U. S. SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

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

For the quarterly period ended December 31, 2007

OR

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

For the transition period from ____ to _____

Commission File Number: 001-32433

PRESTIGE BRANDS HOLDINGS, INC.

(Exact name of Registrant as specified in its charter)

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

90 North Broadway
Irvington, New York 10533
(Address of Principal Executive Offices, including zip code)

(914) 524-6810
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the Registrant 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 o Accelerated filer x Non-accelerated filer o Smaller reporting company o

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

As of January 31, 2008, there were 50,002,705 shares of common stock outstanding.

Prestige Brands Holdings, Inc.
Form 10-Q
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PART I FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

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

	Three Months Ended December 31		Nine Months Ended December 31	
(In thousands, except per share data)	**2007**	**2006**	**2007**	**2006**
Revenues				
Net sales	$ 79,644	$ 79,564	$ 244,525	$ 239,164
Other revenues	578	560	1,645	1,434
Total revenues	80,222	80,124	246,170	240,598
Cost of Sales				
Costs of sales	38,783	36,766	118,875	114,350
Gross profit	41,439	43,358	127,295	126,248
Operating Expenses				
Advertising and promotion	9,572	8,952	28,375	25,809
General and administrative	6,209	7,068	24,039	20,761
Depreciation	126	177	379	616
Amortization of intangible assets	2,627	2,627	7,881	7,013
Total operating expenses	18,534	18,824	60,674	54,199
Operating income	22,905	24,534	66,621	72,049
Other income (expense)				
Interest income	164	199	524	787
Interest expense	(9,490)	(10,355)	(29,132)	(30,478)
Total other income (expense)	(9,326)	(10,156)	(28,608)	(29,691)
Income before provision for income taxes	13,579	14,378	38,013	42,358
Provision for income taxes	5,160	3,735	14,445	14,675
Net income	$ 8,419	$ 10,643	$ 23,568	$ 27,683
Basic earnings per share	$ 0.17	$ 0.21	$ 0.47	$ 0.56
Diluted earnings per share	$ 0.17	$ 0.21	$ 0.47	$ 0.55
Weighted average shares outstanding:				
Basic	49,799	49,535	49,744	49,425
Diluted	50,035	50,024	50,040	50,016

See accompanying notes.

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

(In thousands)

Assets	**December 31, 2007**	**March 31, 2007**
Current assets		
Cash and cash equivalents	$ 11,554	$ 13,758
Accounts receivable	38,977	35,167
Inventories	30,659	30,173
Deferred income tax assets	3,094	2,735
Prepaid expenses and other current assets	2,002	1,935
Total current assets	86,286	83,768
Property and equipment	1,437	1,449
Goodwill	308,915	310,947
Intangible assets	649,277	657,157
Other long-term assets	7,528	10,095
Total Assets	$ 1,053,443	$ 1,063,416
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 18,703	$ 19,303
Accrued interest payable	4,574	7,552
Other accrued liabilities	11,711	10,505
Current portion of long-term debt	3,550	3,550
Total current liabilities	38,538	40,910
Long-term debt	422,675	459,800
Other long-term liabilities	2,801	2,801
Deferred income tax liabilities	120,066	114,571
Total Liabilities	584,080	618,082
Commitments and Contingencies – Note 13		
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	501	501
Additional paid-in capital	379,983	379,225
Treasury stock, at cost - 57 shares at December 31, 2007 and 55 shares at March 31, 2007	(45)	(40)
Accumulated other comprehensive income	21	313
Retained earnings	88,903	65,335
Total stockholders' equity	469,363	445,334
Total Liabilities and Stockholders' Equity	$ 1,053,443	$ 1,063,416

See accompanying notes.

Prestige Brands Holdings, Inc.
Consolidated Statement of Changes in Stockholders' Equity
and Comprehensive Income
Nine Months Ended December 31, 2007
(Unaudited)

	Common Stock Par Shares	Value	Additional Paid-in Capital	Treasury Stock Shares	Amount	Accumulated Other Comprehensive Income	Retained Earnings	Totals
(In thousands)								
Balances - March 31, 2007	50,060	$ 501	$ 379,225	55	$ (40)	$ 313	$ 65,335	$ 445,334
Stock-based compensation	--	--	758	--	--	--	--	758
Purchase of common stock for treasury	--	--	--	2	(5)	--	--	(5)
Components of comprehensive income:								
Net income	--	--	--	--	--	--	23,568	23,568
Amortization of interest rate caps reclassified into earnings, net of income tax expense of $181	--	--	--	--	--	296	--	296
Unrealized loss on interest rate caps, net of income tax benefit of $367	--	--	--	--	--	(588)	--	(588)
Total comprehensive income	--	--	--	--	--	--	--	23,276
Balances – December 31, 2007	50,060	$ 501	$ 379,983	57	$ (45)	$ 21	$ 88,903	$ 469,363

See accompanying notes.

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

(In thousands)	Nine Months Ended December 31 2007	2006
Operating Activities		
Net income	$ 23,568	$ 27,683
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,260	7,629
Deferred income taxes	7,366	7,686
Amortization of deferred financing costs	2,283	2,422
Stock-based compensation	758	439
Changes in operating assets and liabilities		
Accounts receivable	(3,810)	4,812
Inventories	(486)	2,707
Prepaid expenses and other current assets	(66)	(765)
Accounts payable	(795)	1,366
Income taxes payable	--	(1,584)
Accrued liabilities	(1,772)	2,894
Net cash provided by operating activities	35,306	55,289
Investing Activities		
Purchases of equipment	(364)	(429)
Change in other assets due to purchase price adjustments	(16)	386
Purchase of business	--	(31,242)
Net cash used for investing activities	(380)	(31,285)
Financing Activities		
Repayment of long-term debt	(37,125)	(27,392)
Purchase of common stock for treasury	(5)	(10)
Net cash used for financing activities	(37,130)	(27,402)
Decrease in cash	(2,204)	(3,398)
Cash - beginning of period	13,758	8,200
Cash - end of period	$ 11,554	$ 4,802
Supplemental Cash Flow Information		
Fair value of assets acquired	$ --	$ 35,096
Fair value of liabilities assumed	--	(3,854)
Cash paid to purchase business	$ --	$ 31,242
Interest paid	$ 29,828	$ 30,749
Income taxes paid	$ 6,911	$ 8,790

See accompanying notes.

