since vesting of such shares is subject to contingencies. Lastly, at March 31, 2008, there were options to purchase 254,000 shares of common stock outstanding that were not included in the computation of diluted earnings per share because their exercise price was greater than the average market price of the common stock, and therefore, their inclusion would be antidilutive.

At March 31, 2007, 373,000 restricted shares issued to employees, subject only to time-vesting, were unvested and excluded from the calculation of basic earnings per share; however, such shares were included in the calculation of diluted earnings per share. Additionally, at March 31, 2007, 254,000 shares of restricted stock granted to management and employees, as well as 16,000 stock appreciation rights have been excluded from the calculation of both basic and diluted earnings per share since vesting of such shares is subject to contingencies. There were no stock options outstanding at March 31, 2007.

13. Share-Based Compensation

In connection with the Company's initial public offering, the Board of Directors adopted the 2005 Long-Term Equity Incentive Plan ("Plan") which provides for the grant, to a maximum of 5.0 million shares, of restricted

stock, stock options, restricted stock units, deferred 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. The Company believes that such awards better align the interests of its employees with those of its stockholders.

During 2009, net compensation costs charged against income and the related income tax benefit recognized were \$2.4 million and \$924,000, respectively. During the year management determined that the Company would not meet the performance goals associated with the grants of stock to management and employees in May 2007 and 2008. In accordance with Statement 123(R), management reversed previously recorded stock compensation costs of \$705,000 and \$193,000 related to the May 2007 and May 2008 grants, respectively.

During 2008, net compensation costs charged against income, and the related tax benefits recognized were \$1.1 million and \$433,000, respectively. During the year management determined that the Company would not meet the performance goals associated with the grants of restricted stock to management and employees in October 2005, July 2006 and May 2007. Therefore, management reversed previously recorded stock-based compensation costs of \$538,000, \$394,000 and \$166,000 related to the October 2005, July 2006 and May 2007 grants, respectively.

Restricted Shares

Restricted shares granted to employees under the Plan generally vest in 3 to 5 years, contingent on attainment of Company performance goals, including revenue and either earnings before income taxes, depreciation and amortization or earnings per share growth targets, or the attainment of certain time vesting thresholds. Certain restricted share awards provide for accelerated vesting if there is a change of control. The fair value of nonvested restricted shares is determined as the closing price of the Company's common stock on the day preceding the grant date. The weighted-average grant-date fair values during 2009, 2008 and 2007 were \$10.85, \$12.52 and \$9.83, respectively.

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

<u>Nonvested Shares</u>	<u>Shares (000)</u>	<u>Weighted- Average Grant-Date Fair Value</u>
Nonvested at March 31, 2006	198.0	\$ 12.32
Granted	156.5	9.83
Vested	(13.1)	10.67
Forfeited	(47.0)	12.47
Nonvested at March 31, 2007	294.4	11.05
Granted	292.0	12.52
Vested	(24.8)	10.09
Forfeited	(76.9)	12.35
Nonvested at March 31, 2008	484.7	11.78
Granted	303.5	10.85
Vested	(29.9)	10.88
Forfeited	(415.9)	11.55
Nonvested at March 31, 2009	<u>342.4</u>	<u>\$ 11.31</u>

Options

The Plan provides that the exercise price of the option granted shall be no less than the fair market value of the Company's common stock on the date the option is granted. Options granted have a term of no greater than 10 years from the date of grant and vest in accordance with a schedule determined at the time the option is granted, generally 3 to 5 years. Certain option awards provide for accelerated vesting if there is a change in control.

The fair value of each option award is estimated on the date of grant using the Black-Scholes Option Pricing Model (“Black-Scholes Model”) that uses the assumptions noted in the following table. Expected volatilities are based on the historical volatility of the Company’s common stock and other factors, including the historical volatilities of comparable companies. The Company uses 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 management’s estimates and consideration of information derived from the public filings of companies similar to the Company 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. The weighted-average grant-date fair value of the options granted during 2009 and 2008 were \$5.04 and \$5.30, respectively. There were no options granted during 2007.

	Year Ended March 31	
	2009	2008
Expected volatility	43.3%	33.2%
Expected dividends	--	--
Expected term in years	6.0	6.0
Risk-free rate	3.2%	4.5%

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

Options	Shares (000)	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term	Aggregate Intrinsic Value (000)
Outstanding at March 31, 2006	61.8	\$ 12.95	4.3	\$ --
Granted	--	--	--	--
Exercised	--	--	--	--
Forfeited or expired	(61.8)	12.95	4.3	--
Outstanding at March 31, 2007	--	--	--	--
Granted	255.1	12.86	10.0	--
Exercised	--	--	--	--
Forfeited or expired	(1.6)	12.86	9.2	--
Outstanding at March 31, 2008	253.5	12.86	9.2	--
Granted	413.2	10.91	10.0	--
Exercised	--	--	--	--
Forfeited or expired	(4.1)	11.83	9.2	--
Outstanding at March 31, 2009	662.6	11.65	8.8	--
Exercisable at March 31, 2009	83.9	\$ 12.86	8.1	\$ --

Since the exercise price of the options exceeded the Company’s closing stock price of \$5.18 at March 31, 2009 and \$8.18 at March 31, 2008, the aggregate intrinsic value of outstanding options was \$0 at both March 31, 2009 and 2008.

Stock Appreciation Rights (“SARS”)

During 2007, the Board of Directors granted SARS to a group of selected executives; however, there were no SARS granted during 2008 or 2009. The terms of the SARS provide that on the vesting date, the executive will receive the excess of the market price of the stock award over the market price of the stock award on the date of issuance. The Board of Directors, in its sole discretion, may settle the Company’s obligation to the executive in shares of the Company’s common stock, cash, other securities of the Company or any combination thereof.

The Plan provides that the issuance price of a SAR shall be no less than the market price of the Company's common stock on the date the SAR is granted. SARS may be granted with a term of no greater than 10 years from the date of grant and will vest in accordance with a schedule determined at the time the SAR is granted, generally 3 to 5 years. The weighted-average grant date fair value of the SARS granted during 2007 was \$3.68. The fair value of each SAR award was estimated on the date of grant using the Black-Scholes Model using the assumptions noted in the following table.

	Year Ended March 31, 2007
Expected volatility	50.00%
Expected dividend	--
Expected term in years	2.75
Risk-free rate	5.00%

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

SARS	Shares (000)	Grant Date Stock Price	Weighted- Average Remaining Contractual Term	Aggregate Intrinsic Value (000)
Granted – July 1, 2006	16.1	\$ 9.97	2.0	\$ --
Forfeited or expired	--	--	--	--
Outstanding at March 31, 2007	16.1	9.97	2.0	30,300
Granted	--	--	--	--
Forfeited or expired	--	--	--	--
Outstanding at March 31, 2008	16.1	9.97	1.0	--
Granted	--	--	--	--
Forfeited or expired	(16.1)	(9.97)	--	--
Outstanding at March 31, 2009	--	\$ --	--	\$ --
Exercisable at March 31, 2009	--	\$ --	--	\$ --

At March 31, 2009, 2008 and 2007, there were \$3.2 million, \$2.6 million and \$1.4 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. The Company expects to recognize such costs over the next 2.5 years. However, certain of the restricted shares vest upon the attainment of Company performance goals and if such goals are not met, no compensation costs would ultimately be recognized and any previously recognized compensation cost would be reversed. The total fair value of shares vested during 2009, 2008 and 2007, was \$325,000, \$277,000, and \$104,000, respectively. There were no options exercised during 2009, 2008 or 2007; hence there were no tax benefits realized during these periods. At March 31, 2009, there were 3.9 million shares available for issuance under the Plan.

14. Income Taxes

The provision (benefit) for income taxes consists of the following (in thousands):

	Year Ended March 31		
	2009	2008	2007
Current			
Federal	\$ 9,284	\$ 8,599	\$ 7,547
State	1,266	1,208	1,739
Foreign	218	386	150
Deferred			
Federal	(17,606)	8,851	10,391
State	(2,348)	1,245	(729)
	<u>\$ (9,186)</u>	<u>\$ 20,289</u>	<u>\$ 19,098</u>

The principal components of the Company's deferred tax balances are as follows (in thousands):

	March 31	
	2009	2008
Deferred Tax Assets		
Allowance for doubtful accounts and sales returns	\$ 1,152	\$ 966
Inventory capitalization	574	538
Inventory reserves	553	577
Net operating loss carryforwards	747	951
Property and equipment	8	78
State income taxes	4,125	4,951
Accrued liabilities	315	364
Interest rate derivative instruments	818	612
Other	1,511	669
Deferred Tax Liabilities		
Intangible assets	(103,764)	(128,780)
	<u>\$ (93,961)</u>	<u>\$ (119,074)</u>

At March 31, 2009, Medtech Products Inc., a wholly-owned subsidiary of the Company, had a net operating loss carryforward of approximately \$2.1 million which may be used to offset future taxable income of the consolidated group and begins to expire in 2020. The net operating loss carryforward is subject to an annual limitation as to usage under Internal Revenue Code Section 382 of approximately \$240,000.

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

(In thousands)	Year Ended March 31					
	2009		2008		2007	
		%		%		%
Income tax provision at statutory rate	\$ (68,586)	(35.0)	\$ 18,973	35.0	\$ 19,312	35.0
Foreign tax provision	83	--	16	--	(69)	(0.1)
State income taxes, net of federal income tax benefit	(5,467)	(2.8)	1,284	2.4	2,029	3.7
Increase (decrease) in net deferred tax liability resulting from an increase (decrease) in the effective state tax rate	--	--	--	--	(2,200)	(4.0)
Goodwill	64,770	33.1	--	--	--	--
Other	14	--	16	--	26	--
Provision for income taxes	\$ (9,186)	(4.7)	\$ 20,289	37.4	\$ 19,098	34.6

Uncertain tax liability activity is as follows:

(In thousands)	2009	2008
Balance – beginning of year	\$ --	\$ --
Additions based on tax positions related to the current year	225	--
Balance – end of year	\$ 225	\$ --

The Company recognizes interest and penalties related to uncertain tax positions as a component of income tax expense. The Company does not anticipate any significant events or circumstances that would cause a change to these uncertainties during the ensuing year.

15. Commitments and Contingencies

Securities Class Action Litigation

The Company and certain of its officers and directors are defendants in a consolidated securities class action lawsuit filed in the United States District Court for the Southern District of New York (the "Consolidated Action"). The first of the six consolidated cases was filed on August 3, 2005. Plaintiffs purport to represent a class of stockholders of the Company who purchased shares from February 9, 2005 through November 15, 2005 (the "Class Period"). Plaintiffs also name as defendants the underwriters in the Company's initial public offering and a private equity fund that was a selling stockholder in the offering. The District Court has appointed a Lead Plaintiff. On December 23, 2005, the Lead Plaintiff filed a Consolidated Class Action Complaint, which asserted claims under Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 and Sections 10(b), 20(a) and 20A of the Securities Exchange Act of 1934. The Lead Plaintiff generally alleged that the Company issued a series of materially false and misleading statements in connection with its initial public offering and thereafter in regard to the following areas: the accounting issues described in the Company's press release issued on or about November 15, 2005; and the alleged failure to disclose that demand for certain of the Company's products was declining and that the Company was planning to withdraw several products from the market. Plaintiffs seek an unspecified amount of damages. The Company filed a motion to dismiss the Consolidated Class Action Complaint in February 2006. On July 10, 2006, the Court dismissed all claims against the Company and the individual defendants arising under the Securities Exchange Act of 1934.

On June 1, 2007, a hearing before the Court was held regarding Plaintiffs' pending motion for class certification in the Consolidated Action. On September 4, 2007, the United States District Court for the Southern District of New York issued an Order certifying a class consisting of all persons who purchased the Company's common

stock pursuant, or traceable to, the Company's initial public offering during the Class Period and were damaged thereby.

On January 16, 2009, the Court ordered that notice of the pending class action lawsuit be sent to all persons who purchased the Company's common stock during the Class Period pursuant or traceable to the Company's initial public offering. In March 2009, the notice of class action lawsuit was mailed. The defendants and the lead plaintiffs have reached an agreement in principle to settle the class action lawsuit without any admission of liability by the defendants, subject to the execution of appropriate settlement documents and court approval. It is expected that the settlement funds will come entirely out of insurance proceeds. If approved, the settlement would result in dismissal of all claims against us, our officers and directors and the other defendants in the action with prejudice. If the settlement is not completed, then the parties may attempt to reach agreement on another settlement or resume the litigation.

DenTek Litigation

In April 2007, the Company filed a lawsuit in the U.S. District Court in the Southern District of New York against DenTek Oral Care, Inc. ("DenTek") alleging (i) infringement of intellectual property associated with *The Doctor's NightGuard* Dental Protector which is used for the protection of teeth from nighttime teeth grinding; and (ii) the violation of unfair competition and consumer protection laws. On October 4, 2007, the Company filed a Second Amended Complaint in which it named Kelly M. Kaplan, Raymond Duane and C.D.S. Associates, Inc. ("CDS") as additional defendants in this action and added other claims to the previously filed complaint. Kaplan and Duane were formerly employed by the Company and CDS, a corporation controlled by Duane. In the Second Amended Complaint, the Company has asserted claims for patent, trademark and copyright infringement, unfair competition, unjust enrichment, violation of New York's Consumer Protection Act, breach of contract, tortious interference with contractual and business relations, civil conspiracy and trade secret misappropriation. On October 19, 2007, the Company filed a motion for preliminary injunction, asking the Court to enjoin the defendants from (i) continuing to improperly use the Company's trade secrets; (ii) continuing to breach any contractual agreements with the Company; and (iii) marketing and selling any dental protector products or other products in which Duane or Kaplan has had any involvement or provided any assistance to DenTek. A hearing date for the motion for preliminary injunction has not yet been set by the Court. Discovery requests have been served by the parties and discovery is ongoing. The Court has ordered the Company's motion for a preliminary injunction to be held in abeyance pending a determination of the motions to dismiss.

On September 30, 2008, after considering the defendants' motions to dismiss, the Company's responses (including a motion to strike the motions to dismiss) and the Magistrate's Report and Recommendations, the Court granted in part and denied in part the defendants' Motions to Dismiss, with the following claims being dismissed without prejudice: (1) breach of the Proprietary Information and Inventions Agreement ("PIIA") against Duane; (2) breach of the PIIA against Kaplan; (3) tortious interference with contractual relations against DenTek; (4) tortious interference with contractual relations against Duane; and (5) tortious interference with advantageous business relationship/economic advantage against all defendants. The Court denied the Company's Motions to Strike the Motions to Dismiss filed by DenTek and CDS. The following claims included in the Company's Second Amended Complaint remain in the action: (1) patent, trademark and copyright infringement against DenTek; (2) unjust enrichment against DenTek; (3) violation of a New York consumer protection statute against DenTek; (4) breach of the consulting agreement against Duane; (5) breach of the PIIA against CDS; (6) breach of the release against Kaplan and Duane; and (7) trade secret misappropriation against DenTek, Kaplan, Duane and CDS.

In October 2008, DenTek, Kaplan, Duane and CDS filed Answers to the Second Amended Complaint. In their Answers, each of DenTek, Duane and CDS has asserted counterclaims against the Company. DenTek's counterclaims allege false advertising, violation of New York consumer protection statutes and unfair competition relating to *The Doctor's® NightGuard™ Classic™* dental protector. Duane's counterclaim is a contractual indemnity claim seeking to recover attorneys' fees pursuant to the release between Duane and Dental Concepts LLC ("Dental Concepts"), a predecessor-in-interest to Medtech Products Inc., plaintiff in the DenTek litigation and another wholly-owned subsidiary of Prestige Brands Holdings, Inc. CDS's counterclaim alleges a breach of the consulting agreement between CDS and Dental Concepts.

In November 2008, in response to the counterclaims filed against the Company by DenTek, Duane and CDS, the Company filed a Motion to Dismiss and Strike the counterclaims made by DenTek, which motion is currently pending before the Court. The Company is also continuing with its discovery efforts for the remaining causes of action. However, on March 24, 2009, Duane submitted a petition for a Chapter 7 bankruptcy with the United States Bankruptcy Court for the District of Nevada which automatically stayed the DenTek litigation in which Duane is a defendant. The Company is pursuing on an expedited basis the lifting of the automatic stay and, on April 23, 2009, filed a Motion for Relief from the Automatic Stay to Proceed with Pending Litigation (the DenTek litigation).

The Company's management believes that the counterclaims asserted by DenTek, Duane and CDS are legally deficient and that it has meritorious defenses to the counterclaims. The Company intends to vigorously defend against the counterclaims; however, the Company cannot, at this time, reasonably estimate the potential range of loss, if any.

In addition to the matters described above, the Company is involved from time to time in other routine legal matters and other claims incidental to its business. The Company reviews 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). The Company believes the resolution of routine matters and other incidental claims, taking into account reserves and insurance, will not have a material adverse effect on its business, financial condition or results from operations.

Lease Commitments

The Company has operating leases for office facilities and equipment in New York and Wyoming, which expire at various dates through 2014.

The following summarizes future minimum lease payments for the Company's operating leases (in thousands):

<u>Year Ending March 31</u>	<u>Facilities</u>	<u>Equipment</u>	<u>Total</u>
2010	\$ 676	\$ 82	\$ 758
2011	542	53	595
2012	559	34	593
2013	577	--	577
2014	596	--	596
Thereafter	50	--	50
	<u>\$ 3,000</u>	<u>\$ 169</u>	<u>\$ 3,169</u>

Rent expense for 2009, 2008 and 2007 was \$612,000, \$597,000 and \$565,000, respectively.