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 international markets. Prestige Brands Holdings, Inc. is a holding company with no assets or operations and is also the parent guarantor of the senior secured credit facility and the senior subordinated notes more fully described in Note 8 to the consolidated financial statements.

Basis of Presentation

The unaudited consolidated financial statements presented herein have been prepared in accordance with generally accepted accounting principles for interim financial reporting and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by United States generally accepted accounting principles ("GAAP") for complete financial statements. All significant intercompany transactions and balances have been eliminated. In the opinion of management, the financial statements include all adjustments, consisting of normal recurring adjustments that are considered necessary for a fair presentation of the Company's consolidated financial position, results of operations and cash flows for the interim periods. Operating results for the three and nine month periods ended December 31, 2007 are not necessarily indicative of results that may be expected for the year ending March 31, 2008. This financial information should be read in conjunction with the Company's financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended March 31, 2007.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Company's knowledge of current events and actions that the Company may undertake in the future, actual results could differ materially 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 one bank located in Wyoming. 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	5

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 20 years.

Indefinite lived intangible assets are tested for impairment at least annually, while intangible assets with finite lives 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.

Deferred Financing Costs
The Company has incurred debt issuance costs in connection with its 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: (1) persuasive evidence of an arrangement exists; (2) the product has been shipped and the customer takes ownership and assumes risk of loss; (3) the selling price is fixed or determinable; and (4) collection of the resulting receivable is reasonably assured. The Company has determined that the transfer of risk of loss 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 $5.9 million and $6.2 million for the three month periods ended December 31, 2007 and 2006, respectively, and $18.2 million and $18.3 million for the nine month periods ended December 31, 2007 and 2006, respectively.

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
During fiscal 2006, the Company adopted FASB, Statement No. 123(R), "Share-Based Payment" ("Statement No. 123(R)") with the grants of restricted stock and options to purchase common stock to employees and directors in accordance with the provisions of the Company's 2005 Long-Term Equity Incentive Plan (the "Plan"). 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, and is included as a component of general and administrative expenses. During the three month period ended December 31, 2007, the Company recorded a net stock-based compensation credit of $387,000, while during the nine month period ended December 31, 2007, the Company recorded net stock-based compensation costs of $758,000. At December 31, 2007, 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 and July 2006. In accordance with Statement No. 123(R), management reversed previously recorded stock-based compensation costs of $538,000 and $394,000 related to the October 2005 and July 2006 grants, respectively.

The Company recorded non-cash compensation expense of $215,000 during the three month period ended December 31, 2006, and net non-cash compensation of $439,000 for the nine month period ended December 31,

2006. During the three month period ended June 30, 2006, the Company recorded a net non-cash compensation credit of $9,000 as a result of the reversal of compensation charges in the amount of $142,000 associated with the departure of a former member of management.

Income Taxes

Income taxes are recorded in accordance with the provisions of FASB Statement No. 109, "Accounting for Income Taxes" ("Statement No. 109"). 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.

In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes--an interpretation of FASB Statement 109" ("FIN 48"), which clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements in accordance with Statement No. 109. FIN 48 prescribes a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. As a result, the Company has applied a more-likely-than-not recognition threshold for all tax uncertainties. FIN 48 allows the recognition of only 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 federal and state taxation in the US, as well as various foreign jurisdictions. The Company remains subject to examination by tax authorities for years after 2003.

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" ("Statement No. 133"), requires companies to recognize derivative instruments as either assets or liabilities in the 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.

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.

Fair Value of Financial Instruments

The carrying value of cash, accounts receivable and accounts payable at both December 31, 2007 and March 31, 2007 approximates fair value due to the short-term nature of these instruments. The carrying value of long-term

debt at both December 31, 2007 and March 31, 2007 approximates fair value based on interest rates for instruments with similar terms and maturities.

Recently Issued Accounting Standards

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), "Business Combinations" ("Statement No. 141(R)") to improve consistency and comparability in the accounting and financial reporting of business combinations. Accordingly, Statement 141(R) requires the acquiring entity in a business combination to recognize all assets acquired and liabilities assumed in the transaction; establishes acquisition-date fair value as the amount to be ascribed to the acquired assets and liabilities and 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) is effective for business combinations consummated by the Company on or after April 1, 2009. Earlier application of Statement 141(R) is prohibited.

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. Statement No. 159 is effective for the Company's interim financial statements issued after April 1, 2008. The Company is evaluating the impact that the adoption of Statement No. 159 will have on its 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 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 nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. The Company is evaluating the impact that the adoption of Statement No. 157 will have on its consolidated financial statements.

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

2. Accounts Receivable

Accounts receivable consist of the following (in thousands):

	December 31, 2007	March 31, 2007
Accounts receivable	$ 39,125	$ 35,274
Other receivables	1,548	1,681
	40,673	36,955
Less allowances for discounts, returns and uncollectible accounts	(1,696)	(1,788)
	$ 38,977	$ 35,167

3. Inventories

Inventories consist of the following (in thousands):

	December 31, 2007	March 31, 2007
Packaging and raw materials	$ 2,575	$ 2,842
Finished goods	28,084	27,331
	$ 30,659	$ 30,173

Inventories are shown net of allowances for obsolete and slow moving inventory of $1.5 million and $1.8 million at December 31, 2007 and March 31, 2007, respectively.