Purchase Commitments

The Company has entered into a 10 year supply agreement for the exclusive manufacture of a portion of one of its household cleaning products. Although the Company is committed under the supply agreement to pay the minimum amounts set forth in the table below, the Company estimates that it will purchase in excess of \$270.0

million of the product during the term of the agreement.

(In thousands)

Year Ending March 31

2010	\$	7,034
2011		10,732
2012		4,372
2013		1,170
2014		1,127
Thereafter		5,347
	\$	<u>29,782</u>

16. Concentrations of Risk

The Company's sales are concentrated in the areas of over-the-counter healthcare, household cleaning and personal care products. The Company sells its products to mass merchandisers, food and drug accounts, and dollar and club stores. During 2009, 2008 and 2007, approximately 59%, 58% and 57%, respectively, of the Company's total sales were derived from its four major brands. During 2009, 2008 and 2007, approximately 26%, 23% and 24%, respectively, of the Company's net sales were made to one customer. At March 31, 2009, approximately 23% of accounts receivable were owed by the same customer.

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

The Company has relationships with over 40 third-party manufacturers. Of those, the top 10 manufacturers produced items that accounted for approximately 81% of the Company's gross sales for 2009 compared to 80% in 2008. The Company does not have long-term contracts with manufacturers of product of approximately 28% of our gross sales for 2009 compared to 23% in 2009. The lack of manufacturing agreements for these products exposes the Company to the risk that a manufacturer could stop producing the Company's products at any time for any reason, increase the cost we are charged for our products, or fail to provide the Company with the level of products the Company needs to meet its customers' demands. Should one or more of our manufacturers stop producing product on our behalf or increase our costs in excess of our ability to increase our sales price, it could have a material adverse effect on our business, financial condition and results from operations.

17. Business Segments

Segment information has been prepared in accordance with FASB Statement No. 131, "Disclosures about Segments of an Enterprise and Related Information." The Company's operating and reportable segments consist of (i) Over-the-Counter Healthcare, (ii) Household Cleaning and (iii) Personal Care.

There were no inter-segment sales or transfers during any of the periods presented. The Company evaluates the performance of its operating segments and allocates resources to them based primarily on contribution margin. The table below summarizes information about the Company's operating and reportable segments.

	Year Ended March 31, 2009			
	Over-the-Counter Healthcare	Household Cleaning	Personal Care	Consolidated
<i>(In Thousands)</i>				
Net sales	\$ 176,878	\$ 113,923	\$ 19,704	\$ 310,505
Other revenues	97	2,092	21	2,210
Total revenues	176,975	116,015	19,725	312,715
Cost of sales	63,459	74,457	11,529	149,445
Gross profit	113,516	41,558	8,196	163,270
Advertising and promotion	29,695	7,625	779	38,099
Contribution margin	<u>\$ 83,821</u>	<u>\$ 33,933</u>	<u>\$ 7,417</u>	125,171
Other operating expenses				43,107
Impairment of goodwill and intangibles				249,590
Operating loss				(167,526)
Other expenses				28,436
Income tax benefit				(9,186)
Net loss				<u>\$ (186,776)</u>

	Year Ended March 31, 2008			
	Over-the-Counter Healthcare	Household Cleaning	Personal Care	Consolidated
<i>(In Thousands)</i>				
Net sales	\$ 183,641	\$ 119,224	\$ 21,756	\$ 324,621
Other revenues	51	1,903	28	1,982
Total revenues	183,692	121,127	21,784	326,603
Cost of sales	69,344	75,459	13,293	158,096
Gross profit	114,348	45,668	8,491	168,507
Advertising and promotion	26,188	7,483	994	34,665
Contribution margin	<u>\$ 88,160</u>	<u>\$ 38,185</u>	<u>\$ 7,497</u>	133,842
Other operating expenses				42,428
Operating income				91,414
Other expenses				37,206
Provision for income taxes				20,289
Net income				<u>\$ 33,919</u>

Year Ended March 31, 2007

<i>(In Thousands)</i>	Over-the-Counter Healthcare	Household Cleaning	Personal Care	Consolidated
Net sales	\$ 174,704	\$ 117,249	\$ 24,894	\$ 316,847
Other revenues	--	1,787	--	1,787
Total revenues	174,704	119,036	24,894	318,634
Cost of sales	65,601	73,002	14,544	153,147
Gross profit	109,103	46,034	10,350	165,487
Advertising and promotion	24,201	6,679	1,125	32,005
Contribution margin	<u>\$ 84,902</u>	<u>\$ 39,355</u>	<u>\$ 9,225</u>	133,482
Other operating expenses				<u>38,800</u>
Operating income				94,682
Other expenses				39,506
Provision for income taxes				<u>19,098</u>
Net income				<u>\$ 36,078</u>

During 2009 and 2008, approximately 96% of the Company's sales were made to customers in the United States and Canada, while during 2007 approximately 95% of the Company's sales were made to customers in the United States and Canada. Other than the United States, no individual geographical area accounted for more than 10% of net sales in any of the periods presented. At March 31, 2009, substantially all of the Company's long-term assets were located in the United States of America and have been allocated to the operating segments as follows:

<i>(In Thousands)</i>	Over-the-Counter Healthcare	Household Cleaning	Personal Care	Consolidated
Goodwill	\$ 104,100	\$ 7,389	\$ 2,751	\$ 114,240
Intangible assets				
Indefinite lived	345,467	154,709	--	500,176
Finite lived	67,564	--	9,869	77,433
	<u>413,031</u>	<u>154,709</u>	<u>9,869</u>	<u>577,609</u>
	<u>\$ 517,131</u>	<u>\$ 162,098</u>	<u>\$ 12,620</u>	<u>\$ 691,849</u>

18. Unaudited Quarterly Financial Information

Unaudited quarterly financial information for 2009 and 2008 is as follows:

Year Ended March 31, 2009

<i>(In thousands, except for per share data)</i>	Quarterly Period Ended			
	June 30, 2008	September 30, 2008	December 31, 2008	March 31, 2009
Total revenues	\$ 73,534	\$ 88,051	\$ 80,278	\$ 70,852
Cost of sales	34,272	41,792	37,817	35,564
Gross profit	39,262	46,259	42,461	35,288
Operating expenses				
Advertising and promotion	7,319	13,638	11,428	5,714
General and administrative	7,973	9,363	8,311	6,241
Depreciation and amortization	2,756	2,757	2,760	2,946
Impairment of goodwill and intangible assets	--	--	--	249,590
	18,048	25,758	22,499	264,491
Operating income (loss)	21,214	20,501	19,962	(229,203)
Net interest expense	8,683	6,779	7,051	5,923
Income (loss) before income taxes	12,531	13,722	12,911	(235,126)
Provision (benefit) for income taxes	4,750	5,200	4,893	(24,029)
Net income (loss)	\$ 7,781	\$ 8,522	\$ 8,018	\$ (211,097)
Net income (loss) per share:				
Basic	\$ 0.16	\$ 0.17	\$ 0.16	\$ (4.22)
Diluted	\$ 0.16	\$ 0.17	\$ 0.16	\$ (4.22)
Weighted average shares outstanding:				
Basic	49,880	49,924	49,960	49,976
Diluted	50,035	50,037	50,040	49,976

Year Ended March 31, 2008

(In thousands, except for
per share data)

	Quarterly Period Ended			
	June 30, 2007	September 30, 2007	December 31, 2007	March 31, 2008
Total revenues	\$ 78,611	\$ 87,337	\$ 80,222	\$ 80,433
Cost of sales	37,322	42,770	38,783	39,221
Gross profit	41,289	44,567	41,439	41,212
Operating expenses				
Advertising and promotion	7,786	11,017	9,572	6,290
General and administrative	7,646	10,184	6,209	7,375
Depreciation and amortization	2,751	2,756	2,753	2,754
	18,183	23,957	18,534	16,419
Operating income	23,106	20,610	22,905	24,793
Net interest expense	9,687	9,595	9,326	8,598
Income before income taxes	13,419	11,015	13,579	16,195
Provision for income taxes	5,099	4,186	5,160	5,844
Net income	\$ 8,320	\$ 6,829	\$ 8,419	\$ 10,351
Net income per share:				
Basic	\$ 0.17	\$ 0.14	\$ 0.17	\$ 0.21
Diluted	\$ 0.17	\$ 0.14	\$ 0.17	\$ 0.21
Weighted average shares outstanding:				
Basic	49,660	49,970	49,799	49,842
Diluted	50,038	50,046	50,035	50,037

VALUATION AND QUALIFYING ACCOUNTS

<i>(In Thousands)</i>	Balance at Beginning of Year	Amounts Charged to Expense	Deductions	Other	Balance at End of Year
Year Ended March 31, 2009					
Reserves for sales returns and allowance	\$ 2,052	\$ 14,086	\$ (13,681)	\$ --	\$ 2,457
Reserves for trade promotions	1,867	18,277	(17,704)	--	2,440
Reserves for consumer coupon redemptions	215	1,480	(1,398)	--	297
Allowance for doubtful accounts	25	130	(35)	--	120
Allowance for inventory obsolescence	1,445	2,215	(2,268)	--	1,392
Year Ended March 31, 2008					
Reserves for sales returns and allowance	\$ 1,753	\$ 18,785 (1)	\$ (18,486)	\$ --	\$ 2,052
Reserves for trade promotions	2,161	3,074	(3,368)	--	1,867
Reserves for consumer coupon redemptions	401	1,926	(2,112)	--	215
Allowance for doubtful accounts	35	124	(134)	--	25
Allowance for inventory obsolescence	1,854	1,404	(1,813)	--	1,445
Year Ended March 31, 2007					
Reserves for sales returns and allowance	\$ 1,868	\$ 12,611	\$ (12,726)	\$ --	\$ 1,753
Reserves for trade promotions	1,671	2,974	(2,484)	--	2,161
Reserves for consumer coupon redemptions	283	2,674	(2,556)	--	401
Allowance for doubtful accounts	100	100	(165)	--	35
Allowance for inventory obsolescence	1,019	3,096	(2,397)	136 (2)	1,854

(1) The Company increased its allowance for sales returns by \$2.2 million as a result of the voluntary withdrawal from the marketplace of two medicated pediatric cough and cold products marketed under the *Little Remedies* brand. This action was part of an industry-wide voluntary withdrawal of these items pending the final results of an FDA safety and efficacy review.

(2) As a result of the acquisition of Dental Concepts LLC, the Company recorded an allowance for inventory obsolescence in purchase accounting.

EXHIBIT INDEX

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of Prestige Brands Holdings, Inc. (filed as Exhibit 3.1 to Prestige Brands Holdings, Inc.'s Form S-1/A filed on February 8, 2005).+
3.2	Amended and Restated Bylaws of Prestige Brands Holdings, Inc., as amended (filed as Exhibit 3.1 to Prestige Brands Holdings, Inc.'s Form 10-Q filed on August 9, 2006).+
4.1	Form of stock certificate for common stock (filed as Exhibit 4.1 to Prestige Brands Holdings, Inc.'s Form S-1/A filed on January 26, 2005).+
4.2	Indenture, dated April 6, 2004, among Prestige Brands, Inc., each Guarantor thereto and U.S. Bank National Association, as Trustee (filed as Exhibit 4.1 to Prestige Brands, Inc.'s Form S-4 filed on July 6, 2004).+
4.3	Form of 9¼% Senior Subordinated Note due 2012 (contained in Exhibit 4.2 to this Annual Report on Form 10-K).+
4.4	Supplemental Indenture, dated as of October 6, 2004, among Vetco, Inc., Prestige Brands, Inc. and U.S. Bank, National Association (filed as Exhibit 4.1 to Prestige Brands Holdings, Inc.'s Form 10-Q filed on February 9, 2007).+
4.5	Second Supplemental Indenture, dated as of December 19, 2006, by and among Prestige Brands, Inc., U.S. Bank, National Association, Prestige Brands Holdings, Inc., Dental Concepts LLC and Prestige International Holdings, LLC (filed as Exhibit 4.2 to Prestige Brands Holdings, Inc.'s Form 10-Q filed on February 9, 2007).+
10.1	Credit Agreement, dated April 6, 2004, among Prestige Brands, Inc., Prestige Brands International, LLC, the Lenders thereto, the Issuers thereto, Citicorp North America, Inc., as Administrative Agent, Bank of America, N.A., as Syndication Agent, and Merrill Lynch Capital, a division of Merrill Lynch Business Financial Services Inc., as Documentation Agent (filed as Exhibit 10.1 to Prestige Brands Holdings, Inc.'s Form S-1 filed on July 28, 2004).+
10.2	Form of Amendment No. 1 to the Credit Agreement, dated as of April 6, 2004, among Prestige Brands, Inc., Prestige Brands International, LLC, the Lenders thereto, the Issuers thereto, Citicorp North America, Inc., as Administrative Agent, Bank of America, N.A., as Syndication Agent, and Merrill Lynch Capital, a division of Merrill Lynch Business Financial Services, Inc., as Documentation Agent (filed as Exhibit 10.1.1 to Prestige Brands Holdings, Inc.'s Form S-1/A filed on February 8, 2005).+
10.3	Pledge and Security Agreement, dated April 6, 2004, by Prestige Brands, Inc. and each of the Grantors party thereto, in favor of Citicorp North America, Inc. as Administrative Agent (filed as Exhibit 10.2 to Prestige Brands Holdings, Inc.'s Form S-1 filed on July 28, 2004).+
10.4	Joinder Agreement, dated as of December 19, 2006, by Prestige Brands Holdings, Inc., Prestige International Holdings, LLC and Dental Concepts LLC in favor of Citicorp North America, Inc., as Administrative Agent, to the Pledge and Security Agreement, dated as of April 6, 2004, by Prestige Brands, Inc. and its subsidiaries and affiliates listed on the signature pages thereof in favor of Citicorp North America, Inc., as Administrative Agent (filed as Exhibit 10.1 to Prestige Brands Holdings, Inc.'s Form 10-Q filed on February 9, 2007).+
10.5	Guaranty, dated as of April 6, 2004, by Prestige Brands International, LLC and each of the other entities listed on the signature pages thereof in favor of Citicorp North America, Inc., as Administrative Agent (filed as Exhibit 10.2 to Prestige Brands Holdings, Inc.'s Form 10-Q filed on February 9, 2007).+
10.6	Guaranty Supplement, dated as of December 19, 2006, by Prestige Brands Holdings, Inc., Prestige International Holdings, LLC and Dental Concepts LLC in favor of Citicorp North America, Inc., as Administrative Agent, to the Guaranty, dated as of April 6, 2004, among Prestige Brands International, LLC and certain subsidiaries and affiliates of Prestige Brands, Inc. listed on the signature pages thereof in favor of Citicorp North America, Inc., as Administrative Agent (filed as Exhibit 10.3 to Prestige Brands Holdings, Inc.'s Form 10-Q filed on February 9, 2007).+