4. Property and Equipment

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

	December 31, 2007	March 31, 2007
Machinery	$ 1,407	$ 1,480
Computer equipment	612	566
Furniture and fixtures	205	247
Leasehold improvements	344	372
	2,568	2,665
Accumulated depreciation	(1,131)	(1,216)
	$ 1,437	$ 1,449

5. 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	(2,032)	--	--	(2,032)
Balance – December 31, 2007	$ 233,615	$ 72,549	$ 2,751	$ 308,915

6. Intangible Assets

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

	Indefinite Lived Trademarks	Finite Lived Trademarks	Non Compete Agreement	Totals
Carrying Amounts				
Balance – March 31, 2007	$ 544,963	$ 139,470	$ 196	$ 684,629
Additions	--	--	--	--
Balance – December 31, 2007	$ 544,963	$ 139,470	$ 196	$ 684,629
Accumulated Amortization				
Balance – March 31, 2007	$ --	$ 27,375	$ 97	$ 27,472
Additions	--	7,847	33	7,880
Balance – December 31, 2007	$ --	$ 35,222	$ 130	$ 35,352

At December 31, 2007, intangible assets are expected to be amortized over a period of five to 30 years as follows (in thousands):

Year Ending December 31	
2008	$ 10,505
2009	9,442
2010	9,071
2011	9,071
2012	9,071
Thereafter	57,154
	$ 104,314

7. Other Accrued Liabilities

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

	December 31, 2007	March 31, 2007
Accrued marketing costs	$ 7,537	$ 5,687
Accrued payroll	2,515	3,721
Accrued commissions	660	335
Other	999	762
	$ 11,711	$ 10,505

8. Long-Term Debt

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

	December 31, 2007	March 31, 2007
Senior revolving credit facility ("Revolving Credit Facility"), which expires on April 6, 2009 and is available for maximum borrowings of up to $60.0 million. The Revolving Credit Facility bears interest at the Company's option at either the prime rate plus a variable margin or LIBOR plus a variable margin. The variable margins range from 0.75% to 2.50% and at December 31, 2007, the interest rate on the Revolving Credit Facility was 8.25% per annum. The Company is also required to pay a variable commitment fee on the unused portion of the Revolving Credit Facility. At December 31, 2007, the commitment fee was 0.50% of the unused line. The Revolving Credit Facility is collateralized by substantially all of the Company's assets.	$ --	$ --
Senior secured term loan facility ("Tranche B Term Loan Facility" and together with the Revolving Credit Facility, the "Senior Credit 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 December 31, 2007, the average interest rate on the Tranche B Term Loan Facility was 6.98%. Principal payments of $887,500 plus accrued interest are payable quarterly. At December 31, 2007, the Company may borrow up to a maximum amount of $200.0 million under the Tranche B Term Loan Facility. Current amounts outstanding under the Tranche B Term Loan Facility mature on April 6, 2011, while any additional amounts borrowed will mature on October 6, 2011. The Tranche B Term Loan Facility is collateralized by substantially all of the Company's assets.	300,225	337,350
Senior Subordinated Notes that bear interest at 9.25% which is payable on April 15th and October 15th 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 on or prior to April 15, 2008 at a redemption price equal to 100% plus a make-whole premium, and after April 15, 2008, 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
	426,225	463,350
Current portion of long-term debt	(3,550)	(3,550)
	$ 422,675	$ 459,800

Effective as of December 19, 2006: (i) a Second Supplemental Indenture ("Second Supplemental Indenture"), and (ii) a Guaranty Supplement ("Indenture Guaranty Supplement") were entered into with the trustee for the holders

of the Senior Subordinated Notes. The Second Supplemental Indenture supplements and amends the Indenture, dated as of April 6, 2004, as supplemented on October 6, 2004 ("Indenture"). Pursuant to the terms of the Second Supplemental Indenture and the Indenture Guaranty Supplement, Prestige Brands Holdings, Inc. agreed to guaranty all of the obligations of Prestige Brands, Inc., an indirect wholly-owned subsidiary of Prestige Brands Holdings, Inc. ("PBI"), set forth in the Indenture governing PBI's Senior Subordinated Notes.

Also effective as of December 19, 2006, a Joinder Agreement ("Joinder Agreement") and a Guaranty Supplement ("Credit Agreement Guaranty Supplement") were entered into with the administrative agent for the lenders under the Senior Credit Facility. Pursuant to the terms of the Joinder Agreement and the Credit Agreement Guaranty Supplement, Prestige Brands Holdings, Inc. agreed to become a party to the Pledge and Security Agreement ("Security Agreement") and the Guaranty ("Credit Agreement Guaranty"), each dated as of April 6, 2004, by PBI and certain of its affiliates in favor of the lenders. The Security Agreement and the Credit Agreement Guaranty secure the performance by PBI of its obligations under the Credit Agreement, dated as of April 6, 2004, as amended ("Credit Agreement"), by granting security interests to PBI's lenders in collateral owned by the Company and certain of its subsidiaries and providing guarantees of such obligations by certain of PBI's affiliates.

The Senior Credit Facility contains various financial covenants, including provisions that require the Company to maintain certain leverage ratios, interest coverage ratios and fixed charge coverage ratios. The Senior Credit Facility and the Indenture 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 Senior Credit Facility and the Indenture 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 December 31, 2007, the Company was in compliance with its applicable financial and other covenants under the Senior Credit Facility and the Indenture.

Future principal payments required in accordance with the terms of the Senior Credit Facility and the Indenture are as follows (in thousands):

Year Ending December 31		
2008	$	3,550
2009		3,550
2010		3,550
2011		289,575
2012		126,000
	$	426,225

In an effort to mitigate the impact of changing interest rates, the Company entered into interest rate cap agreements with various financial institutions. In June 2004, the Company purchased a 5% interest rate cap with a notional amount of $20.0 million which expired in June 2006. In March 2005, the Company purchased interest rate cap agreements with a total notional amount of $180.0 million and cap rates ranging from 3.25% to 3.75%. On May 31, 2006, an interest rate cap agreement with a notional amount of $50.0 million and a 3.25% cap rate expired. Additionally, an interest rate cap agreement with a notional amount of $80.0 million and a 3.50% cap rate expired on May 30, 2007. The remaining agreement, with a notional amount of $50.0 million and a cap rate of 3.75%, terminates on May 30, 2008. The Company is accounting for the interest rate cap agreements as cash flow hedges. The fair values of the interest rate cap agreements, which are included in other long-term assets, were $241,000 and $1.2 million at December 31, 2007 and March 31, 2007, respectively.

9. 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 December 31, 2007.