- 10.7 Securityholders Agreement, dated February 6, 2004, among Medtech/Denorex, LLC (now known as Prestige International Holdings, LLC), GTCR Fund VIII, L.P., GTCR Fund VIII/B, L.P., GTCR Co-Invest II, L.P., GTCR Capital Partners, L.P., the TCW/Crescent Purchasers and the TCW/Crescent Lenders thereto, each Executive thereto and each of the Other Securityholders thereto (filed as Exhibit 10.11 to Prestige Brands Holdings, Inc.'s Form S-1 filed on July 28, 2004).+
- 10.8 First Amendment and Acknowledgement to Securityholders Agreement, dated April 6, 2004, to the Securityholders Agreement, dated February 6, 2004, among Medtech/Denorex, LLC (now known as Prestige International Holdings, LLC), GTCR Fund VIII, L.P., GTCR Fund VIII/B, L.P., GTCR Co-Invest II, L.P., GTCR Capital Partners, L.P., the TCW/Crescent Purchasers and the TCW/Crescent Lenders thereto, each Executive thereto and each of the Other Securityholders thereto (filed as Exhibit 10.12 to Prestige Brands Holdings, Inc.'s Form S-1 filed on July 28, 2004).+
- 10.9 Registration Rights Agreement, dated February 6, 2004, among Medtech/Denorex, LLC (now known as Prestige International Holdings, LLC), GTCR Fund VIII, L.P., GTCR Fund VIII/B, L.P., GTCR Co-Invest II, L.P., GTCR Capital Partners, L.P., the TCW/Crescent Purchasers and the TCW/Crescent Lenders thereto, each Executive thereto and each of the Other Securityholders thereto (filed as Exhibit 10.13 to Prestige Brands Holdings, Inc.'s Form S-1 filed on July 28, 2004).+
- 10.10 First Amendment and Acknowledgement to Registration Rights Agreement, dated April 6, 2004, to the Registration Rights Agreement, dated February 6, 2004, among Medtech/Denorex, LLC (now known as Prestige International Holdings, LLC), GTCR Fund VIII, L.P., GTCR Fund VIII/B, L.P., GTCR Co-Invest II, L.P., GTCR Capital Partners, L.P., the TCW/Crescent Purchasers and the TCW/Crescent Lenders thereto, each Executive thereto and each of the Other Securityholders thereto (filed as Exhibit 10.14 to Prestige Brands Holdings, Inc.'s Form S-1 filed on July 28, 2004).+
- 10.11 Omnibus Consent and Amendment to Securityholders Agreement, Registration Rights Agreement, Senior Management Agreements and Unit Purchase Agreement, dated as of July 6, 2004 (filed as Exhibit 10.29.1 to Prestige Brands Holdings, Inc.'s Form S-1/A filed on November 12, 2004).+
- 10.12 Form of Exchange Agreement by and among Prestige Brands Holdings, Inc., Prestige International Holdings, LLC and the common unit holders listed on the signature pages thereto (filed as Exhibit 10.39 to Prestige Brands Holdings, Inc.'s Form S-1/A filed on January 26, 2005).+
- 10.13 Amended and Restated Employment Agreement, dated as of January 1, 2009, by and between Prestige Brands Holdings, Inc. and Mark Pettie (amended and restated solely for IRC 409A compliance purposes which amendments were not material to the prior employment agreement).*@
- 10.14 Form of Amended and Restated Senior Management Agreement, dated as of January 28, 2005, by and among Prestige International Holdings, LLC, Prestige Brands Holdings, Inc., Prestige Brands, Inc., and Peter J. Anderson (filed as Exhibit 10.29.7 to Prestige Brands Holdings, Inc.'s Form S-1/A filed on January 26, 2005).+@
- 10.15 Executive Employment Agreement, dated as of January 17, 2006, between Prestige Brands Holdings, Inc. and Charles N. Jolly (filed as Exhibit 10.35 to Prestige Brands Holdings, Inc.'s Form 10-K filed on June 14, 2006).+@
- 10.16 Letter Agreement between Prestige Brands Holdings, Inc. and James E. Kelly (filed as Exhibit 10.17 to Prestige Brands Holdings, Inc.'s Form 10-K filed on June 14, 2007).+@
- 10.17 Executive Employment Agreement, dated as of August 21, 2006, between Prestige Brands Holdings, Inc. and Jean A. Boyko (filed as Exhibit 10.1 to Prestige Brands Holdings, Inc.'s Form 10-Q filed on November 9, 2006).+@
- 10.18 Executive Employment Agreement, dated as of October 1, 2007, between Prestige Brands Holdings, Inc. and John Parkinson (filed as Exhibit 10.3 to Prestige Brands Holdings, Inc.'s Form 10-Q filed on February 8, 2008).+@
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- 10.19 Form of Amended and Restated Senior Management Agreement, dated as of January 28, 2005, by and among Prestige International Holdings, LLC, Prestige Brands Holdings, Inc., Prestige Brands, Inc., and Charles Shrank (filed as Exhibit 10.29.10 to Prestige Brands Holdings, Inc.'s Form S-1/A filed on January 26, 2005).+@
- 10.20 Prestige Brands Holdings, Inc. 2005 Long-Term Equity Incentive Plan (filed as Exhibit 10.38 to Prestige Brands Holdings, Inc.'s Form S-1/A filed on January 26, 2005).+#
- 10.21 Form of Restricted Stock Grant Agreement (filed as Exhibit 10.1 to Prestige Brands Holdings, Inc.'s Form 10-Q filed on August 9, 2005).+#
- 10.22 Form of Performance Share Grant Agreement (filed as Exhibit 10.3 to Prestige Brands Holdings, Inc.'s Form 10-Q filed on November 9, 2006).+#
- 10.23 Form of Nonqualified Stock Option Agreement (filed as Exhibit 10.28 to Prestige Brands Holdings, Inc.'s Form 10-K filed on June 14, 2007).+#
- 10.24 Form of Award Agreement for Restricted Stock Units.*#
- 10.25 Form of Director Indemnification Agreement.*@
- 10.26 Form of Officer Indemnification Agreement.*@
- 10.27 Contract Manufacturing Agreement, dated February 1, 2001, among The Procter & Gamble Manufacturing Company, P&G International Operations SA, Prestige Brands International, Inc. and Prestige Brands International (Canada) Corp. (filed as Exhibit 10.31 to Prestige Brands, Inc.'s Form S-4/A filed on August 4, 2004).+ †
- 10.28 Patent and Technology License Agreement, dated October 2, 2001, between The Procter & Gamble Company and Prestige Brands International, Inc. (filed as Exhibit 10.29 to Prestige Brands, Inc.'s Form S-4/A filed on August 19, 2004).+ †
- 10.29 Amendment No. 4 and Restatement of Contract Manufacturing Agreement, dated May 1, 2002, by and between The Procter & Gamble Company and Prestige Brands International, Inc. (filed as Exhibit 10.33 to Prestige Brands, Inc.'s Form S-4/A filed on August 4, 2004).+ †
- 10.30 Amendment No. 1 dated April 30, 2003 to the Patent and Technology License Agreement, dated October 2, 2001, between The Procter & Gamble Company and Prestige Brands International, Inc. (filed as Exhibit 10.30 to Prestige Brands, Inc.'s Form S-4/A filed on August 19, 2004).+
- 10.31 Trademark License and Option to Purchase Agreement, dated September 8, 2005, by and among The Procter & Gamble Company and Prestige Brands Holdings, Inc. (filed as Exhibit 10.1 to Prestige Brands Holdings, Inc.'s Form 8-K filed on September 12, 2005).+
- 10.32 Exclusive Supply Agreement, dated as of September 18, 2006, among Medtech Products Inc., Pharmicare Limited, Prestige Brands Holdings, Inc. and Aspen Pharmicare Holdings Limited (filed as Exhibit 10.2 to Prestige Brands Holdings, Inc.'s Form 10-Q filed on November 9, 2006).+
- 10.33 Contract Manufacturing Agreement, dated December 21, 2007, between Medtech Products Inc. and Pharmaspray B.V. (filed as Exhibit 10.1 to Prestige Brands Holdings, Inc.'s Form 10-Q filed on February 8, 2008).+
- 10.34 Contract Manufacturing Agreement, dated December 21, 2007, between Medtech Products Inc. and Pharmaspray B.V. (filed as Exhibit 10.2 to Prestige Brands Holdings, Inc.'s Form 10-Q filed on February 8, 2008).+
- 10.35 Supply Agreement, dated May 15, 2008, by and between Fitzpatrick Bros., Inc. and The Spic and Span Company (filed as Exhibit 10.1 to Prestige Brands Holdings, Inc.'s Form 10-Q filed on August 11, 2008).+†
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- 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 Securities and Exchange Commission.

+ Incorporated herein by reference.

@ Represents a management contract.

Represents a compensatory plan.

**AMENDED AND RESTATED
EMPLOYMENT AGREEMENT**

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT ("Agreement"), is made and entered into by and between **PRESTIGE BRANDS HOLDINGS, INC.** (the "Company") and **MARK PETTIE** ("Executive") as of January 1, 2009, ("Effective Date").

WITNESSETH:

WHEREAS, the Company and Executive previously entered into an Employment Agreement on January 19, 2007, (the "Prior Agreement") setting forth the terms and conditions of Executive's employment with the Company; and

WHEREAS, the Prior Agreement was amended December 31, 2008, to comply with applicable provisions of Section 409A of the Internal Revenue Code of 1986, as amended ("Code"); and

WHEREAS, the Company and the Executive deem it appropriate and in their best interests that the Prior Agreement be amended and restated to incorporate the changes of the December 31, 2008 and other amendments into a single document;

NOW, THEREFORE, the Agreement is hereby amended and restated, as follows, effective January 1, 2009:

1. EMPLOYMENT.

Subject to the terms and conditions of this Agreement, the Company hereby employs Executive as its Chief Executive Officer, reporting to the Board of Directors of the Company (the "Board"). During the term of this Agreement, subject to Section 3.1, Executive also shall serve as Chairman of the Board.

2. DURATION OF AGREEMENT.

2.1 Initial Term. This employment shall begin as of the Effective Date, and shall continue until it terminates pursuant to this Agreement. Unless extended pursuant to Section 2.2, or earlier terminated pursuant to any of Articles 5, 6, 7, 8 or 9, this Agreement will terminate on March 31, 2010. The specified period during which this Agreement is in effect is the "Term."

2.2 Extensions of Term.

2.2.1 By Agreement. The Term may be extended to a specified future date at any time by the specific written agreement of the parties signed prior to the original expiration date specified in Section 2.1, or any subsequent expiration date established pursuant to Section 2.2.2.

2.2.2 **Annual Extension.** For purposes of this Agreement, April 1, 2010 and each April 1 thereafter shall be referred to as an "Anniversary Date," and the one-year period from each Anniversary Date to the next shall be referred to as a "Contract Year." On each Anniversary Date, beginning April 1, 2010, unless either party to this Agreement has notified the other in writing not less than three (3) months prior to such Anniversary Date of that party's intention to allow this Agreement to expire and not be renewed at the end of the then current Term, the Term shall automatically be extended for one Contract Year on and from each Anniversary Date.

3. **POSITION AND DUTIES.**

3.1 **Position.** Executive shall serve as the Company's Chief Executive Officer. Executive shall perform such duties and responsibilities as may be prescribed from time-to-time by the Board, which shall be consistent with the responsibilities of similarly situated executives of comparable companies in similar lines of business. So long as Executive is serving as Chief Executive Officer, the Company shall nominate Executive for election as a member of the Board at each meeting of the Company's shareholders at which the election of Executive is subject to a vote by the Company's shareholders and to recommend that the shareholders of the Company vote to elect Executive as a member of the Board, and the Company shall designate Executive as Chairman of the Board in each Term. From time to time, Executive also may be designated to such other offices within the Company or its subsidiaries as may be necessary or appropriate for the convenience of the businesses of the Company and its subsidiaries; provided, however, during the Term, he shall, in addition to the title of Chief Executive Officer, also continue to hold the title of Chairman.

3.2 **Full-Time Efforts.** Executive shall perform and discharge faithfully, diligently and to the best of his ability such duties and responsibilities and shall devote his full-time efforts to the business and affairs of the Company. Executive agrees to promote the best interests of the Company and to take no action that in any way damages the public image or reputation of the Company, its subsidiaries or its affiliates.

3.3 **No Interference With Duties.** Executive shall not (i) engage in any activities, or render services to or become associated with any other business that in the reasonable judgment of the Board violates Article 10 of this Agreement; or (ii) devote time to other activities which would inhibit or otherwise interfere with the proper performance of his duties, provided, however, that it shall not be a violation of this Agreement for Executive to (i) devote reasonable periods of time to charitable and community activities and industry or professional activities, or (ii) manage personal business interests and investments, so long as such activities do not interfere with the performance of Executive's responsibilities under this Agreement. Executive may, with the prior approval of the Board (or applicable committee), serve on the boards of directors (or other governing body) of other for profit corporations or entities, consistent with this Agreement and the Company's policies.

3.4 **Work Standard.** Executive hereby agrees that he shall at all times comply with and abide by all terms and conditions set forth in this Agreement, and all applicable work

policies, procedures and rules as may be issued by Company. Executive also agrees that he shall comply with all federal, state and local statutes, regulations and public ordinances governing the performance of his duties hereunder.

4. COMPENSATION AND BENEFITS.

4.1 **Base Salary.** Subject to the terms and conditions set forth in this Agreement, the Company shall pay Executive, and Executive shall accept an annual salary ("Base Salary") in the amount of Four Hundred Seventy-five Thousand and No/100 Dollars (\$475,000). The Base Salary shall be paid in accordance with the Company's normal payroll practices. The Executive shall be entitled to periodic reviews (no less frequently than annually) for increases in Base Salary during each Contract Year, as shall be determined and approved by the Board, taking into account the performance of the Company and the Executive, and other factors that the Board considers relevant to the salaries of executives holding similar positions with enterprises comparable to the Company. The first such review shall take place during or before April 2009.

4.2 **Incentive, Savings and Retirement Plans.** During the Term, Executive shall be entitled to participate in all incentive (including, without limitation, long term incentive plans), savings and retirement plans, practices, policies and programs applicable generally to senior executive officers of the Company ("Senior Executives"), and on the same basis as such Senior Executives, except as to benefits that are specifically applicable to Executive pursuant to this Agreement. Without limiting the foregoing, the following provisions shall apply with respect to Executive:

- 4.2.1 **Annual Bonus Plan.** Executive shall be entitled to an annual bonus, the amount of which shall be determined by the Compensation Committee of the Board (the "Committee"). The amount of and performance criteria with respect to any bonus in any fiscal year shall be determined not later than the date or time prescribed by Treas. Reg. § 1.162-27(e) in accordance with a formula to be agreed upon by the Company and Executive and approved by the Committee that reflects the financial and other performance of the Company and the Executive's contributions thereto. Throughout the Term, the Executive's annual target (subject to such performance and other criteria as may be established by the Committee) bonus shall be no less than one hundred percent (100%) of the Base Salary and the maximum bonus shall be no less than one hundred fifty percent (150%) of the Base Salary.
- 4.2.2 **Welfare Benefit Plans.** During the Term, Executive and Executive's eligible dependents shall be eligible for participation in, and shall receive all benefits under, the welfare benefit plans, practices, policies and programs provided by the Company (including, without limitation, medical, prescription, dental, disability, executive life, group life, accidental death and travel accident insurance plans and programs) ("Welfare Plans") to the extent applicable generally to Senior Executives.

- 4.2.3 Vacation. During each Contract Year through the Term, Executive shall be granted four (4) weeks' paid vacation in accordance with the Company's vacation policy as in effect and as approved by the Committee from time to time. The timing of paid vacations shall be scheduled in a reasonable manner by the Executive.
- 4.2.4 Business Expenses. Executive shall be reimbursed for all reasonable business expenses incurred in carrying out the work hereunder. Executive shall follow the Company's expense procedures that generally apply to other Senior Executives in accordance with the policies, practices and procedures of the Company to the extent applicable generally to such Senior Executives.
- 4.2.5 Perquisites. Executive shall be entitled to receive such executive perquisites, fringe and other benefits as are provided to the senior most executives and their families under any of the Company's plans and/or programs in effect from time to time and such other benefits as are customarily available to Senior Executives.
- 4.2.6 LTIP. Executive shall participate to the same extent as other Senior Executives in awards under the Company's 2005 Long-Term Equity Incentive Plan (the "LTIP Plan"). Executive's LTIP Award shall have at the time of grant a value equal to Executive's Base Salary then in effect at the time of the LTIP Award multiplied by 265%. The composition of LTIP Awards shall be determined in accordance with the prevailing practice applicable to Senior Executives. The Company confirms that upon a "Change in Control" (as defined in the LTIP Plan), all awards to the Executive thereunder fully vest with no requirement that the Executive's employment with the Company have terminated.

5. TERMINATION FOR CAUSE.

This Agreement may be terminated immediately at any time by the Company without any liability owing to Executive or Executive's beneficiaries under this Agreement, except Base Salary through the date of termination and benefits under any plan or agreement covering Executive which shall be governed by the terms of such plan or agreement, under the following conditions, each of which shall constitute "Cause" or "Termination for Cause":

- (a) Any willful act by Executive involving fraud and any willful breach by Executive of applicable regulations of competent authorities in relation to trading or dealing with stocks, securities, investments, regulation of the Company's business and the like or any willful act by Executive resulting in an investigation by applicable regulatory authorities which, in each case, a majority of the Board determines in its sole and absolute discretion materially adversely affects the Company or Executive's ability to perform his duties under this Agreement;

- (b) Attendance at work in a state of intoxication or otherwise being found in possession at his place of work of any prohibited drug or substance, possession of which would amount to a criminal offense;
- (c) Executive's personal dishonesty or willful misconduct in connection with his duties to the Company;
- (d) Breach of fiduciary duty to the Company involving personal profit by the Executive;
- (e) Assault or other act of violence against any employee of the Company or other person during the course of his employment;
- (f) Conviction of the Executive for any felony or crime involving moral turpitude;
- (g) Material intentional breach by the Executive of any provision of this Agreement or of any Company policy adopted by the Board;
- (h) The willful continued failure of Executive to perform substantially Executive's duties with the Company (other than any such failure resulting from incapacity due to Disability, and specifically excluding any failure by Executive, after good faith, reasonable and demonstrable efforts, to meet performance expectations for any reason), after a written demand for substantial performance is delivered to Executive by a majority of the Board that specifically identifies the manner in which such Board believes that Executive has not substantially performed Executive's duties.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interest of the Company. Any act, or failure to act, based upon and performed in accordance with authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interest of the Company. The cessation of employment of Executive shall not be deemed to be for Cause unless and until there shall have been delivered to Executive a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to Executive and Executive is given an opportunity to be heard before the Board), finding that, in the good faith opinion of such Board, Executive is guilty of the conduct described in any one or more of subparagraphs (a) through (h) above, and specifying the particulars thereof in detail.

6. TERMINATION UPON DEATH.

Notwithstanding anything herein to the contrary, this Agreement shall terminate immediately upon Executive's death, and the Company shall have no further liability to Executive or his beneficiaries under this Agreement, other than for payment of Accrued

Obligations (as defined in Section 8.2(a)(1)), and the timely payment or provision of Other Benefits (as defined in Section 8.2(c)), including without limitation benefits under such plans, programs, practices and policies relating to death benefits, if any, as are applicable to Executive on the date of his death. This payment shall be paid in a lump sum to the Executive's estate within 90 days after the Company is given notice of the Executive's death. The rights of the Executive's estate with respect to stock options and restricted stock, and all other benefit plans, shall be determined in accordance with the specific terms, conditions and provisions of the applicable agreements and plans; provided, however, that any LTIP Award granted under Section 4.2.6 of this Agreement shall immediately vest and become distributable as soon as practicable after the death of the Executive.

7. DISABILITY.

If the Company determines in good faith that the Disability of Executive has occurred during the Term (pursuant to the definition of Disability set forth below), it may give to Executive written notice of its intention to terminate Executive's employment. In such event, Executive's employment with the Company shall terminate effective on the 30th day after receipt of such written notice by Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, Executive shall not have returned to full-time performance of Executive's duties. If Executive's employment is terminated by reason of his Disability, this Agreement shall terminate without further obligations to Executive, other than for payment of Accrued Obligations (as defined in Section 8.2(a)(1)) and the timely payment or provision of Other Benefits (as defined in Section 8.2(c)), including without limitation benefits under such plans, programs, practices and policies relating to disability benefits, if any, as are applicable to Executive on the Disability Effective Date. The rights of the Executive with respect to stock options and restricted stock, and all other benefit plans, shall be determined in accordance with the specific terms, conditions and provisions of the applicable agreements and plans; provided, however, that any LTIP Award granted under Section 4.2.6 of this Agreement shall immediately vest and become distributable upon the Disability Effective Date.

For purposes of this Agreement, "Disability" means the Executive: (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months; or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees or directors of the Company. Medical determination of Disability may be made by either the Social Security Administration or by the provider of an accident or health plan covering employees or directors of the Company provided that the definition of "disability" applied under such disability insurance program complies with the requirements of the preceding sentence. Upon the request of the plan administrator, the Executive must submit proof to the plan administrator of the Social Security Administration's or the provider's determination.

8. EXECUTIVE'S TERMINATION OF EMPLOYMENT FOR GOOD REASON OR WITHOUT CAUSE.

8.1 Executive's Termination of Employment for Good Reason. Executive's employment may be terminated at any time by Executive for Good Reason or no reason. For purposes of this Agreement, "Good Reason" shall mean:

- (a) Other than his removal for Cause pursuant to Article 5, without the written consent of Executive, the assignment to Executive of any duties inconsistent in any material respect with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect on the Effective Date, or any other action by the Company which results in a demonstrable diminution in such position, authority, duties or responsibilities (including without limitation the designation of another person as Chairman); but excluding, for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by Executive;
- (b) A reduction by the Company in Executive's Base Salary as in effect on the Effective Date or as the same may be increased from time to time;
- (c) A reduction by the Company in Executive's annual target bonus (expressed as a percentage of Base Salary) unless such reduction is a part of an across-the-board decrease in target bonuses affecting all other Senior Executives; provided, however that in any event, the Company may not reduce Executive's annual target bonus (expressed as a percentage of Base Salary) below seventy-five percent (75%) of the Base Salary;
- (d) The Company's giving notice under Section 2.2.2 of its intention not to renew this Agreement unless at that time, the Company could terminate this Agreement and Executive's employment for "Cause."
- (e) The failure by the Company to continue in effect any "pension plan or arrangement" or any "compensation plan or arrangement" in which Executive participates or the elimination of Executive's participation in any such plan (except for across the board plan changes or terminations similarly affecting other Senior Executives); provided however that nothing in this provision shall have the effect of impairing Executive's entitlement to an annual target bonus in the amount set forth in Section 8.1(c) above;
- (f) The Company's requiring Executive, without his consent, to be based at any office or location more than thirty (30) miles from the Company's current headquarters in Irvington, New York;
- (g) The material breach by the Company of any provision of this Agreement; or

- (h) A "Change in Control" (as defined in the LTIP Plan) occurs and either the Company repudiates this Agreement or a successor (if any and applicable) (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company fails to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

Good Reason shall not include Executive's death or Disability. Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder, provided that Executive raises to the attention of the Board any circumstance he believes in good faith constitutes Good Reason within ninety (90) days after occurrence or be foreclosed from raising such circumstance thereafter. The Company shall have an opportunity to cure any claimed event of Good Reason (other than under subparagraph (h) above) within 30 days of notice from Executive.

If Executive terminates his employment for Good Reason, upon the execution and effectiveness of a mutually agreeable release of the Company from all liability (a "Release"), he shall be entitled to the same benefits he would be entitled to under Article 8 as if terminated without Cause. If Executive terminates his employment without Good Reason, this Agreement shall terminate without further obligations to Executive, other than for payment of Accrued Obligations (as defined in Section 8.2(a)(1)) and the timely payment or provision of Other Benefits (as defined in Section 8.2(c)).

8.2 Termination of Employment Without Cause. If Executive's employment is terminated by the Company without Cause prior to the expiration of the Term (it being understood by the parties that termination by death or Disability shall not constitute termination without Cause), then Executive shall be entitled to the following benefits upon the execution and effectiveness of a Release:

- (a) Subject to the Executive's execution and delivery of a Release, the Company shall pay to Executive on the 60th day following the Executive's Termination of Employment, the aggregate of the following amounts:
- (1) in a lump sum in cash within 30 days, the sum of (i) Executive's Base Salary through the date of termination to the extent not theretofore paid, (ii) any accrued expenses and vacation pay to the extent not theretofore paid, and (iii) unless Executive has elected a different payout date in a prior deferral election, any compensation previously deferred by Executive (together with any accrued interest or earnings thereon) to the extent not theretofore paid (the sum of the amounts described in subparagraphs (i), (ii) and (iii) shall be referred to in this Agreement as the "Accrued Obligations");
 - (2) in installments ratably over twelve (12) months in accordance with the Company's normal payroll cycle and procedures, the amount equal to the sum of: (i) Executive's annual Base Salary in effect as of the date of

termination; *plus* (ii) Executive's Applicable Annual Bonus (as defined below). For purposes of this Agreement, "Applicable Annual Bonus" means the greater of Executive's actual annual incentive bonus from the Company earned in the fiscal year immediately preceding the fiscal year in which Executive's Termination of Employment date falls or Executive's target annual incentive bonus (e.g., 75% of Base Salary as of the Effective Date) for the year in which Executive's Termination of Employment date falls; and

- (3) in the event the Termination of Employment occurs prior to March 31, 2010, for each LTIP Award granted prior to the date of termination pursuant to Section 4.2.6, a lump sum in cash equal to the product of: (i) a fraction, the numerator of which shall be the number "one (1)" if the Executive has been employed for twelve months or less from the applicable date of the grant of the LTIP Award in question (the "Grant Date"), the number "two (2)" if the Executive has been employed for more than twelve but less than twenty four months from the Grant Date and the number "three (3)" if the Executive has been employed for more than twenty four months from the Grant Date and the denominator of which shall be the number "three (3)" *multiplied by* (ii) the value (based, in the case of restricted stock, upon the closing market price of the Company's common stock on the day prior to the date of termination of employment) of the unvested portion of each LTIP Award; and
- (b) The Executive's participation in the life, medical and disability insurance programs in effect on the Termination of Employment date shall continue on the same basis as an active employee of the Company for up to twelve (12) months after Executive's Termination of Employment date, provide such plan or program permits the Executive's continued participation. Executive shall thereafter be entitled to continuation of benefits pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as from time to time amended.
- (c) To the extent not theretofore paid or provided, the Company shall timely pay or provide to Executive any other accrued amounts or accrued benefits required to be paid or provided or which Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company (such other amounts and benefits shall be referred to in this Agreement as the "Other Benefits").

8.3 **Definition of Termination of Employment.** With respect to the payment of all benefits under this Article 8, whether a "Termination of Employment" takes place is determined based on the facts and circumstances surrounding the termination of the Executive's employment and whether the Company and the Executive intended for the Executive to provide significant services for the Company following such termination. A change in the Executive's employment status will not be considered a termination of employment if:

- (a) the Executive 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 Executive 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).

8.4 Restrictions on Timing of Distributions. The following restrictions shall apply to all payments under this Article 8:

- (a) **Release Requirement.** No payment shall be made under this Article 8 unless the Executive delivers to the Company a Release, without revocation thereof, no later than forty-five (45) days after Executive's Termination of Employment date and no payment or benefit hereunder shall be provided to Executive prior to the Company's receipt of such Release and the expiration of any period of revocation provided for in the Release.
- (b) **Restriction on Timing of Distributions.** Notwithstanding any provision of this Agreement to the contrary, if the Executive is considered a Specified Employee at Termination of Employment other than on account of death or Disability, under such procedures as established by the Company in accordance with Section 409A of the Code, all payments hereunder, other than those that are deemed "separation pay" under Treas. Reg. §1.409A-1(b)(9), that are made upon termination of employment may not commence earlier than six (6) months after the date of termination. Therefore, in the event this provision is applicable to the Executive, any distribution which would otherwise be paid to the Executive within the first six months following termination shall be accumulated and paid to the Executive in a lump sum on the first day of the seventh month following termination. All subsequent distributions shall be paid in the manner specified. "Specified Employee" means a key employee (as defined in Section 416(i) of the Code without regard to paragraph 5 thereof) of the Company if any stock of the Company is publicly traded on an established securities market or otherwise.

8.5 Separation Pay. For purposes of this Article 8, payments made under Section 8.1 or Section 8.2 which are made on or before December 31st of the second year following the Executive's Termination of Employment date and which do not exceed two times the lesser of: (A) the amount of the Executive's annualized compensation based upon the annual rate of pay the Executive received from the Company in the year preceding the year of the Executive's

Termination of Employment, adjusted for any increase in compensation that the Executive would have expected to receive had the Executive not separated from service with the Company, and as defined under Treas. Reg. §1.409A-1(b)(9)(iii)(A)(1); or (B) the maximum amount that may be taken into account for a qualified plan under Code Section 401(a)(17) for the year in which the Date of Termination occurs shall be deemed "separation pay" within the meaning of Treas. Reg. §1.409A-1(b)(9) shall be exempt from the six-month delay set forth in Section 8.4(b), provided the Executive's employment is terminated by the Company without Cause or by the Executive for "409A Good Reason". For purposes of this Section 8.5, "409A Good Reason" shall mean the occurrence during the Term, without Executive's express consent, of any of the following acts by the Company, or failures by the Company to act, and such act or failure to act has not been corrected within thirty (30) days after written notice of such act, or failure to act, is given by Executive to the Company:

- (a) a material diminution in the Executive's base compensation which is defined, for purposes of this paragraph, as base salary;
- (b) a material diminution in the Executive's authority, duties, or responsibilities;
- (c) material diminution in the authority, duties, or responsibilities of the supervisor to whom the Executive is required to report;
- (d) a material diminution in the budget over which the Executive retains authority;
- (e) a material change in the geographic location at which the Executive must perform his or her services; or
- (f) any other action or inaction that constitutes a material breach by the Company of the agreement under which the Executive performs his services.

In no event shall a termination by the Executive be deemed to constitute a termination for Good Reason unless the Executive has a Termination of Employment within two years of the initial existence of one of the events outlined in this Section 8.5. In addition, a termination by the Executive will only constitute a termination for Good Reason if the Executive provides the Company with notice within ninety (90) days of the initial existence of one of the events outlined in this Section and the Company is provided thirty (30) days in which to remedy the event and not be required to pay the amount due under this Agreement if the event is so remedied.

9. PUBLICITY; NO DISPARAGING STATEMENT.

Executive and the Company covenant and agree that they shall not engage in any communications which shall disparage one another or interfere with their existing or prospective business relationships.

10. BUSINESS PROTECTION PROVISIONS.

10.1 Preamble. As a material inducement to the Company to enter into this Agreement, and its recognition of the valuable experience, knowledge and proprietary

information Executive will gain from his employment with the Company, Executive warrants and agrees he will abide by and adhere to the following business protection provisions in this Article 11 and all sections and subsections thereof.

10.2 **Definitions.** For purposes of this Article 10 and all sections and subsections thereof, the following terms shall have the following meanings:

- (a) "Competitive Position" shall mean any employment, consulting, advisory, directorship, agency, promotional or independent contractor arrangement between the Executive and any person or Entity engaged in a line of business that competes directly with any brand of the Company or any of its affiliates or subsidiaries (collectively the "PBH Entities") whereby Executive is required to or does perform services on behalf of or for the benefit of such person or Entity which are substantially similar to the services in which Executive participated or that he directed or oversaw while employed by the Company. For the purposes of this Section 10.2, it is expressly understood and agreed that Executive shall not be precluded from employment with an Entity that competes with the Company so long as Executive does not participate, directly or indirectly, in the business operations of any subsidiary, division or portion thereof that manufactures, distributes or sells such competing brands so long as Executive does not violate either Section 10.3 or Section 10.4.
- (b) "Confidential Information" shall mean the proprietary or confidential data, information, documents or materials (whether oral, written, electronic or otherwise) belonging to or pertaining to the PBH Entities, other than "Trade Secrets" (as defined below), which is of tangible or intangible value to any of the PBH Entities and the details of which are not generally known to the competitors of the PBH Entities. Confidential Information shall also include: any items that any of the PBH Entities have marked "CONFIDENTIAL" or some similar designation or are otherwise identified as being confidential.
- (c) "Entity" or "Entities" shall mean any business, individual, partnership, joint venture, agency, governmental agency, body or subdivision, association, firm, corporation, limited liability company or other entity of any kind.
- (d) "Restricted Period" shall mean one (1) year following termination of Executive's employment hereunder; provided, however that the Restricted Period shall be extended for a period of time equal to any period(s) of time within the one (1) year period following termination of Executive's employment hereunder that Executive is determined by a final non-appealable judgment from a court of competent jurisdiction to have engaged in any conduct that violates this Article 10 or any sections or subsections thereof, the purpose of this provision being to secure for the benefit of the Company the entire Restricted Period being bargained for by the Company for the restrictions upon the Executive's activities.

- (e) "Territory" shall mean each of the United States of America or any country other than the United States of America in which the Company shall transact business during the Term.
- (f) "Trade Secrets" shall mean information or data of or about any of the PBH Entities, including, but not limited to, technical or non-technical data, customer lists, pricing models, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans or lists of actual or potential suppliers that: (1) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy; and (3) any other information which is defined as a "trade secret" under applicable law.
- (g) "Work Product" shall mean all tangible work product, property, data, documentation, "know-how," concepts or plans, inventions, improvements, techniques and processes relating to the PBH Entities that were conceived, discovered, created, written, revised or developed by Executive during the term of his employment with the Company.

10.3 Nondisclosure; Ownership of Proprietary Property.

- (a) In recognition of the need of the PBH Entities to protect their legitimate business interests, Confidential Information and Trade Secrets, Executive hereby covenants and agrees that Executive shall regard and treat Trade Secrets and all Confidential Information as strictly confidential and wholly-owned by the PBH Entities and shall not, for any reason, in any fashion, either directly or indirectly, use, sell, lend, lease, distribute, license, give, transfer, assign, show, disclose, disseminate, reproduce, copy, misappropriate or otherwise communicate any such item or information to any third party or Entity for any purpose other than in accordance with this Agreement or as required by applicable law, court order or other legal process: (i) with regard to each item constituting a Trade Secret, at all times such information remains a "trade secret" under applicable law, and (ii) with regard to any Confidential Information, for the Restricted Period.
- (b) Executive shall exercise best efforts to ensure the continued confidentiality of all Trade Secrets and Confidential Information, and he shall immediately notify the Company of any unauthorized disclosure or use of any Trade Secrets or Confidential Information of which Executive becomes aware. Executive shall assist the PBH Entities, to the extent necessary, in the protection of or procurement of any intellectual property protection or other rights in any of the Trade Secrets or Confidential Information.
- (c) All Work Product shall be owned exclusively by the PBH Entities. To the greatest extent possible, any Work Product shall be deemed to be "work made for hire" (as defined in the Copyright Act, 17 U.S.C.A. §101 *et seq.*, as amended),

and Executive hereby unconditionally and irrevocably transfers and assigns to applicable PBH Entity all right, title and interest Executive currently has or may have by operation of law or otherwise in or to any Work Product, including, without limitation, all patents, copyrights, trademarks (and the goodwill associated therewith), trade secrets, service marks (and the goodwill associated therewith) and other intellectual property rights. Executive agrees to execute and deliver to the applicable PBH Entity any transfers, assignments, documents or other instruments which the Company may deem necessary or appropriate, from time to time, to protect the rights granted herein or to vest complete title and ownership of any and all Work Product, and all associated intellectual property and other rights therein, exclusively in the applicable PBH Entity.

10.4 Non-Interference With Executives.

Executive recognizes and acknowledges that, as a result of his employment by Company; he will become familiar with and acquire knowledge of confidential information and certain other information regarding the other executives and employees of the PBH Entities. Therefore, Executive agrees that, during the Restricted Period, Executive shall not encourage, solicit or otherwise attempt to persuade any person in the employment of the PBH Entities to end his/her employment with a PBH Entity or to violate any confidentiality, non-competition or employment agreement that such person may have with a PBH Entity or any policy of any PBH Entity. Furthermore, neither Executive nor any person acting in concert with the Executive nor any of Executive's affiliates shall, during the Restricted Period, employ any person who has been an executive or management employee of any PBH Entity unless that person has ceased to be an employee of the PBH Entities for at least six (6) months.

10.5 Non-competition.

Executive covenants and agrees to not obtain or work in a Competitive Position within the Territory during the Term or during the Restricted Period. Executive and Company recognize and acknowledge that the scope, area and time limitations contained in this Agreement are reasonable and are properly required for the protection of the business interests of Company due to Executive's status and reputation in the industry and the knowledge to be acquired by Executive through his association with Company's business and the public's close identification of Executive with Company and Company with Executive. Further, Executive acknowledges that his skills are such that he could easily find alternative, commensurate employment or consulting work in his field that would not violate any of the provisions of this Agreement. Executive acknowledges and understands that, as consideration for his execution of this Agreement and his agreement with the terms of this covenant not to compete, Executive will receive employment with and other benefits from the Company in accordance with this Agreement.

10.6 Remedies.

Executive understands and acknowledges that his violation of this Article 10 or any section or subsection thereof would cause irreparable harm to Company and Company would be entitled to an injunction by any court of competent jurisdiction enjoining and restraining Executive from any employment, service, or other act prohibited by this Agreement. The parties agree that nothing in

this Agreement shall be construed as prohibiting Company from pursuing any remedies available to it for any breach or threatened breach of this Article 10 or any section or subsection thereof, including, without limitation, the recovery of damages from Executive or any person or entity acting in concert with Executive. If any part of this Article 10 or any section or subsection thereof is found to be unreasonable, then it may be amended by appropriate order of a court of competent jurisdiction to the extent deemed reasonable. Furthermore and in recognition that certain severance payments are being agreed to in reliance upon Executive's compliance with this Article 10 after termination of his employment, in the event Executive breaches any of such business protection provisions of this Agreement, any unpaid amounts (e.g., those provided under Article 8) shall be forfeited and Company shall not be obligated to make any further payments or provide any further benefits to Executive following any such breach.