10. Earnings Per Share

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

	Three Months Ended December 31		Nine Months Ended December 31	
	2007	2006	2007	2006
Numerator				
Net income	$ 8,419	$ 10,643	$ 23,568	$ 27,683
Denominator				
Denominator for basic earnings per share – weighted average shares	49,799	49,535	49,744	49,425
Dilutive effect of unvested restricted common stock	236	489	296	591
Denominator for diluted earnings per share	50,035	50,024	50,040	50,016
Earnings per Common Share:				
Basic	$ 0.17	$ 0.21	$ 0.47	$ 0.56
Diluted	$ 0.17	$ 0.21	$ 0.47	$ 0.55

At December 31, 2007, 198,000 shares of restricted stock issued to management and employees prior to the Company's initial public offering are unvested and excluded from the calculation of basic earnings per share; however, such shares are included in the calculation of diluted earnings per share. At December 31, 2007, 160,000 shares of restricted stock granted to management, directors and employees, subject only to time vesting requirements, have been excluded from basic earnings per share; however, such shares are included in the calculation of diluted earnings per share. Additionally, 378,000 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, while options to purchase 255,000 shares of common stock have been excluded from diluted earnings per shares because their inclusion would be anti-dilutive.

At December 31, 2006, 399,000 shares of restricted stock issued to management and employees prior to the Company's initial public offering were unvested and excluded from the calculation of basic earnings per share; however, such shares are included in the calculation of diluted earnings per share. At December 31, 2007, 41,000 shares of restricted stock granted to management, directors and employees, subject only to time vesting requirements, have been excluded from basic earnings per share; however, such shares are included in the calculation of diluted earnings per share. Additionally, at December 31, 2006, 270,000 shares of restricted stock

granted to management and employees have been excluded from the calculation of both basic and diluted earnings per share since vesting of such shares is subject to contingencies.

11. Share-Based Compensation

In connection with the Company's initial public offering, the Board of Directors adopted the Plan which provides for the grant, to a maximum of 5.0 million shares, of 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 2006, the Company adopted Statement No. 123(R) with the initial grants of restricted stock and options to purchase common stock to employees and directors in accordance with the provisions of the Plan. During the nine month period ended December 31, 2007, the Company recorded compensation costs and related tax benefits of $758,000 and $288,000, respectively, while during the nine month period ended December 31, 2006, the Company recorded compensation costs and related tax benefits of $439,000 and $169,000, respectively.

Restricted Shares

Restricted shares granted under the Plan generally vest in 3 years, contingent on attainment of Company performance goals, including both revenue and earnings per share growth targets, or time vesting, as determined by the Compensation Committee of the Board of Directors. 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 value of restricted shares granted during the nine month period ended December 31, 2007 was $12.52.

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

Restricted Shares	Shares (000)	Weighted-Average Grant-Date Fair Value
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 December 31, 2006	294.4	$ 11.05
Nonvested at March 31, 2007	294.4	$ 11.05
Granted	292.0	12.52
Vested	(24.8)	10.09
Forfeited	(23.2)	11.39
Nonvested at December 31, 2007	538.4	$ 11.88

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 years.

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 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 the nine month period ended December 31, 2007 was $5.30. There were no options granted during 2006.

	2007	2006
Expected volatility	33.2%	--
Expected dividends	--	--
Expected term in years	6.0	--
Risk-free rate	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
Outstanding at March 31, 2006	61.8	$ 12.95	4.3
Granted	--	--	--
Exercised	--	--	--
Forfeited or expired	(61.8)	12.95	--
Outstanding at December 31, 2006	--	$ --	--
Outstanding at March 31, 2007	--	$ --	--
Granted	255.1	12.86	10.0
Exercised	--	--	--
Forfeited or expired	--	--	--
Outstanding at December 31, 2007	255.1	$ 12.86	10.0
Exercisable at December 31, 2007	--	$ --	--

Stock Appreciation Rights ("SARS")

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 years. The Board of Directors, in its sole discretion, may settle the Company's obligation to the executive under a SAR in shares of the Company's common stock, cash, other securities of the Company or any combination thereof. The weighted-average grant date fair value of the SARS granted during the nine month period ended December 31, 2006 was $3.68. There were no SARS granted during the nine month period ended

December 31, 2007. 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.

	2007	2006
Expected volatility	--	50.0%
Expected dividends	--	--
Expected term in years	--	2.8
Risk-free rate	--	5.0%

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

SARS	Shares (000)	Grant Date Stock Price	Weighted-Average Remaining Contractual Term
Outstanding at March 31, 2006	--	$ --	--
Granted	16.1	9.97	2.75
Forfeited or expired	--	--	--
Outstanding at December 31, 2006	16.1	$ 9.97	2.5
Exercisable at September 30, 2006	--	$ --	--
Outstanding at March 31, 2007	16.1	$ 9.97	2.00
Granted	--	--	--
Forfeited or expired	--	--	--
Outstanding at December 31, 2007	16.1	$ 9.97	1.50
Exercisable at December 31, 2007	--	$ --	--

At December 31, 2007 and March 31, 2007, there were $3.5 million and $1.4 million, respectively, 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 2.75 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. At December 31, 2007, there were 4.1 million shares available for issuance under the Plan.

12. Income Taxes

Income taxes are recorded in the Company's quarterly financial statements based on the Company's estimated annual effective income tax rate. The effective tax rate used in the calculation of income taxes was 38.0% for the three month and nine month periods ended December 31, 2007. During the three month and nine month periods ended December 31, 2006, the effective tax rates used in the calculation of income taxes were 25.9% and 34.6%, respectively. The reduction in the income tax rates during the 2006 period results from the implementation of initiatives to obtain operational, as well as tax, efficiencies during the fiscal year ended March 31, 2007.

At December 31, 2007, Medtech Products Inc., a wholly-owned subsidiary of the Company, had a net operating loss carryforward of approximately $2.6 million which may be used to offset future taxable income of the consolidated group and which 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.

13. Commitments and Contingencies

The legal proceedings in which we are involved have been disclosed previously in our Annual Report on Form 10-K for the fiscal year ended March 31, 2007, our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2007, our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2007 and our Current Report on Form 8-K filed with the SEC on October 24, 2007. The following disclosure contains recent developments in our pending legal proceedings which we deem to be material to the Company and should be read in conjunction with the legal proceedings disclosure contained in Part I, Item 3 of our Annual Report on Form 10-K for the fiscal year ended March 31, 2007, Part II, Item 1 of our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2007, Part II, Item 1 of our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2007 and our Current Report on Form 8-K filed with the SEC on October 24, 2007.