11. RETURN OF MATERIALS; BOARD RESIGNATION.

Upon Executive's termination, or at any point after that time upon the specific request of the Company, Executive shall return to the Company all written or descriptive materials of any kind belonging or relating to the Company or its affiliates, including, without limitation, any originals, copies and abstracts containing any Work Product, intellectual property, Confidential Information and Trade Secrets in Executive's possession or control. In addition, upon the termination of Executive's employment with the Company, upon the request of the Board, Executive shall submit, and upon the failure to do so, shall be deemed to have submitted his resignation as a member of the Board effective upon the termination of employment.

12. GENERAL PROVISIONS.

12.1 Amendment. This Agreement may be amended or modified only by a writing signed by both of the parties hereto.

12.2 Binding Agreement. This Agreement shall inure to the benefit of and be binding upon Executive, his heirs and personal representatives, and the Company and its successors and assigns.

12.3 Waiver Of Breach; Specific Performance. The waiver of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other breach. Each of the parties to this Agreement will be entitled to enforce its or his rights under this Agreement, specifically, to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights existing in its or his favor. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and that any party may in its or his sole discretion apply to any court of law or equity of competent jurisdiction for specific performance or injunctive relief in order to enforce or prevent any violations of the provisions of this Agreement.

12.4 Indemnification and Insurance. The Company shall indemnify and hold the Executive harmless to the maximum extent permitted by law against judgments, fines, amounts paid in settlement and reasonable expenses, including reasonable attorneys' fees incurred by the Executive, in connection with the defense of, or as a result of any action or proceeding (or any appeal from any action or proceeding) in which the Executive is made or is threatened to be made

a party by reason of the fact that he is or was an officer of the Company or any affiliate. In addition, the Company agrees that the Executive is and shall continue to be covered and insured up to the maximum limits provided by all insurance which the Company maintains to indemnify its directors and officers (as well as any insurance that it maintains to indemnify the Company for any obligations which it incurs as a result of its undertaking to indemnify its officers and directors) and that the Company will exert its best efforts to maintain such insurance, in not less than its present limits, in effect throughout the term of the Executive's employment.

12.5 No Effect On Other Arrangements. It is expressly understood and agreed that the payments made in accordance with this Agreement are in addition to any other benefits or compensation to which Executive may be entitled or for which he may be eligible, whether funded or unfunded, by reason of his employment with the Company. Notwithstanding the foregoing, the provisions in Article 5 through Article 8 regarding benefits that the Executive will receive upon his employment being terminated supersede and are expressly in lieu of any other severance program or policy that may be offered by the Company, except with regard to any rights the Executive may have pursuant to COBRA.

12.6 Tax Withholding. There shall be deducted from each payment under this Agreement the amount of any tax required by any governmental authority to be withheld and paid over by the Company to such governmental authority for the account of Executive.

12.7 Notices.

All notices and all other communications provided for herein shall be in writing and delivered personally to the other designated party, or mailed by certified or registered mail, return receipt requested, or delivered by a recognized national overnight courier service, or sent by facsimile, as follows:

If to Company to: Prestige Brands Holdings, Inc.
Attn: General Counsel's Office
90 North Broadway
Irvington, NY 10533
Facsimile: (914) 524-7488

If to Executive to: Mark Pettie
25 Anderson Court
Woodcliff Lake, NJ 07677

All notices sent under this Agreement shall be deemed given twenty-four (24) hours after sent by facsimile or courier, seventy-two (72) hours after sent by certified or registered mail and when delivered if personal delivery. Either party hereto may change the address to which notice is to be sent hereunder by written notice to the other party in accordance with the provisions of this Section.

12.8 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware (without giving effect to conflict of laws).

12.9 **Entire Agreement.** This Agreement contains the full and complete understanding of the parties hereto with respect to the subject matter contained herein and this Agreement supersedes and replaces any prior agreement, either oral or written, which Executive may have with Company that relates generally to the same subject matter including, as of the Effective Date, the Prior Agreements.

12.10 **Assignment.** This Agreement may not be assigned by Executive without the prior written consent of Company, and any attempted assignment not in accordance herewith shall be null and void and of no force or effect.

12.11 **Severability.** If any one or more of the terms, provisions, covenants or restrictions of this Agreement shall be determined by a court of competent jurisdiction to be invalid, void or unenforceable, then the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect, and to that end the provisions hereof shall be deemed severable.

12.12 **Section and Paragraph Headings.** The Section and paragraph headings set forth herein are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement whatsoever.

12.13 **Interpretation.** Should a provision of this Agreement require judicial interpretation, it is agreed that the judicial body interpreting or construing the Agreement shall not apply the assumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that an instrument is to be construed more strictly against the party which itself or through its agents prepared the agreement, it being agreed that all parties and/or their agents have participated in the preparation hereof.

12.14 **Mediation; Arbitration.**

(a) Except as provided in subsection (d) of this Section 12.14, the following provisions shall apply to disputes between Company and Executive arising out of or related to either: (i) this Agreement (including any claim that any part of this agreement is invalid, illegal or otherwise void or voidable), or (ii) the employment relationship that exists between Company and Executive:

- (1) The parties shall first use their best efforts to discuss and negotiate a resolution of the dispute.
- (2) If efforts to negotiate a resolution do not succeed within 5 business days after a written request for negotiation has been made, a party may submit to the dispute to mediation by sending a letter to the other party requesting mediation. The dispute shall be mediated by a mediator agreeable to the parties or, if the parties cannot agree, by a mediator selected by the American Arbitration Association. If the parties cannot agree to a mediator within 5 business days, either party may submit the dispute to the American Arbitration Association for the appointment of a mediator.

Mediation shall commence within 10 business days after the mediator has been named.

- (b) In the event that a dispute between Company and Executive that has been submitted to mediation pursuant to subsection (a) of this section 12.14 is not resolved within sixty (60) days after a written request for negotiation has been made, then, except as provided in subsection (d) of this Section 12.14, any such dispute shall be resolved timely and exclusively by final and binding arbitration pursuant to the American Arbitration Association ("AAA") National Rules for the Resolution of Employment Disputes (the "AAA Rules"). Arbitration must be demanded within ten (10) calendar days after the expiration of the sixty (60) day period referred to above. The arbitration opinion and award shall be final and binding on the Company and the Executive and shall be enforceable by any court sitting within Westchester County, New York. Company and Executive shall share equally all costs of arbitration excepting their own attorney's fees unless and to the extent ordered by the arbitrator(s) to pay the attorneys' fees of the prevailing party.
- (c) The parties recognize that this Section 13.14 means that certain claims will be reviewed and decided only before an impartial arbitrator or panel of arbitrators instead of before a court of law and/or a jury, but desire the many benefits of the arbitration process over court proceedings, including speed of resolution, lower costs and fees, and more flexible rules of evidence. The arbitrator or arbitrators duly selected pursuant to the AAA's Rules shall have the same power and authority to order any remedy for violation of a statute, regulation, or ordinance as a court would have; and shall have the same power to order discovery as a federal district court has under the Federal Rule of Civil Procedure.
- (d) The provisions of this Section 12.14 shall not apply to any action by the Company seeking to enforce its rights arising out of or related to the provisions of Article 11 of this Agreement.
- (e) This Section 12.14 is intended by the Company and the Executive to be enforceable under the Federal Arbitration Act. Should it be determined by any court that the Act does not apply, then this Section 12.14 shall be enforceable under the applicable arbitration statutes of the State of Delaware.

12.15 Voluntary Agreement. Executive and Company represent and agree that each has reviewed all aspects of this Agreement, has carefully read and fully understands all provisions of this Agreement, and is voluntarily entering into this Agreement. Each party represents and agrees that such party has had the opportunity to review any and all aspects of this Agreement with legal, tax or other adviser(s) of such party's choice before executing this Agreement.

12.16 Nonqualified Deferred Compensation Omnibus Provision. It is intended that any compensation provided under this Agreement be administered and paid in a manner which will not result in the imposition of additional federal income taxes on the Executive under Code Section 409A. The provisions of this Agreement relating to amounts which constitute deferred

compensation under Code Section 409A are intended to be construed accordingly. If any compensation or benefits provided by this Agreement may result in the application of Section 409A of the Code, the Company shall, in consultation with the Executive, modify the Agreement (which could include, without limitation a "gross up") in the least restrictive manner necessary in order to exclude such compensation from the definition of "deferred compensation" within the meaning of such Section 409A or in order to comply with the provisions of Section 409A and/or any rules, regulations or other regulatory guidance issued under such statutory provision and without any diminution in the value of the payments to the Executive.

IN WITNESS WHEREOF, the parties hereto have executed, or caused their duly authorized representative to execute, this Agreement as of this 1st day of January, 2009.

PRESTIGE BRANDS HOLDINGS, INC.

By: /s/ Peter J. Anderson

Title: Chief Financial Officer

"EXECUTIVE"

/s/ Mark Pettie

Mark Pettie

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., (together with its subsidiaries, 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.

WITNESSETH:

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:

- 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.
 - 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.
 - 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.
 - 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.

5. **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 following the earliest of:

- (a) the Participant's death;
- (b) the Participant's termination due to Disability; or
- (c) the later of the following:
 - (1) the Participant's Termination of Employment, as hereinafter defined; or
 - (2) the Participant's Deferred Settlement Date, as set forth in Exhibit A hereto.

For purposes of this Agreement, a Participant's Termination of Employment means the termination of the Participant's employment or cessation of service as a Director 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:

- (i) 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
- (ii) 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).

6. **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.

7. **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.

8. **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.

9. **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.

10. **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.

11. **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.

12. **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 settlement of the RSUs. With respect to withholding required upon the settlement 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.

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: _____
Title: _____

PARTICIPANT

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

4. Deferred Settlement Date: By electing below, the Participant irrevocably elects to defer settlement of the Award until the earlier of death or the date specified below:

_____ Attainment of _____ (not to exceed age 65);
age

_____ Years (not to exceed 5) following the Participant's Termination
of Employment.

* Subject to adjustment as provided in Paragraph 4 of the Award Agreement.

INDEMNIFICATION AGREEMENT

THIS AGREEMENT (the "Agreement") is made on this ___ day of May, 2009 between Prestige Brands Holdings, Inc., a Delaware corporation (the "Company"), and [Name] ("Indemnitee"):

WITNESSETH:

WHEREAS, Indemnitee is a member of the Board of Directors (the "Board") of the Company and in such capacity performs a valuable service for the Company; and

WHEREAS, the Company's certificate of incorporation authorize the Company to indemnify its officers and directors to the fullest extent authorized by the Delaware General Corporation Law (the "Statute"); and

WHEREAS, the Statute specifically provides that the indemnification provided thereunder is not exclusive of any other rights in respect to indemnification to which those seeking indemnification may be entitled; and

WHEREAS, the Statute contemplates that agreements may be entered into between the Company and each of the members of its Board with respect to indemnification; and

WHEREAS, in order to enhance Indemnitee's continued and effective service to the Company, and in order to induce Indemnitee to provide continued services to the Company as a director, the Company wishes to enter into this Agreement relating to the indemnification of, and the advancement of expenses to, Indemnitee as well as to provide coverage to Indemnitee under the Company's directors' and officers' liability insurance policies (the "D&O Insurance").

NOW, THEREFORE, in consideration of Indemnitee's continued service as a member of the Board, the parties hereby, agree as follows:

1. **DEFINITIONS.** In addition to other terms defined and used in this Agreement, the following capitalized terms when used in this Agreement shall have the following meanings:

- (a) "Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control," when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.
 - (b) "Associate" shall have the meaning ascribed to such term in Exchange Act Rule 12b-2.
 - (c) "Beneficial Owner" shall have the meaning ascribed to such term, and be determined in the manner set forth, in Exchange Act Rule 13d-3.
-

- (d) “Board” has the meaning ascribed to such term in the *first recital*.
- (e) “Change in Control” means the earliest of the following to occur:
- (1) the public announcement by the Company or by any Person (which shall not include the Company, any Subsidiary or any employee benefit plan of the Company or of any Subsidiary) (the “Announcing Person”) that the Announcing Person, together with the Acquiring Person’s Affiliates and Associates, is the Beneficial Owner of fifteen percent (15%) or more of the then outstanding Voting Securities;
 - (2) the commencement of, or after the first public announcement of any Announcing Person of an intention to commence, a tender or exchange offer, the consummation of which would result in any Announcing Person becoming the Beneficial Owner of thirty percent (30%) or more of the then outstanding Voting Securities;
 - (3) the announcement of any transaction relating to the Company that would be required to be described pursuant to the requirements of Item 5.01 of a Current Report on Form 8-K under the Exchange Act;
 - (4) a proposed change in the membership of the Board such that, during any period of twenty-four (24) consecutive months, individuals who at the beginning of such period constitute the Board cease for any reason to constitute at least a majority thereof, unless the election or nomination for election by the shareholders of the Company of each new Director was approved by a vote of at least two-thirds (2/3) of the Directors then still in office who were members of the Board at the beginning of the twenty-four (24) month period;
 - (5) the Company enters into an agreement of merger, consolidation, share exchange or similar transaction with any other Person other than a transaction which could result in the Voting Securities outstanding immediately prior to the consummation of such transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving Person) at least two-thirds of the combined voting power of the Company’s or such surviving Person’s outstanding voting stock immediately after such transaction;
 - (6) the Board approves a plan of liquidation or dissolution of the Company or an agreement for the sale or disposition by the Company (in one transaction or a series of transactions) of all or substantially all of the Company’s assets to a Person that is not an Affiliate of the Company; or
 - (7) any other event which shall be deemed by a majority of the Board to constitute a “Change in Control.”

- (f) “Corporate Status” describes the status of an individual who is or was a Director (including corresponding service as an Officer) of the Company or a director, officer, partner, trustee, employee or agent of any other Person at the request of the Company. A Director is considered to be serving as a trustee of an employee benefit plan at the Company’s request if such director’s duties to the Company also impose duties on, or otherwise involve services by, such director to the participants in or beneficiaries of the plan. For the purposes of this Agreement, if an Indemnitee serves as a director of a subsidiary, whether or not wholly-owned, of the Company, he does so at the request of the Company.
- (g) “Company” has the meaning ascribed to such term in the preamble and also includes, without limitation, any Entity that is the successor entity to the Company by merger, combination, consolidation, or other transaction in which the separate existence of the Company ceases.
- (h) “D&O Insurance” means the directors’ and officers’ liability insurance issued by the insurers, and having the policy numbers, amounts and deductibles set forth in Section 5.1 and any replacement or substitute policy or policies issued by one or more reputable insurers, providing, in the aggregate, at all times and in all respects, coverage at least comparable and in the same amount as that provided under the policies identified in Section 5.1.
- (i) “Director” means an individual who is or was a member of the Board and includes, unless the context requires otherwise, the estate or personal representative of a Director.
- (j) “Disinterested Director” means a Director, who at the time of any vote referred to in Section 8.2, Section 8.3 or Section 9, is not:
- (1) A party to the Proceeding giving rise to the subject matter of the decision being made; or
 - (2) An individual having a familial, financial, professional or employment relationship with Indemnitee whose indemnification or advance for Expenses is the subject of the decision being made, which relationship would, in the circumstances, reasonably be expected to exert an influence on such Director’s judgment when voting on the decision being made.
- (k) “Entity” means a corporation (including any Subsidiary), partnership, limited liability company, joint venture, joint-stock corporation, trust, employee benefit plan, association, foundation, organization, or other enterprise or legal entity, unincorporated organization or government (or any subdivision, department, commission or agency thereof).
- (l) “Exchange Act” means the Securities Exchange Act of 1934, as amended.
- (m) “Expenses” includes, without limitation, attorneys’ fees and retainers, court costs, transcript costs, fees of experts and vendors (e.g., electronically stored information

providers), travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and other disbursements or expenses of the types customarily incurred in connection with a Proceeding that are actually and reasonably incurred by Indemnitee:

- (1) by reason of his being a Party or in connection with the defense or settlement of a Proceeding;
 - (2) in connection with a Proceeding for which Indemnitee is requested or subpoenaed to appear as a witness;
 - (3) enforcing his rights under this Agreement or any other agreement or under applicable law, the certificate of incorporation or the bylaws of the Company or any applicable Subsidiary now or hereafter in effect relating to indemnification for Proceedings and including, without limitation, claims for payment of Interim Expenses or for establishing a right to indemnification pursuant to Section 8.6; or
 - (4) in connection with his pursuing a recovery under the D&O Insurance.
- (n) “Interim Expenses” means Expenses incurred by Indemnitee in connection with any Proceeding in advance of the final disposition of the Proceeding.
- (o) “Loss” and “Losses” means any amount which Indemnitee incurs or becomes obligated to pay as a result of any Proceeding, including, without limitation:
- (1) all judgments, penalties and fines, and amounts paid or to be paid in settlement;
 - (2) all interest, assessments and other charges paid or payable in connection therewith; and
 - (3) any federal, state, local or foreign taxes imposed (net of the value to Indemnitee of any tax benefits resulting from tax deductions or otherwise as a result of the actual or deemed receipt of any payments under this Agreement).
- (p) “Officer” means an individual who is or was an officer of the Company and/or any Subsidiary. “Officer” includes, unless the context requires otherwise, the estate or personal representative of an officer.
- (q) “Party” includes an individual who was, is, or is threatened to be made, a named defendant or respondent in a Proceeding by reason of such individual’s Corporate Status or, in the case of a Spouse, that person’s status as a spouse of an Indemnitee.
- (r) “Person” means any individual or Entity.