Securities Class Action Litigation
On January 8, 2008, the parties to the action engaged in mediation to explore the terms of a potential settlement of the pending litigation; however, no settlement agreement was reached during mediation. A status conference is scheduled to be held in Court on February 8, 2008. While discovery in the action is continuing, the Company's management continues to believe that the remaining claims in the case are legally deficient and that it has meritorious defenses to the claims that remain. The Company intends to vigorously defend against the claims remaining in the case; however, the Company cannot reasonably estimate the potential range of loss, if any.

OraSure Technologies Arbitration
On December 18, 2007, the arbitration panel concluded the arbitration by issuing a Final Award for certain counsel fees and arbitrator compensation to be paid by the Company. Pursuant to the Final Award, the Company has made payment to OraSure Technologies, Inc. in an amount that did not have a material impact on the Company's results from operations for the three or nine month periods ended December 31, 2007. No further arbitration proceedings are expected by the Company.

DenTek Oral Care, Inc. Litigation
In November 2007, the defendants in the action each filed a motion to dismiss which is pending before the Court. The Company has filed responses to the motions to dismiss and is awaiting a decision by the Court regarding such motions. 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. Discovery requests have been served by the parties and discovery is ongoing. A hearing before the Court is scheduled to be held on February 14, 2008, regarding pending procedural motions and discovery.

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 2011.

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

	Facilities	Equipment	Total
Year Ending December 31,			
2008	$ 650	$ 122	$ 772
2009	200	89	289
2010	--	47	47
2011	--	3	3
	$ 850	$ 261	$ 1,111

Rent expense for the three month periods ended December 31, 2007 and 2006 was $150,000 and $144,000, respectively, while during the nine month periods ended December 31, 2007 and 2006, rent expense was $448,000 and $418,000, respectively.

14. 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 the three and nine month periods ended December 31, 2007 approximately 60.7% and 57.8%, respectively, of the Company's total sales were derived from its four major brands, while during the three and nine month periods ended December 31, 2006, approximately 55.5% and 58.6%, respectively, of the Company's total sales were derived from these four major brands. During the three and nine month periods ended December 31, 2007, approximately 23.4% and 23.6%, respectively, of the Company's sales were made to one customer, while during the three and nine month periods ended December 31, 2006, 21.4% and 23.6% of sales were to this customer. At December 31, 2007, approximately 19.4% 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 79% of the Company's gross sales during the nine months ended December 31, 2007. The Company does not have long-term contracts with 4 of these manufacturers and certain manufacturers of various smaller brands, which collectively, represented approximately 35% of the Company's gross sales for 2007. 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 or fail to provide the Company with the level of products the Company needs to meet its customers' demands. Without adequate supplies of merchandise to sell to the Company's customers, sales would decrease materially and the Company's business would suffer. In addition, the Company's manufacturers could impose price increases that it is unable to pass through to its customers. Such a price increase could adversely affect a product's gross profit and ultimately the Company's profitability.

15. 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 (in thousands).

	Three Months Ended December 31, 2007			
	Over-the-Counter Healthcare	Household Cleaning	Personal Care	Consolidated
Net sales	$ 45,015	$ 29,568	$ 5,061	$ 79,644
Other revenues	51	527	--	578
Total revenues	45,066	30,095	5,061	80,222
Cost of sales	16,994	18,332	3,457	38,783
Gross profit	28,072	11,763	1,604	41,439
Advertising and promotion	7,045	2,271	256	9,572
Contribution margin	$ 21,027	$ 9,492	$ 1,348	31,867
Other operating expenses				8,962
Operating income				22,905
Other (income) expense				9,326
Provision for income taxes				5,160
Net income				$ 8,419

	Nine Months Ended December 31, 2007			
	Over-the-Counter Healthcare	Household Cleaning	Personal Care	Consolidated
Net sales	$ 137,444	$ 89,838	$ 17,243	$ 244,525
Other revenues	51	1,566	28	1,645
Total revenues	137,495	91,404	17,271	246,170
Cost of sales	52,068	56,312	10,495	118,875
Gross profit	85,427	35,092	6,776	127,295
Advertising and promotion	21,080	6,474	821	28,375
Contribution margin	$ 64,347	$ 28,618	$ 5,955	98,920
Other operating expenses				32,299
Operating income				66,621
Other (income) expense				28,608
Provision for income taxes				14,445
Net income				$ 23,568

	Three Months Ended December 31, 2006			
	Over-the-Counter Healthcare	Household Cleaning	Personal Care	Consolidated
Net sales	$ 45,574	$ 28,155	$ 5,835	$ 79,564
Other revenues	--	560	--	560
Total revenues	45,574	28,715	5,835	80,124
Cost of sales	15,800	17,787	3,179	36,766
Gross profit	29,774	10,928	2,656	43,358
Advertising and promotion	7,089	1,595	268	8,952
Contribution margin	$ 22,685	$ 9,333	$ 2,388	34,406
Other operating expenses				9,872
Operating income				24,534
Other (income) expense				10,156
Provision for income taxes				3,735
Net income				$ 10,643

	Nine Months Ended December 31, 2006			
	Over-the-Counter Healthcare	Household Cleaning	Personal Care	Consolidated
Net sales	$ 131,427	$ 88,625	$ 19,112	$ 239,164
Other revenues	--	1,434	--	1,434
Total revenues	131,427	90,059	19,112	240,598
Cost of sales	48,198	54,882	11,270	114,350
Gross profit	83,229	35,177	7,842	126,248
Advertising and promotion	19,573	5,304	932	25,809
Contribution margin	$ 63,656	$ 29,873	$ 6,910	100,439
Other operating expenses				28,390
Operating income				72,049
Other (income) expense				29,691
Provision for income taxes				14,675
Net income				$ 27,683

During the three month periods ended December 31, 2007 and 2006, approximately 96.8% and 95.9%, respectively, of the Company's sales were made to customers in the United States and Canada while during the nine month periods ended December 31, 2007 and 2006, approximately 96.0% and 95.6%, respectively, of sales

were made to customers in the US and Canada. At December 31, 2007, 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:

	Over-the-Counter Healthcare	Household Cleaning	Personal Care	Consolidated
Goodwill	$ 233,615	$ 72,549	$ 2,751	$ 308,915
Intangible assets				
Indefinite lived	374,070	170,893	--	544,963
Finite lived	89,093	11	15,210	104,314
	463,163	170,904	15,210	649,277
	$ 696,778	$ 243,453	$ 17,961	$ 958,192

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

The following discussion of our financial condition and results of operations should be read together with the consolidated financial statements and the related notes included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2007. This discussion and analysis may contain forward-looking statements that involve certain risks, assumptions and uncertainties. Future results could differ materially from the discussion that follows for many reasons, including the factors described in Part I, Item 1A., "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended March 31, 2007, as well as those described in future reports filed with the SEC. See also "Cautionary Statement Regarding Forward-Looking Statements" on page 40 of this Quarterly Report on Form 10-Q.

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, Canada and certain international markets. We operate in niche segments of these categories where we can 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 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.

In October 2005, we completed the acquisition of the "Chore Boy®" brand of cleaning pads and sponges. The purchase price of this acquisition was $22.6 million, including direct costs of $400,000. We purchased the Chore Boy brand with funds generated from operations.

In November 2005, we completed the acquisition of Dental Concepts LLC, a marketer of therapeutic oral care products sold under "The Doctor's®" brand. The purchase price of the ownership interests was approximately $30.2 million, including fees and expenses of the acquisition of $1.3 million. We financed the acquisition price through the utilization of our Revolving Credit Facility in the amount of $30.0 million and cash on hand.

In September 2006, we completed the acquisition of Wartner USA B.V., a privately held Netherlands limited liability company, which owned the intellectual property associated with the "Wartner®" brand of over-the-counter wart treatment products. The purchase price of this acquisition was $31.2 million, inclusive of direct costs of the acquisition of $216,000. We purchased the Wartner brand with funds generated from operations and the assumption of approximately $5.0 million of contingent payments to the former owner of the Wartner brand.

Three Month Period Ended December 31, 2007 compared to the Three Month Period Ended December 31, 2006

Revenues

	2007 Revenues	%	2006 Revenues	%	Increase (Decrease)	%
OTC Healthcare	$ 45,066	56.2	$ 45,574	56.9	$ (508)	(1.1)
Household Cleaning	30,095	37.5	28,715	35.8	1,380	4.8
Personal Care	5,061	6.3	5,835	7.3	(774)	(13.3)
	$ 80,222	100.0	$ 80,124	100.0	$ 98	0.1

Revenues for the three month period ended December 31, 2007 were essentially flat, increasing by $98,000, or 0.1%, versus the comparable period in 2006, primarily as a result of revenue growth in the Household Cleaning segment, offset by declines in the Over-the-Counter Healthcare and Personal Care segments. Revenues from customers outside of North America, which represent 3.2% of total revenues, decreased 23% in 2007 versus the comparable period in 2006.

Over-the-Counter Healthcare Segment

Revenues of the Over-the-Counter Healthcare segment decreased by $508,000, or 1.1%, for 2007 versus the comparable period in 2006. Revenue increases for Murine, Clear eyes, New Skin and Compound W were offset by revenue decreases from Chloraseptic, Little Remedies and The Doctor's brands. Murine's revenue increase is primarily the result of the Murine™ Earigate™ launch; a new product that helps prevent earwax build-up with its patented reverse spray technology. Clear eyes and New Skin revenue increased as a result of increased retail consumption. Compound W revenue increased as a result of improving consumption trends behind late wart season promotions. The decline in Chloraseptic is primarily the result of a weak cough/cold flu season with the number of sore throat incidences down 9% season to-date versus the prior year. Little Remedies' revenues were adversely impacted by the voluntary withdrawal of two medicated pediatric cough and cold products in October 2007. Increased competition in the bruxism category resulted in lower sales of The Doctor's® NightGuard™ dental protector.

Household Cleaning Segment

Revenues of the Household Cleaning segment increased $1.4 million, or 4.8%, during the period versus the comparable period in 2006. Revenues of the Comet® brand increased during the period as a result of Comet Mildew SpayGel, which was launched in the last quarter of fiscal 2007, and increased shipments of Comet Powder to the dollar and club trade class of stores. The decline in Spic and Span's revenue reflected a decline in consumer consumption. Chore Boy sales declined as a result of weaker consumption and lower shipments to small grocer wholesale accounts.

Personal Care Segment

Revenues of the Personal Care segment declined $774,000, or 13.3%, for the period versus the comparable period in 2006. All major brands in this segment experienced revenue declines during the period. The decrease in revenue of Cutex®, Prell and Denorex® was in line with consumption.

Gross Profit

	2007 Gross Profit	%	2006 Gross Profit	%	Increase (Decrease)	%
OTC Healthcare	$ 28,072	62.3	$ 29,774	65.3	$ (1,702)	(5.7)
Household Cleaning	11,763	39.1	10,928	38.1	835	7.6
Personal Care	1,604	31.7	2,656	45.5	(1,052)	(39.6)
	$ 41,439	51.7	$ 43,358	54.1	$ (1,919)	(4.4)

Gross profit for the three month period ended December 31, 2007 decreased by $1.9 million, or 4.4%, versus the comparable period in 2006. As a percent of total revenue, gross profit decreased from 54.1% in 2006 to 51.7% in 2007. The decrease in gross profit as a percent of revenues is primarily the result of unfavorable segment and product sales mix toward lower margin brands, an increase in promotional allowances and higher product costs in the Personal Care segment. The sales increase in the Household Cleaning segment, which has a lower gross profit percentage than the overall Company, represented a higher proportion of the overall sales versus the same period in 2006.

Over-the-Counter Healthcare Segment

Gross profit for the Over-the-Counter Healthcare segment decreased $1.7 million, or 5.7%, for 2007 versus the comparable period in 2006. As a percent of OTC revenue, gross profit decreased from 65.3% for 2006 to 62.3% during 2007. The decrease in gross profit as a percent of revenues is the result of unfavorable product mix, higher promotional allowances and an increase in the returns reserve related to the Little Remedies medicated product withdrawal in October 2007. The unfavorable product mix is related to an increase in revenue from Murine Earigate which has a lower gross profit margin than the segment's average.