- (s) “Proceeding” means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitral, or investigative, whether formal or informal, any appeal in such an action, suit, or proceeding, and any inquiry or investigation that could lead to such an action, suit, or proceeding, whether formal or informal including, without limitation, any Proceeding that in any way arises out of or is related to Indemnitee’s Corporate Status or, in the case of a Spouse, seeks damages recoverable from marital community property, jointly-owned property or property purported to have been transferred from Indemnitee to a Spouse.
- (t) “Special Legal Counsel” means a law firm or an attorney that:
- (1) neither is nor in the past five years has been retained to represent in any material matter the Company, any Subsidiary, Indemnitee, any other party to the Proceeding, or any of their respective Affiliates or Associates;
 - (2) under applicable standards of professional conduct then prevailing would not have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights to indemnification under this Agreement; and
 - (3) is reasonably acceptable to the Company and Indemnitee.
- (u) “Spouse” means any person to whom Indemnitee is legally married at any time Indemnitee is covered under the indemnification provided in this Agreement and includes a person to whom an Indemnitee did not remain married during the entire period of such coverage.
- (v) “Subsidiary” of a Person means any Entity at least fifty percent (50%) of the ownership interests having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries. Unless otherwise expressly provided, all references in this Agreement to a “Subsidiary” shall mean a Subsidiary of the Company.
- (w) “Trust” and “Trustee” shall have the respective meanings set forth in Section 9.
- (x) “Voting Securities” means any securities of the Company that vote generally in the election of Directors.

2. **INDEMNIFICATION.** Subject to the exclusions specified in Section 3 and to the procedure set forth in Sections 8.1 through 8.6 (and in addition to the obligation under Sections 7.1 and 7.2 to pay Interim Expenses), the Company shall indemnify and hold harmless Indemnitee against:

- (a) any Expenses; and
- (b) any Losses.

Notwithstanding any other provision of this Agreement or otherwise, to the extent that Indemnitee is a party to (or a participant in) and is successful, on the merits or otherwise, in the defense of any Proceeding or any claim, issue or matter therein, the Company shall indemnify Indemnitee against all Expenses and Losses actually and reasonably incurred by him or on his behalf in connection therewith. If Indemnitee is entitled under any provision of this Agreement to indemnification for some or a portion of any Expense or Loss, but not, however, for the total amount thereof, the Company nevertheless shall indemnify Indemnitee for the portion thereof to which he is entitled. For purposes of this Section 2 and without limitation:

- (a) the termination of any Proceeding or any claim, issue or matter in a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such Proceeding, claim, issue or matter;
- (b) the termination of a proceeding by a judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent is not, of itself, determinative that the Indemnitee did not act in good faith, did not meet a particular standard of conduct, did not have any particular belief, or that a court has determined that indemnification is not permitted by applicable law;
- (c) for purposes of any determination of good faith, the Indemnitee shall be presumed to have acted in good faith, if he relied on information, opinions, reports or statements, including financial statements or other financial data prepared or presented by one or more officers or employees of the Company whom the Indemnitee reasonably believed to be reliable and competent in the matters presented or by legal counsel, public accountants or other persons as to matters the Indemnitee reasonably believed were within the person's professional or expert competence; provided, however, the Indemnitee shall not be presumed to be acting in good faith, if he has actual knowledge concerning the matter in question that makes such reliance unwarranted; and
- (d) the Director shall be presumed to be entitled to indemnification, subject to the Company's ability to rebut such presumption.

3. **EXCLUSIONS.** The Company shall not be obligated to indemnify Indemnitee for Expenses or Losses under either Section 2(a) or 2(b):

- (a) to the extent such indemnification would reduce or eliminate any payments to or on behalf of Indemnitee under any D&O Insurance covering Indemnitee;
- (b) to the extent of any Expenses or Losses for which Director is indemnified pursuant to the certificate of incorporation or bylaws of the Company or any D&O Insurance carried by the Company;
- (c) on account of any claim against Indemnitee arising out of the trading of the Company's securities while possessing material non-public information or for profits arising from the purchase and sale by Indemnitee of securities in accordance with the provisions of § 16(b) of the Exchange Act or any similar provisions of any federal or state statutory law;

- (d) if a final judgment or other final adjudication by a court having jurisdiction in the matter shall determine that such indemnity is not lawful;
- (e) in respect of any Proceeding initiated by Indemnitee against the Company, any Subsidiary or any Director or Officer unless
 - (1) the Company has joined in or consented to the initiation of such Proceeding; or
 - (2) the Proceeding is for recovery of Expenses described in Section 1(m)(3) or Section 1(m)(4);
- (f) for any amounts paid in settlement of any Proceeding without the Company's prior written consent, which consent shall not be unreasonably withheld or delayed;
- (g) in connection with any Proceeding if it has been finally adjudicated by a court of competent jurisdiction that, in connection with the subject of the Proceeding out of which the claim for indemnification has arisen, Indemnitee:
 - (1) did not act in good faith and in a manner believed by him to be in or not opposed to the best interests of the Company; and
 - (2) in the case of any criminal Proceeding, failed to have reasonable cause to believe that his conduct was not unlawful; or
- (h) in connection with any Proceeding if it has been finally adjudicated by a court of competent jurisdiction that, in connection with the subject of the Proceeding out of which the claim for indemnification has arisen, Indemnitee is liable to the Company including, without limitation, a claim that Indemnitee received an improper personal benefit, unless the court of law or another court in which such Proceeding was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such Expenses or Losses which such court shall deem proper.

4. **EFFECT OF CERTAIN RESOLUTIONS.** Neither the settlement or termination of any Proceeding nor the failure of the Company to award indemnification or to determine that indemnification is payable shall create an adverse presumption that Indemnitee is not entitled to indemnification hereunder. To the maximum extent permitted by applicable law in making a determination with respect to entitlement to indemnification under this Agreement, it shall be presumed that Indemnitee is entitled to indemnification or payment under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 8.1; and the Company shall have the burden of proof to overcome that presumption in connection with the making of any determination pursuant to either of Sections 8.2 or 8.3 that is contrary to that presumption. In addition, the termination of any Proceeding by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not affect adversely either the right of Indemnitee to indemnification under this Agreement or the presumptions to which Indemnitee is otherwise entitled pursuant to the provisions

of this Agreement nor create a presumption that Indemnitee did not meet any particular standard of conduct or have a particular belief or that a court has determined that indemnification is not permitted by applicable law. If Indemnitee is serving an employee benefit plan at the request of the Company or a Subsidiary, Indemnitee's conduct with respect to the plan for a purpose he reasonably believed to be in the best interests of the participants in, and the beneficiaries of, the plan shall be deemed to be not opposed to the best interests of the Company or the Subsidiary.

5. **D&O INSURANCE.**

5.1 The Company presently has in force and effect policies of D&O Insurance with such insurance companies, and having the policy numbers, amounts and deductibles as follows:

Insurer	Policy No.	Limit	Retention

Copies of such policies are available for inspection by Indemnitee at the Company's principal executive offices.

5.2 The Company covenants and agrees that, subject only to the provisions of Section 5.3, the Company shall maintain D&O Insurance providing, in all respects, coverage at least comparable and in the same amount as the D&O Insurance specified in Section 5.1 for so long as Indemnitee shall continue to serve as a Director or Officer, and thereafter so long as Indemnitee shall be subject to any possible Proceeding.

5.3 The Company shall have no obligation under Section 5.2 to maintain D&O Insurance if a majority of the Company's independent (non-employee) directors determines in good faith, as a matter of reasonable business judgment, that such insurance is not reasonably available, the premium cost for such insurance is substantially disproportionate to the amount of coverage provided, or the coverage provided by such insurance is so limited by exclusions as to provide an insufficient benefit. The Company shall promptly inform Indemnitee in writing of such determination.

5.4 The Company's indemnification obligation to Indemnitee under this Agreement shall not be affected by any reduction in, or cancellation of, the D&O Insurance (whether voluntary or involuntary on behalf of the Company).

6. **NOTIFICATION AND DEFENSE OF CLAIMS.**

6.1 Indemnitee shall give notice in writing to the Company as soon as practicable after Indemnitee becomes aware of any Proceeding with respect to which indemnification will or could be sought under this Agreement; provided that Indemnitee's failure to provide prompt notice of such claim for indemnification to the Company shall not relieve the Company of its indemnification obligations hereunder unless such delay in notification to the Company has resulted in prejudice to the Company in the Proceeding; and provided further, that the failure of Indemnitee to give such

notice shall not relieve the Company of any obligations it may have to Indemnitee otherwise than under this Agreement.

6.2 In the event any Proceeding is by or in the right of the Company or any Subsidiary, Indemnitee may, at the option of Indemnitee, either control the defense thereof or accept the defense provided under the D&O Insurance; provided, however, that Indemnitee may not control the defense if such decision would affect the coverage provided by the D&O Insurance, if any, to Indemnitee, the Company, any Subsidiary or the other Directors and Officers covered thereby. The Company shall not be entitled to assume the defense of any Proceeding brought by or in the right of the Company or any Subsidiary.

6.3 In the event any Proceeding is other than by or in the right of the Company or any Subsidiary, the Company shall be entitled to participate therein at its own expense. Except as otherwise provided below, at the option of the Company, the Company, alone or jointly with any other notified indemnifying party, shall be entitled to assume the defense of any such Proceeding of which Indemnitee notifies the Company, with counsel mutually acceptable to the Company and to Indemnitee. After notice from the Company to Indemnitee of the Company's decision to assume the defense in any Proceeding, the Company shall not be liable to Indemnitee under this Agreement for any Expenses subsequently incurred by Indemnitee in connection with the defense of the Proceeding other than reasonable costs of investigation, travel expenses or as otherwise provided below. Indemnitee shall have the right to employ counsel in such Proceeding but the Expenses in connection with employment of such counsel shall be paid by Indemnitee unless:

- (a) the employment of such counsel by Indemnitee has been authorized by the Company;
- (b) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of the defense of such Proceeding; or
- (c) the Company shall not within sixty (60) days after Indemnitee has provided the Company notice of a Proceeding in fact have employed counsel to assume the defense of such Proceeding;

in each of which cases the Expenses in connection with such Proceeding shall be paid by the Company. The Company shall not be entitled to assume the defense of any Proceeding as to which Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the course of defense of such Proceeding.

6.4 In no event shall the Company authorize any settlement imposing any liability or other obligations on Indemnitee without the express prior written consent of Indemnitee.

7. **INTERIM EXPENSES.**

7.1 The Company shall advance Interim Expenses incurred by Indemnitee. By signing below, Indemnitee hereby undertakes to repay any amounts advanced pursuant to this Section 7.1 if it is ultimately determined by a court of competent jurisdiction that Indemnitee is not entitled to indemnification pursuant to this Agreement. To obtain payment of Interim Expenses under this

Agreement, Indemnitee shall submit to the Company a written request for payment, together with such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to such advancement. Indemnitee must also furnish to the Company a written affirmation of his good faith belief that:

- (a) he has conducted himself in good faith and that he reasonably believed that
 - (1) in the case of conduct in his Corporate Status, that his conduct was in the Company's or such Subsidiary's best interests;
 - (2) in all other cases, his conduct was at least not opposed to the Company's or such Subsidiary's best interests; and
 - (3) in the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful, or
- (b) the Proceeding involves conduct for which liability has been eliminated under a provision of the applicable certificate of incorporation, as authorized by applicable law.

7.2 Payment of Interim Expenses shall be made without regard to Indemnitee's ability to repay the advance and without regard to Indemnitee's ultimate entitlement to indemnification under the provisions of this Agreement. Indemnitee's obligation to repay the Company for advances shall be unsecured and no interest shall be charged thereon. Requests for payment of Interim Expenses in accordance with Section 7.1 shall be paid by the Company no later than thirty (30) days following any such request.

8. DETERMINATIONS AND PAYMENTS OF INDEMNIFICATION.

8.1 To obtain indemnification under Section 2, Indemnitee shall submit to the Company a written request, together with such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification.

8.2 Prior to the occurrence of any Change in Control, the Person or Persons who shall determine whether and to what extent Indemnitee is entitled to indemnification (the "Reviewing Party") shall be

- (a) if there are two (2) or more Disinterested Directors, the Board, which may act by a majority vote of all the Disinterested Directors, or by a majority of the members of a committee composed of two (2) or more Disinterested Directors appointed by such a vote; or
- (b) Special Legal Counsel selected either:
 - (1) if there are fewer than two (2) Disinterested Directors, by the Board, in which selection Directors who do not qualify as Disinterested Directors may participate;

- (2) by a majority vote of Disinterested Directors; or
- (3) by the shareholders of the Company (if submitted by the Board) but Voting Securities under the Control of any Indemnitee who is at the time a Party may not be voted.

The Company shall notify Indemnitee in writing no later than two (2) business days following any determination with respect to the extent of entitlement to indemnification under this Agreement.

8.3 After the occurrence of a Change in Control, the Reviewing Party shall be Special Legal Counsel selected in the manner set forth in Section 8.2(b) and approved by Indemnitee (which approval shall not be unreasonably withheld). With respect to all matters arising after a Change in Control concerning the rights of Indemnitee to indemnification under this Agreement (including the determinations required in the context of Section 9) or any other agreement or under applicable law, the certificate of incorporation or the by-laws of the Company or any applicable Subsidiary now or hereafter in effect relating to indemnification for Proceedings, the Company shall seek legal advice only from such Special Legal Counsel. Such Special Legal Counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent Indemnitee should be permitted to be indemnified under applicable law. The Company agrees to pay the reasonable fees of such Special Legal Counsel and indemnify fully such Special Legal Counsel against any and all expenses (including attorneys' fees), claims, liabilities, loss, and damages arising out of or relating to this Agreement or the engagement of such Special Legal Counsel pursuant hereto.

8.4 If a determination is made, in accordance with Section 8.2 or 8.3, that Indemnitee is entitled to all or a portion of the requested indemnification, payment to Indemnitee shall be made within thirty (30) days after such determination.

8.5 In the event that no determination of entitlement to indemnification shall have been made within sixty (60) days after Indemnitee has made a request in accordance with Section 8.1, the Indemnitee shall be deemed entitled to such indemnification, absent actual fraud in the request for indemnification or a prohibition of indemnification under applicable law; provided, however, such sixty-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person or persons making the determination decide in good faith that additional time is required for obtaining or evaluating documentation or other relevant information.

8.6 In the event that either:

- (a) payment of indemnification pursuant to Section 8.4 is not made within thirty (30) days after a determination has been made that Indemnitee is entitled to indemnification;
- (b) payment of indemnification pursuant to Section 8.5 is not made within thirty (30) days after Indemnitee is deemed to be entitled to indemnification in accordance with the provisions thereof;

- (c) it is determined pursuant to Section 8.2 or 8.3 that Indemnitee is not entitled to indemnification under this Agreement or is only entitled to a portion of such indemnification; or
- (d) Indemnitee has not received advancement of Interim Expenses within thirty (30) days after making such a request in accordance with Section 7.1;

Indemnitee shall have the right to enforce the indemnification rights under this Agreement by commencing litigation in any court of competent jurisdiction in the State of Delaware seeking payment of indemnification or challenging any determination made in accordance with Section 8.2 or 8.3 or any aspect thereof. Any determination made in accordance with Section 8.2 or 8.3 not challenged by Indemnitee on or before the first anniversary of the date of the determination shall be binding on the Company and Indemnitee. The remedy provided for in this Section 8.6 shall be in addition to any other remedies available to Indemnitee in law or equity.

9. **ESTABLISHMENT OF TRUST.** After the occurrence of a Change in Control, upon the request of Indemnitee, the Company shall create a trust (the "Trust") for the benefit of Indemnitee and from time to time, when requested by Indemnitee, shall fund the Trust in an amount sufficient to satisfy any and all Interim Expenses and Expenses reasonably anticipated to be incurred in connection with investigating, preparing for, participating in, and/or defending any Proceeding. The amount or amounts to be deposited in the Trust pursuant to the foregoing funding obligation shall be determined by Special Legal Counsel. In making such determination, the Special Legal Counsel shall consider, among other things, any continuing availability of D&O Insurance as a source to pay such Interim Expenses and Expenses. The terms of the Trust shall provide that

- (a) the Trust shall not be revoked or the principal thereof invaded, without the written consent of Indemnitee;
- (b) the Trustee shall advance, within thirty (30) days of a request by Indemnitee, any and all Interim Expenses to Indemnitee (and Indemnitee hereby agrees to repay the Trust under the same circumstances for which Indemnitee would be required to repay the Company under Section 7.1);
- (c) the Trust shall continue to be funded by the Company in accordance with the funding obligation set forth above;
- (d) the Trustee shall promptly pay to Indemnitee all amounts for which Indemnitee shall be entitled to indemnification under Section 2 and/or Section 8.3 of this Agreement; and
- (e) all unexpended funds in the Trust shall revert to the Company upon a final determination by Special Legal Counsel or a court of competent jurisdiction, as the case may be, that Indemnitee has been fully indemnified under the terms of this Agreement and that, as a matter of law, no further Proceedings may be instituted against Indemnitee with respect to which Indemnitee may be entitled to indemnification under this Agreement.