Household Cleaning Segment

Gross profit for the Household Cleaning segment increased by $835,000, or 7.6%, for 2007 versus the comparable period in 2006. As a percent of household cleaning revenue, gross profit increased from 38.1% for 2006 to 39.1% during 2007. The increase in gross profit percentage is primarily a result of lower distribution costs.

Personal Care Segment

Gross profit for the Personal Care segment decreased $1.1 million, or 39.6%, for 2007 versus the comparable period in 2006. As a percent of personal care revenue, gross profit decreased from 45.5% for 2006 to 31.7% during 2007. The decrease in gross profit percentage was the result of higher product costs in the shampoo brands and increased inventory obsolescence costs related to Cutex.

Contribution Margin

	2007 Contribution Margin	%	2006 Contribution Margin	%	Increase (Decrease)	%
OTC Healthcare	$ 21,027	46.7	$ 22,685	49.8	$ (1,658)	(7.3)
Household Cleaning	9,492	31.5	9,333	32.5	159	1.7
Personal Care	1,348	26.6	2,388	40.9	(1,040)	(43.6)
	$ 31,867	39.7	$ 34,406	42.9	$ (2,539)	(7.4)

Contribution margin, defined as gross profit less advertising and promotional expenses, for the three month period ended December 31, 2007 decreased by $2.5 million, or 7.4%, versus the comparable period in 2006. The contribution margin decrease was the result of the changes in sales and gross profit as previously discussed, and a $600,000, or a 6.9%, increase in advertising and promotional spending. The increased 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 for the Over-the-Counter Healthcare segment decreased by $1.7 million, or 7.3%, for 2007 versus the comparable period in 2006. The contribution margin decrease was the result of the decrease in sales and gross profit as previously discussed, while advertising and promotional spending remained essentially flat. An increase in television media support behind the launch of Murine Earigate was mostly offset with a decrease in support behind The Doctor's NightGuard and Chloraseptic.

Household Cleaning Segment
Contribution margin for the Household Cleaning segment increased by $159,000, or 1.7%, for 2007 versus the comparable period in 2006. The contribution margin increase was the result of an increase in gross profit as previously discussed, partially offset by a $700,000 increase in advertising and promotional spending. The A&P increase was principally the result of increased television media support behind Comet Mildew SprayGel.

Personal Care Segment
Contribution margin for the Personal Care segment decreased $1.0 million, or 43.6%, for 2007 versus the comparable period in 2006. The contribution margin decrease was primarily the result of the sales and gross profit decrease previously discussed.

General and Administrative
General and administrative expenses were $6.2 million for 2007 versus $7.1 million for 2006. Higher legal costs associated with intellectual property protective actions initiated by the Company in connection with The Doctor's® NightGuard™ dental protector were offset by a reduction in management incentive and long-term stock based compensation costs. At December 31, 2007, the Company reversed previously recorded stock-based compensation of $932,000 upon management's determination that it would not meet stated performance goals associated with grants of restricted stock to management and employees.

Depreciation and Amortization
Depreciation and amortization expense was essentially flat at $2.8 million for 2007 and 2006.

Interest Expense
Net interest expense was $9.3 million for 2007 versus $10.2 million for 2006. The reduction in interest expense was the result of a lower level of indebtedness, partially offset by higher interest rates on our variable rate indebtedness. The average cost of funds increased from 8.4% for 2006 to 8.6% for 2007 while the average indebtedness decreased from $480.5 million for 2006 to $431.7 million for 2007.

Income Taxes
The income tax provision for 2007 was $5.2 million, with an effective rate of 38.0%, compared to $3.7 million, with an effective rate of 26% for 2006. The 2006 period includes a $1.7 million tax benefit resulting from the reduction of the deferred income tax rate to 38.6% from 39.1% in connection with the implementation of initiatives to obtain operational, as well as tax, efficiencies.

Nine Month Period Ended December 31, 2007 compared to the Nine Month Period Ended December 31, 2006

Revenues

	2007 Revenues	%	2006 Revenues	%	Increase (Decrease)	%
OTC Healthcare	$ 137,495	55.9	$ 131,427	54.7	$ 6,068	4.6
Household Cleaning	91,404	37.1	90,059	37.4	1,345	1.5
Personal Care	17,271	7.0	19,112	7.9	(1,841)	(9.6)
	$ 246,170	100.0	$ 240,598	100.0	$ 5,572	2.3

Revenues for the nine month period ended December 31, 2007 increased by $5.6 million, or 2.3%, versus the comparable period in 2006, primarily as a result of the acquisition of the Wartner brand in September of 2006. Excluding the impact of the Wartner acquisition, revenues were essentially flat versus the comparable period in 2006. Revenues from customers outside of North America, which represent 4.0% of total revenues, decreased 7.2% in 2007 versus the comparable period in 2006.

During the nine month period ended December 31, 2007, the Company increased its allowance for returns by $1.4 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 $247.6 million, or 3.3% greater than the same period last year and up 0.7% excluding the Wartner acquisition.

Over-the-Counter Healthcare Segment

Revenues of the Over-the-Counter Healthcare segment increased by $6.1 million, or 4.6%, for 2007 versus the comparable period in 2006. 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 0.5% for the period. Revenue increases from Murine Earigate™, Clear eyes, New Skin, Dermoplast and Compound W were partially offset by decreases in Chloraseptic, The Doctor's® and Little Remedies. Clear eyes and New Skin's revenue increases were a result of increased consumer consumption, while Dermoplast's revenue increased as a result of strong shipments of the institutional size to wholesale distributors. Compound W® revenues were up primarily due to lower promotional allowances as gross shipments were down slightly due to softness in the Cyrogenic 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 season to-date versus the prior year. The Doctor's® revenue decreased as a result of increased competition in the bruxism category. Little Remedies' revenue declined due to a $1.4 million increase in the allowance for returns and 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 $1.3 million, or 1.5% during the period versus the comparable period in 2006. Increased revenues across the Comet® brand more than offset declines in the Spic and Span and Chore Boy brands. Revenue for Comet Mildew SprayGel, which launched in the last quarter of fiscal 2007, was partially offset by weaker factory sales of Comet bathroom sprays, a reflection of declining consumption trends. 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 $1.8 million or 9.6% for 2007 versus the comparable period in 2006. All major brands in this segment, except for Prell, experienced revenue declines during the period. The decrease in revenues of Cutex® and Denorex® was a result of declining consumption. Prell's revenue increased for the period primarily due to improved consumption.