The trustee (the "Trustee") shall be a bank or trust company chosen by the Company and reasonably satisfactory to Indemnitee. Nothing in this Section 9 shall relieve the Company of any of its obligations under this Agreement. All income earned on the assets in the Trust shall be reported as income by the Company for federal, state, local, and foreign tax purposes. The Company shall pay all costs of establishing and maintaining the Trust and shall indemnify the Trustee against any and all expenses (including attorneys' fees), claims, liabilities, loss, and damages arising out of or relating to this Agreement or the establishment and maintenance of the Trust.

10. **COOPERATION; SUBROGATION.** Indemnitee shall keep the Company generally informed of, and shall consult with the Company with respect to, the status of any Proceeding for which Indemnitee is claiming indemnity under this Agreement. In addition, Indemnitee agrees to give the Company such information and cooperation as the Company may reasonably require and as shall be within Indemnitee's power regarding any Proceeding, which is or may be subject to this Agreement. In the event of any payment under this Agreement to or on behalf of Indemnitee, the Company shall be subrogated to the extent of such payment to all of the rights of recovery in Indemnitee against any Person other than the Company or Indemnitee in respect of the Proceeding giving rise to such payment. Indemnitee shall execute all papers reasonably required and shall do everything reasonably necessary to secure such rights, including the execution of such documents reasonably necessary to enable the Company effectively to bring suit to enforce such rights.

11. **CONTINUATION OF INDEMNITY.** All agreements and obligations of the Company contained in this Agreement shall continue during the period Indemnitee is a Director or Officer and shall continue thereafter, even though Indemnitee may have terminated his service as a Director or Officer of the Company, so long as Indemnitee shall be subject to any threatened, pending or completed Proceeding by reason of Indemnitee's Corporate Status.

12. **RELIANCE.** The Company has entered into this Agreement in order to induce Indemnitee to continue as a member of the Board, and acknowledges that Indemnitee is relying upon this Agreement in continuing in such capacity.

13. **SEVERABILITY.** Each of the provisions of this Agreement is a separate and distinct agreement and independent of the others, so that if any provision of this Agreement shall be held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect the validity or enforceability of this Agreement's other provisions. To the extent permitted by law, the parties waive any provision of law, which renders any such provision prohibited or unenforceable in any respect.

14. **CONTRACT RIGHTS NOT EXCLUSIVE.** The contract rights conferred by this Agreement are in addition to, but not exclusive of, any other right which Indemnitee may have or may hereafter acquire under any statute, the certificate of incorporation or the bylaws of the Company, or any agreement, vote of stockholders or disinterested directors, or otherwise. The rights granted in this Agreement supersede any similar right granted under any previous written agreement between the Company and Indemnitee with respect to the subject matter of this Agreement.

15. **EFFECT OF CHANGES IN LAW OR CORPORATE DOCUMENTS.** No changes in the law and no amendment to the certificate of incorporation or the bylaws of the Company after the date of this Agreement shall have the effect of limiting or eliminating the indemnification available under this Agreement as to any act or omission which has occurred, or capacity in which Indemnatee served, prior to such amendment. If, after the date of this Agreement, any change in any applicable law, statute, or rule expands the power of the Company to indemnify a person based on such person's Corporate Status, Indemnatee's rights and the Company's obligations under this Agreement shall be expanded, without any action by Indemnatee or the Company, to include such change. If any change in any applicable law, statute, or rule narrows the right of the Company to indemnify a person based on such person's Corporate Status, such change, except to the extent otherwise required by law, shall have no effect on this Agreement or the parties' rights or obligations hereunder.

16. **SPOUSAL INDEMNIFICATION.** Subject to the same standards, limitations, obligations and conditions under which indemnification is provided to an Indemnatee under this Agreement, the Company shall indemnify a Spouse who is or is threatened to be made a Party to a Proceeding solely by reason of his or her status as Indemnatee's spouse. A Spouse also may be entitled to advancement of Expenses to the same extent that Indemnatee is entitled to advancement of Expenses herein.

17. **SUCCESSORS AND ASSIGNS.** This Agreement shall be binding upon the Company and its successors and assigns, including, without limitation, any corporation or other entity which may have acquired all or substantially all of the Company's assets or business or into which the Company may be consolidated or merged, and shall inure to the benefit of Indemnatee and his/her spouse, successors, assigns, heirs, devisees, executors, administrators or other legal representatives. The Company shall require any successor or assignee (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by written agreement in form and substance reasonably satisfactory to the Company and Indemnatee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession or assignment had taken place.

18. **MISCELLANEOUS.**

- (a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to its conflicts of law principles thereof.
- (b) As herein used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders, unless the context would clearly not admit such construction. Section or paragraph headings are employed herein solely for convenience of reference, and such headings shall not be used in construing any term or provision of this Agreement. All references herein to "section" or "paragraph" shall mean the appropriate numbered section or paragraph of this Agreement except where reference is particularly made to some other instrument or document.

- (c) All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, effective when delivered, or if delivered by express delivery service, effective when delivered, or if delivered via facsimile, effective when such facsimile transmission is sent (with a confirmed receipt thereof) or if mailed by registered or certified mail (return receipt requested), effective three (3) business days after mailing, to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to the Company:

Prestige Brands Holdings, Inc.
Attn: Chief Executive Officer
90 N. Broadway
Irvington, New York 10533
Facsimile No.: (914) 524-7401

With a copy to:

Prestige Brands Holdings, Inc.
Attn: General Counsel
90 N. Broadway
Irvington, New York 10533
Facsimile No.: (914) 524-7488

If to Indemnitee:

- (d) Except as provided in Section 15 of this Agreement, no amendment, modification or termination of this Agreement shall be effective unless in writing signed by both parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement (whether or not similar), nor shall such waiver constitute a continuing waiver.
- (e) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on and as of the day and year first above written.

PRESTIGE BRANDS HOLDINGS,
INC.

By: _____
Name:
Title:

[NAME], Director

INDEMNIFICATION AGREEMENT

THIS AGREEMENT (the "Agreement") is made on this ___ day of May, 2009 between Prestige Brands Holdings, Inc., a Delaware corporation (the "Company"), and [Name] ("Indemnitee"):

WITNESSETH:

WHEREAS, Indemnitee is an officer the Company and in such capacity performs a valuable service for the Company; and

WHEREAS, the Company's certificate of incorporation authorizes the Company to indemnify its officers and directors to the fullest extent authorized by the Delaware General Corporation Law (the "Statute"); and

WHEREAS, the Statute specifically provides that the indemnification provided thereunder is not exclusive of any other rights in respect to indemnification to which those seeking indemnification may be entitled; and

WHEREAS, the Statute contemplates that agreements may be entered into between the Company and each of its officers with respect to indemnification; and

WHEREAS, in order to enhance Indemnitee's continued and effective service to the Company, and in order to induce Indemnitee to provide continued services to the Company as an officer, the Company wishes to enter into this Agreement relating to the indemnification of, and the advancement of expenses to, Indemnitee as well as to provide coverage to Indemnitee under the Company's directors' and officers' liability insurance policies (the "D&O Insurance").

NOW, THEREFORE, in consideration of Indemnitee's continued service as an officer of the Company, the parties hereby, agree as follows:

1. **DEFINITIONS.** In addition to other terms defined and used in this Agreement, the following capitalized terms when used in this Agreement shall have the following meanings:

- (a) "Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control," when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.
 - (b) "Associate" shall have the meaning ascribed to such term in Exchange Act Rule 12b-2.
 - (c) "Beneficial Owner" shall have the meaning ascribed to such term, and be determined in the manner set forth, in Exchange Act Rule 13d-3.
-

- (d) “Board” means the Board of Directors of the Company.
- (e) “Change in Control” means the earliest of the following to occur:
- (1) the public announcement by the Company or by any Person (which shall not include the Company, any Subsidiary or any employee benefit plan of the Company or of any Subsidiary) (the “Announcing Person”) that the Announcing Person, together with the Acquiring Person’s Affiliates and Associates, is the Beneficial Owner of fifteen percent (15%) or more of the then outstanding Voting Securities;
 - (2) the commencement of, or after the first public announcement of any Announcing Person of an intention to commence, a tender or exchange offer, the consummation of which would result in any Announcing Person becoming the Beneficial Owner of thirty percent (30%) or more of the then outstanding Voting Securities;
 - (3) the announcement of any transaction relating to the Company that would be required to be described pursuant to the requirements of Item 5.01 of a Current Report on Form 8-K under the Exchange Act;
 - (4) a proposed change in the membership of the Board such that, during any period of twenty-four (24) consecutive months, individuals who at the beginning of such period constitute the Board cease for any reason to constitute at least a majority thereof, unless the election or nomination for election by the shareholders of the Company of each new Director was approved by a vote of at least two-thirds (2/3) of the Directors then still in office who were members of the Board at the beginning of the twenty-four (24) month period;
 - (5) the Company enters into an agreement of merger, consolidation, share exchange or similar transaction with any other Person other than a transaction which could result in the Voting Securities outstanding immediately prior to the consummation of such transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving Person) at least two-thirds of the combined voting power of the Company’s or such surviving Person’s outstanding voting stock immediately after such transaction;
 - (6) the Board approves a plan of liquidation or dissolution of the Company or an agreement for the sale or disposition by the Company (in one transaction or a series of transactions) of all or substantially all of the Company’s assets to a Person that is not an Affiliate of the Company; or
 - (7) any other event which shall be deemed by a majority of the Board to constitute a “Change in Control.”

- (f) “Corporate Status” describes the status of an individual who is or was a Director (including corresponding service as an Officer) or an Officer of the Company or a director, officer, partner, trustee, employee or agent of any other Person at the request of the Company. For the purposes of this Agreement, if an Indemnitee serves as a director of a subsidiary, whether or not wholly-owned, of the Company, he does so at the request of the Company.
- (g) “Company” has the meaning ascribed to such term in the preamble and also includes, without limitation, any Entity that is the successor entity to the Company by merger, combination, consolidation, or other transaction in which the separate existence of the Company ceases.
- (h) “D&O Insurance” means the directors’ and officers’ liability insurance issued by the insurers, and having the policy numbers, amounts and deductibles set forth in Section 5.1 and any replacement or substitute policy or policies issued by one or more reputable insurers, providing, in the aggregate, at all times and in all respects, coverage at least comparable and in the same amount as that provided under the policies identified in Section 5.1.
- (i) “Director” means an individual who is or was a member of the Board and includes, unless the context requires otherwise, the estate or personal representative of a Director.
- (j) “Disinterested Director” means a Director, who at the time of any vote referred to in Section 8.2, Section 8.3 or Section 9, is not:
- (1) A party to the Proceeding giving rise to the subject matter of the decision being made; or
 - (2) An individual having a familial, financial, professional or employment relationship with Indemnitee whose indemnification or advance for Expenses is the subject of the decision being made, which relationship would, in the circumstances, reasonably be expected to exert an influence on such Director’s judgment when voting on the decision being made.
- (k) “Entity” means a corporation (including any Subsidiary), partnership, limited liability company, joint venture, joint-stock corporation, trust, employee benefit plan, association, foundation, organization, or other enterprise or legal entity, unincorporated organization or government (or any subdivision, department, commission or agency thereof).
- (l) “Exchange Act” means the Securities Exchange Act of 1934, as amended.
- (m) “Expenses” includes, without limitation, attorneys’ fees and retainers, court costs, transcript costs, fees of experts and vendors (e.g., electronically stored information providers), travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and other disbursements or expenses of the

types customarily incurred in connection with a Proceeding that are actually and reasonably incurred by Indemnitee:

- (1) by reason of his being a Party or in connection with the defense or settlement of a Proceeding;
 - (2) in connection with a Proceeding for which Indemnitee is requested or subpoenaed to appear as a witness;
 - (3) enforcing his rights under this Agreement or any other agreement or under applicable law, the certificate of incorporation or the bylaws of the Company or any applicable Subsidiary now or hereafter in effect relating to indemnification for Proceedings and including, without limitation, claims for payment of Interim Expenses or for establishing a right to indemnification pursuant to Section 8.6; or
 - (4) in connection with his pursuing a recovery under the D&O Insurance.
- (n) “Interim Expenses” means Expenses incurred by Indemnitee in connection with any Proceeding in advance of the final disposition of the Proceeding.
- (o) “Loss” and “Losses” means any amount which Indemnitee incurs or becomes obligated to pay as a result of any Proceeding, including, without limitation:
- (1) all judgments, penalties and fines, and amounts paid or to be paid in settlement;
 - (2) all interest, assessments and other charges paid or payable in connection therewith; and
 - (3) any federal, state, local or foreign taxes imposed (net of the value to Indemnitee of any tax benefits resulting from tax deductions or otherwise as a result of the actual or deemed receipt of any payments under this Agreement).
- (p) “Officer” means an individual who is or was an officer of the Company and/or any Subsidiary. “Officer” includes, unless the context requires otherwise, the estate or personal representative of an officer.
- (q) “Party” includes an individual who was, is, or is threatened to be made, a named defendant or respondent in a Proceeding by reason of such individual’s Corporate Status or, in the case of a Spouse, that person’s status as a spouse of an Indemnitee.
- (r) “Person” means any individual or Entity.
- (s) “Proceeding” means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitative, or investigative, whether formal or informal, any appeal in such an action, suit, or proceeding, and

any inquiry or investigation that could lead to such an action, suit, or proceeding, whether formal or informal including, without limitation, any Proceeding that in any way arises out of or is related to Indemnitee's Corporate Status or, in the case of a Spouse, seeks damages recoverable from marital community property, jointly-owned property or property purported to have been transferred from Indemnitee to a Spouse.

- (t) "Special Legal Counsel" means a law firm or an attorney that:
 - (1) neither is nor in the past five years has been retained to represent in any material matter the Company, any Subsidiary, Indemnitee, any other party to the Proceeding, or any of their respective Affiliates or Associates;
 - (2) under applicable standards of professional conduct then prevailing would not have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights to indemnification under this Agreement; and
 - (3) is reasonably acceptable to the Company and Indemnitee.
- (u) "Spouse" means any person to whom Indemnitee is legally married at any time Indemnitee is covered under the indemnification provided in this Agreement and includes a person to whom an Indemnitee did not remain married during the entire period of such coverage.
- (v) "Subsidiary" of a Person means any Entity at least fifty percent (50%) of the ownership interests having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries. Unless otherwise expressly provided, all references in this Agreement to a "Subsidiary" shall mean a Subsidiary of the Company.
- (w) "Trust" and "Trustee" shall have the respective meanings set forth in Section 9.
- (x) "Voting Securities" means any securities of the Company that vote generally in the election of Directors.

2. **INDEMNIFICATION.** Subject to the exclusions specified in Section 3 and to the procedure set forth in Sections 8.1 through 8.6 (and in addition to the obligation under Sections 7.1 and 7.2 to pay Interim Expenses), the Company shall indemnify and hold harmless Indemnitee against:

- (a) any Expenses; and
- (b) any Losses.

Notwithstanding any other provision of this Agreement or otherwise, to the extent that Indemnitee is a party to (or a participant in) and is successful, on the merits or otherwise, in the defense of any

Proceeding or any claim, issue or matter therein, the Company shall indemnify Indemnitee against all Expenses and Losses actually and reasonably incurred by him or on his behalf in connection therewith. If Indemnitee is entitled under any provision of this Agreement to indemnification for some or a portion of any Expense or Loss, but not, however, for the total amount thereof, the Company nevertheless shall indemnify Indemnitee for the portion thereof to which he is entitled. For purposes of this Section 2 and without limitation:

- (a) the termination of any Proceeding or any claim, issue or matter in a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such Proceeding, claim, issue or matter;
- (b) the termination of a proceeding by a judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent is not, of itself, determinative that the Indemnitee did not act in good faith, did not meet a particular standard of conduct, did not have any particular belief, or that a court has determined that indemnification is not permitted by applicable law;
- (c) for purposes of any determination of good faith, the Indemnitee shall be presumed to have acted in good faith, if he relied on information, opinions, reports or statements, including financial statements or other financial data prepared or presented by one or more officers or employees of the Company whom the Indemnitee reasonably believed to be reliable and competent in the matters presented or by legal counsel, public accountants or other persons as to matters the Indemnitee reasonably believed were within the person's professional or expert competence; provided, however, the Indemnitee shall not be presumed to be acting in good faith, if he has actual knowledge concerning the matter in question that makes such reliance unwarranted; and
- (d) the Officer shall be presumed to be entitled to indemnification, subject to the Company's ability to rebut such presumption.

3. **EXCLUSIONS.** The Company shall not be obligated to indemnify Indemnitee for Expenses or Losses under either Section 2(a) or 2(b):

- (a) to the extent such indemnification would reduce or eliminate any payments to or on behalf of Indemnitee under any D&O Insurance covering Indemnitee;
- (b) to the extent of any Expenses or Losses for which Officer is indemnified pursuant to the certificate of incorporation or bylaws of the Company or any D&O Insurance carried by the Company;
- (c) on account of any claim against Indemnitee arising out of the trading of the Company's securities while possessing material non-public information or for profits arising from the purchase and sale by Indemnitee of securities in accordance with the provisions of § 16(b) of the Exchange Act or any similar provisions of any federal or state statutory law;

- (d) if a final judgment or other final adjudication by a court having jurisdiction in the matter shall determine that such indemnity is not lawful;
- (e) in respect of any Proceeding initiated by Indemnitee against the Company, any Subsidiary or any Director or Officer unless
 - (1) the Company has joined in or consented to the initiation of such Proceeding; or
 - (2) the Proceeding is for recovery of Expenses described in Section 1(m)(3) or Section 1(m)(4);
- (f) for any amounts paid in settlement of any Proceeding without the Company's prior written consent, which consent shall not be unreasonably withheld or delayed;
- (g) in connection with any Proceeding if it has been finally adjudicated by a court of competent jurisdiction that, in connection with the subject of the Proceeding out of which the claim for indemnification has arisen, Indemnitee:
 - (1) did not act in good faith and in a manner believed by him to be in or not opposed to the best interests of the Company; and
 - (2) in the case of any criminal Proceeding, failed to have reasonable cause to believe that his conduct was not unlawful; or
- (h) in connection with any Proceeding if it has been finally adjudicated by a court of competent jurisdiction that, in connection with the subject of the Proceeding out of which the claim for indemnification has arisen, Indemnitee is liable to the Company including, without limitation, a claim that Indemnitee received an improper personal benefit, unless the court of law or another court in which such Proceeding was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such Expenses or Losses which such court shall deem proper.

4. **EFFECT OF CERTAIN RESOLUTIONS.** Neither the settlement or termination of any Proceeding nor the failure of the Company to award indemnification or to determine that indemnification is payable shall create an adverse presumption that Indemnitee is not entitled to indemnification hereunder. To the maximum extent permitted by applicable law in making a determination with respect to entitlement to indemnification under this Agreement, it shall be presumed that Indemnitee is entitled to indemnification or payment under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 8.1; and the Company shall have the burden of proof to overcome that presumption in connection with the making of any determination pursuant to either of Sections 8.2 or 8.3 that is contrary to that presumption. In addition, the termination of any Proceeding by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not affect adversely either the right of Indemnitee to indemnification under this Agreement or the presumptions to which Indemnitee is otherwise entitled pursuant to the provisions

6.1 Indemnitee shall give notice in writing to the Company as soon as practicable after Indemnitee becomes aware of any Proceeding with respect to which indemnification will or could be sought under this Agreement; provided that Indemnitee's failure to provide prompt notice of such claim for indemnification to the Company shall not relieve the Company of its indemnification obligations hereunder unless such delay in notification to the Company has resulted in prejudice to the Company in the Proceeding; and provided further, that the failure of Indemnitee to give such notice shall not relieve the Company of any obligations it may have to Indemnitee otherwise than under this Agreement.

6.2 In the event any Proceeding is by or in the right of the Company or any Subsidiary, Indemnitee may, at the option of Indemnitee, either control the defense thereof or accept the defense provided under the D&O Insurance; provided, however, that Indemnitee may not control the defense if such decision would affect the coverage provided by the D&O Insurance, if any, to Indemnitee, the Company, any Subsidiary or the other Directors and Officers covered thereby. The Company shall not be entitled to assume the defense of any Proceeding brought by or in the right of the Company or any Subsidiary.

6.3 In the event any Proceeding is other than by or in the right of the Company or any Subsidiary, the Company shall be entitled to participate therein at its own expense. Except as otherwise provided below, at the option of the Company, the Company, alone or jointly with any other notified indemnifying party, shall be entitled to assume the defense of any such Proceeding of which Indemnitee notifies the Company, with counsel mutually acceptable to the Company and to Indemnitee. After notice from the Company to Indemnitee of the Company's decision to assume the defense in any Proceeding, the Company shall not be liable to Indemnitee under this Agreement for any Expenses subsequently incurred by Indemnitee in connection with the defense of the Proceeding other than reasonable costs of investigation, travel expenses or as otherwise provided below. Indemnitee shall have the right to employ counsel in such Proceeding but the Expenses in connection with employment of such counsel shall be paid by Indemnitee unless:

- (a) the employment of such counsel by Indemnitee has been authorized by the Company;
- (b) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of the defense of such Proceeding; or
- (c) the Company shall not within sixty (60) days after Indemnitee has provided the Company notice of a Proceeding in fact have employed counsel to assume the defense of such Proceeding;

in each of which cases the Expenses in connection with such Proceeding shall be paid by the Company. The Company shall not be entitled to assume the defense of any Proceeding as to which Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the course of defense of such Proceeding.

6.4 In no event shall the Company authorize any settlement imposing any liability or other obligations on Indemnitee without the express prior written consent of Indemnitee.

7. **INTERIM EXPENSES.**

7.1 The Company shall advance Interim Expenses incurred by Indemnitee. By signing below, Indemnitee hereby undertakes to repay any amounts advanced pursuant to this Section 7.1 if it is ultimately determined by a court of competent jurisdiction that Indemnitee is not entitled to indemnification pursuant to this Agreement. To obtain payment of Interim Expenses under this Agreement, Indemnitee shall submit to the Company a written request for payment, together with such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to such advancement. Indemnitee must also furnish to the Company a written affirmation of his good faith belief that he has conducted himself in good faith and that he reasonably believed that:

- (1) in the case of conduct in his Corporate Status, that his conduct was in the Company's or such Subsidiary's best interests;
- (2) in all other cases, his conduct was at least not opposed to the Company's or such Subsidiary's best interests; and
- (3) in the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful.

7.2 Payment of Interim Expenses shall be made without regard to Indemnitee's ability to repay the advance and without regard to Indemnitee's ultimate entitlement to indemnification under the provisions of this Agreement. Indemnitee's obligation to repay the Company for advances shall be unsecured and no interest shall be charged thereon. Requests for payment of Interim Expenses in accordance with Section 7.1 shall be paid by the Company no later than thirty (30) days following any such request.

8. **DETERMINATIONS AND PAYMENTS OF INDEMNIFICATION.**

8.1 To obtain indemnification under Section 2, Indemnitee shall submit to the Company a written request, together with such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification.

8.2 Prior to the occurrence of any Change in Control, the Person or Persons who shall determine whether and to what extent Indemnitee is entitled to indemnification (the "Reviewing Party") shall be

- (a) if there are two (2) or more Disinterested Directors, the Board, which may act by a majority vote of all the Disinterested Directors, or by a majority of the members of a committee composed of two (2) or more Disinterested Directors appointed by such a vote; or
- (b) Special Legal Counsel selected either:

- (1) if there are fewer than two (2) Disinterested Directors, by the Board, in which selection Directors who do not qualify as Disinterested Directors may participate;
- (2) by a majority vote of Disinterested Directors; or
- (3) by the shareholders of the Company (if submitted by the Board) but Voting Securities under the Control of any Indemnitee who is at the time a Party may not be voted.

The Company shall notify Indemnitee in writing no later than two (2) business days following any determination with respect to the extent of entitlement to indemnification under this Agreement.

8.3 After the occurrence of a Change in Control, the Reviewing Party shall be Special Legal Counsel selected in the manner set forth in Section 8.2(b) and approved by Indemnitee (which approval shall not be unreasonably withheld). With respect to all matters arising after a Change in Control concerning the rights of Indemnitee to indemnification under this Agreement (including the determinations required in the context of Section 9) or any other agreement or under applicable law, the certificate of incorporation or the by-laws of the Company or any applicable Subsidiary now or hereafter in effect relating to indemnification for Proceedings, the Company shall seek legal advice only from such Special Legal Counsel. Such Special Legal Counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent Indemnitee should be permitted to be indemnified under applicable law. The Company agrees to pay the reasonable fees of such Special Legal Counsel and indemnify fully such Special Legal Counsel against any and all expenses (including attorneys' fees), claims, liabilities, loss, and damages arising out of or relating to this Agreement or the engagement of such Special Legal Counsel pursuant hereto.

8.4 If a determination is made, in accordance with Section 8.2 or 8.3, that Indemnitee is entitled to all or a portion of the requested indemnification, payment to Indemnitee shall be made within thirty (30) days after such determination.

8.5 In the event that no determination of entitlement to indemnification shall have been made within sixty (60) days after Indemnitee has made a request in accordance with Section 8.1, the Indemnitee shall be deemed entitled to such indemnification, absent actual fraud in the request for indemnification or a prohibition of indemnification under applicable law; provided, however, such sixty-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person or persons making the determination decide in good faith that additional time is required for obtaining or evaluating documentation or other relevant information.

8.6 In the event that either:

- (a) payment of indemnification pursuant to Section 8.4 is not made within thirty (30) days after a determination has been made that Indemnitee is entitled to indemnification;

- (b) payment of indemnification pursuant to Section 8.5 is not made within thirty (30) days after Indemnitee is deemed to be entitled to indemnification in accordance with the provisions thereof;
- (c) it is determined pursuant to Section 8.2 or 8.3 that Indemnitee is not entitled to indemnification under this Agreement or is only entitled to a portion of such indemnification; or
- (d) Indemnitee has not received advancement of Interim Expenses within thirty (30) days after making such a request in accordance with Section 7.1;

Indemnitee shall have the right to enforce the indemnification rights under this Agreement by commencing litigation in any court of competent jurisdiction in the State of Delaware seeking payment of indemnification or challenging any determination made in accordance with Section 8.2 or 8.3 or any aspect thereof. Any determination made in accordance with Section 8.2 or 8.3 not challenged by Indemnitee on or before the first anniversary of the date of the determination shall be binding on the Company and Indemnitee. The remedy provided for in this Section 8.6 shall be in addition to any other remedies available to Indemnitee in law or equity.

9. **ESTABLISHMENT OF TRUST.** After the occurrence of a Change in Control, upon the request of Indemnitee, the Company shall create a trust (the "**Trust**") for the benefit of Indemnitee and from time to time, when requested by Indemnitee, shall fund the Trust in an amount sufficient to satisfy any and all Interim Expenses and Expenses reasonably anticipated to be incurred in connection with investigating, preparing for, participating in, and/or defending any Proceeding. The amount or amounts to be deposited in the Trust pursuant to the foregoing funding obligation shall be determined by Special Legal Counsel. In making such determination, the Special Legal Counsel shall consider, among other things, any continuing availability of D&O Insurance as a source to pay such Interim Expenses and Expenses. The terms of the Trust shall provide that

- (a) the Trust shall not be revoked or the principal thereof invaded, without the written consent of Indemnitee;
- (b) the Trustee shall advance, within thirty (30) days of a request by Indemnitee, any and all Interim Expenses to Indemnitee (and Indemnitee hereby agrees to repay the Trust under the same circumstances for which Indemnitee would be required to repay the Company under Section 7.1);
- (c) the Trust shall continue to be funded by the Company in accordance with the funding obligation set forth above;
- (d) the Trustee shall promptly pay to Indemnitee all amounts for which Indemnitee shall be entitled to indemnification under Section 2 and/or Section 8.3 of this Agreement; and
- (e) all unexpended funds in the Trust shall revert to the Company upon a final determination by Special Legal Counsel or a court of competent jurisdiction, as the case may be, that Indemnitee has been fully indemnified under the terms of this

Agreement and that, as a matter of law, no further Proceedings may be instituted against Indemnitee with respect to which Indemnitee may be entitled to indemnification under this Agreement.

The trustee (the "Trustee") shall be a bank or trust company chosen by the Company and reasonably satisfactory to Indemnitee. Nothing in this Section 9 shall relieve the Company of any of its obligations under this Agreement. All income earned on the assets in the Trust shall be reported as income by the Company for federal, state, local, and foreign tax purposes. The Company shall pay all costs of establishing and maintaining the Trust and shall indemnify the Trustee against any and all expenses (including attorneys' fees), claims, liabilities, loss, and damages arising out of or relating to this Agreement or the establishment and maintenance of the Trust.

10. **COOPERATION; SUBROGATION.** Indemnitee shall keep the Company generally informed of, and shall consult with the Company with respect to, the status of any Proceeding for which Indemnitee is claiming indemnity under this Agreement. In addition, Indemnitee agrees to give the Company such information and cooperation as the Company may reasonably require and as shall be within Indemnitee's power regarding any Proceeding, which is or may be subject to this Agreement. In the event of any payment under this Agreement to or on behalf of Indemnitee, the Company shall be subrogated to the extent of such payment to all of the rights of recovery in Indemnitee against any Person other than the Company or Indemnitee in respect of the Proceeding giving rise to such payment. Indemnitee shall execute all papers reasonably required and shall do everything reasonably necessary to secure such rights, including the execution of such documents reasonably necessary to enable the Company effectively to bring suit to enforce such rights.

11. **CONTINUATION OF INDEMNITY.** All agreements and obligations of the Company contained in this Agreement shall continue during the period Indemnitee is an Officer and shall continue thereafter, even though Indemnitee may have terminated his service as an Officer of the Company, so long as Indemnitee shall be subject to any threatened, pending or completed Proceeding by reason of Indemnitee's Corporate Status.

12. **RELIANCE.** The Company has entered into this Agreement in order to induce Indemnitee to continue as an Officer of the Company, and acknowledges that Indemnitee is relying upon this Agreement in continuing in such capacity.

13. **SEVERABILITY.** Each of the provisions of this Agreement is a separate and distinct agreement and independent of the others, so that if any provision of this Agreement shall be held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect the validity or enforceability of this Agreement's other provisions. To the extent permitted by law, the parties waive any provision of law, which renders any such provision prohibited or unenforceable in any respect.

14. **CONTRACT RIGHTS NOT EXCLUSIVE.** The contract rights conferred by this Agreement are in addition to, but not exclusive of, any other right which Indemnitee may have or may hereafter acquire under any statute, the certificate of incorporation or the bylaws of the Company, or any agreement, vote of stockholders or disinterested directors, or otherwise. The

rights granted in this Agreement supersede any similar right granted under any previous written agreement between the Company and Indemnitee with respect to the subject matter of this Agreement.

15. **EFFECT OF CHANGES IN LAW OR CORPORATE DOCUMENTS.** No changes in the law and no amendment to the certificate of incorporation or the bylaws of the Company after the date of this Agreement shall have the effect of limiting or eliminating the indemnification available under this Agreement as to any act or omission which has occurred, or capacity in which Indemnitee served, prior to such amendment. If, after the date of this Agreement, any change in any applicable law, statute, or rule expands the power of the Company to indemnify a person based on such person's Corporate Status, Indemnitee's rights and the Company's obligations under this Agreement shall be expanded, without any action by Indemnitee or the Company, to include such change. If any change in any applicable law, statute, or rule narrows the right of the Company to indemnify a person based on such person's Corporate Status, such change, except to the extent otherwise required by law, shall have no effect on this Agreement or the parties' rights or obligations hereunder.

16. **SPOUSAL INDEMNIFICATION.** Subject to the same standards, limitations, obligations and conditions under which indemnification is provided to an Indemnitee under this Agreement, the Company shall indemnify a Spouse who is or is threatened to be made a Party to a Proceeding solely by reason of his or her status as Indemnitee's spouse. A Spouse also may be entitled to advancement of Expenses to the same extent that Indemnitee is entitled to advancement of Expenses herein.

17. **SUCCESSORS AND ASSIGNS.** This Agreement shall be binding upon the Company and its successors and assigns, including, without limitation, any corporation or other entity which may have acquired all or substantially all of the Company's assets or business or into which the Company may be consolidated or merged, and shall inure to the benefit of Indemnitee and his/her spouse, successors, assigns, heirs, devisees, executors, administrators or other legal representatives. The Company shall require any successor or assignee (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by written agreement in form and substance reasonably satisfactory to the Company and Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession or assignment had taken place.

18. **MISCELLANEOUS.**

- (a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to its conflicts of law principles thereof.
- (b) As herein used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders, unless the context would clearly not admit such construction. Section or paragraph headings are employed herein solely for convenience of reference, and such headings shall not be used in construing any term or provision of this Agreement. All references herein to "section" or "paragraph" shall mean the appropriate numbered section or paragraph

of this Agreement except where reference is particularly made to some other instrument or document.

- (c) All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, effective when delivered, or if delivered by express delivery service, effective when delivered, or if delivered via facsimile, effective when such facsimile transmission is sent (with a confirmed receipt thereof) or if mailed by registered or certified mail (return receipt requested), effective three (3) business days after mailing, to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to the Company:

Prestige Brands Holdings, Inc.
Attn: Chief Executive Officer
90 N. Broadway
Irvington, New York 10533
Facsimile No.: (914) 524-7401

With a copy to:

Prestige Brands Holdings, Inc.
Attn: General Counsel
90 N. Broadway
Irvington, New York 10533
Facsimile No.: (914) 524-7488

If to Indemnitee:

- (d) Except as provided in Section 15 of this Agreement, no amendment, modification or termination of this Agreement shall be effective unless in writing signed by both parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement (whether or not similar), nor shall such waiver constitute a continuing waiver.
- (e) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on and as of the day and year first above written.

PRESTIGE BRANDS HOLDINGS, INC.

By: _____
Name:
Title:

[NAME], [Title]

SUBSIDIARIES LIST

Direct and Indirect Subsidiaries
of Prestige Brands Holdings, Inc.

Name	Jurisdiction of Incorporation/Organization
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 Personal Care Holdings, Inc.	Delaware
Prestige Personal Care, Inc.	Delaware
Prestige Services Corp.	Delaware
The Cutex Company	Delaware
The Denorex Company	Delaware
The Spic and Span Company	Delaware
Wartner USA B.V.	Netherlands

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) and Registration Statement on Form S-3 (No. 333-139702) of Prestige Brands Holdings, Inc. of our report dated June 15, 2009 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP

Salt Lake City, Utah
June 15, 2009

CERTIFICATIONS

I, Mark Pettie, 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 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-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: June 15, 2009

/s/ MARK PETTIE

Mark Pettie
Chief Executive Officer

CERTIFICATIONS

I, Peter J. Anderson, 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 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-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: June 15, 2009

/s/ PETER J. ANDERSON

Peter J. Anderson
Chief Financial Officer

**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, Mark Pettie, 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, 2009, 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/ **MARK PETTIE**
Name: Mark Pettie
Title: *Chief Executive Officer*
Date: June 15, 2009

**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, Peter J. Anderson, 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, 2009, 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/ **PETER J. ANDERSON**

Name: Peter J. Anderson

Title: *Chief Financial Officer*

Date: June 15, 2009