Gross Profit

	2007 Gross Profit	%	2006 Gross Profit	%	Increase (Decrease)	%
OTC Healthcare	$ 85,427	62.1	$ 83,229	63.3	$ 2,198	2.6
Household Cleaning	35,092	38.4	35,177	39.1	(85)	(0.2)
Personal Care	6,776	39.2	7,842	41.0	(1,066)	(13.6)
	$ 127,295	51.7	$ 126,248	52.5	$ 1,047	0.8

Gross profit for the nine month period ended December 31, 2007, increased by $1.0 million, or 0.8%, versus the comparable period in 2006. As a percent of total revenue, gross profit decreased from 52.5% in 2006 to 51.7% during 2007. The decrease in gross profit as a percent of revenues was primarily a result of unfavorable sales mix to lower margin products and a $1.4 million increase in the allowance for returns in connection with the voluntary withdrawal of the two Little Remedies medicated products in October 2007 and related obsolescence charges of $800,000.

Over-the-Counter Healthcare Segment
Gross profit for the Over-the-Counter Healthcare segment increased $2.2 million, or 2.6%, for 2007 versus the comparable period in 2006. As a percent of OTC revenue, gross profit decreased from 63.3% for 2006 to 62.1% during 2007. The decrease in gross profit as a percent of revenues was the result of a $1.4 million increase in the allowance for returns in connection with the voluntary withdrawal of Little Remedies medicated product discussed above and related obsolescence charges of $800,000, as well as the launch of 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 $85,000, or 0.2%, for 2007 versus the comparable period in 2006. As a percent of household cleaning revenue, gross profit decreased from 39.1% for 2006 to 38.4% during 2007. The decrease in gross profit percentage was primarily the result of higher product costs partially offset by lower distribution costs. The product cost increases were a result of higher raw material costs.

Personal Care Segment
Gross profit for the Personal Care segment decreased $1.1 million, or 13.6% for 2007 versus the comparable period in 2006. As a percent of personal care revenue, gross profit decreased from 41.0% for 2006 to 39.2% during 2007. The decrease in gross profit percentage was primarily the result of lower returns and a reduction in promotional pricing allowances, offset by higher product and inventory obsolescence costs.

Contribution Margin

	2007 Contribution Margin	%	2006 Contribution Margin	%	Increase (Decrease)	%
OTC Healthcare	$ 64,347	46.8	$ 63,656	48.4	$ 691	1.1
Household Cleaning	28,618	31.3	29,873	33.2	(1,255)	(4.2)
Personal Care	5,955	34.5	6,910	36.2	(955)	(13.8)
	$ 98,920	40.2	$ 100,439	41.7	$ (1,519)	(1.5)

Contribution margin, defined as gross profit less advertising and promotional expenses, for the nine month period ended December 31, 2007, decreased $1.5 million, or 1.5%, for 2007 versus the comparable period in 2006. The contribution margin decrease was the result of the increase in sales and gross profit as previously discussed, offset by a $2.6 million, or 9.9%, 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 for the Over-the-Counter Healthcare segment increased by $691,000, or 1.1%, for 2007 versus the comparable period in 2006. The contribution margin increase was a result of the increase in sales and gross profit as previously discussed, partially offset by a $1.5 million, or 7.7%, 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, partially offset by a reduction in Chloraseptic spending.

Household Cleaning Segment
Contribution margin for the Household Cleaning segment decreased by $1.3 million, or 4.2%, for 2007 versus the comparable period in 2006. The contribution margin decrease was a result of the sales increase and gross profit decrease previously discussed and a $1.2 million, or 22.0%, increase for advertising and television media support behind Comet Mildew SprayGel.

Personal Care Segment
Contribution margin for the Personal Care segment decreased $955,000, or 13.8%, for 2007 versus the comparable period in 2006. The contribution margin decrease was primarily the result of the sales and gross profit decrease previously discussed offset by a $100,000 reduction in advertising and promotional spending.

General and Administrative
General and administrative expenses were $24.0 million for 2007 versus $20.8 million for 2006. Higher legal costs associated with the OraSure litigation and intellectual property protective actions initiated by the Company in connection with The Doctor's® NightGuard™ dental protector were offset by a reduction in management incentive and long-term stock based compensation costs. At December 31, 2007, the Company reversed previously recorded stock-based compensation of $932,000 upon management's determination that it would not meet stated performance goals associated with grants of restricted stock to management and employees.

Depreciation and Amortization
Depreciation and amortization expense was $8.3 million for 2007 versus $7.6 million for 2006. The increase in amortization of intangible assets is primarily related to the Wartner acquisition.

Interest Expense
Net interest expense was $28.6 million for 2007 versus $29.7 million for 2006. The reduction in interest expense was the result of a lower level of indebtedness, partially offset by higher interest rates on our variable rate indebtedness. The average cost of funds increased from 8.1% for 2006 to 8.6% for 2007, while the average indebtedness decreased from $484.9 million for 2006 to $444.8 million for 2007.

Income Taxes
The income tax provision for 2007 was $14.5 million, with an effective rate of 38.0%, compared to $14.7 million, with an effective rate of 34.6% for 2006. The 2006 period includes a $1.7 million tax benefit resulting from the reduction of the deferred income tax rate to 38.6% from 39.1% in connection with the implementation of initiatives to obtain operational, as well as tax, efficiencies.

Liquidity and Capital Resources

Liquidity

We have financed and expect to continue to finance our operations with a combination of internally generated funds and borrowings. Pursuant to the terms of the Senior Credit Facility, we may borrow an additional $200.0 million under our Tranche B Term Loan Facility and up to a maximum of $60.0 million under our Revolving Credit Facility. Our principal uses of cash are for operating expenses, debt service, acquisitions, working capital and capital expenditures.

	Nine Months Ended December 31	
(In thousands)	**2007**	**2006**
Cash provided by (used for):		
Operating Activities	$ 35,306	$ 55,289
Investing Activities	(380)	(31,285)
Financing Activities	(37,130)	(27,402)

Operating Activities

Net cash provided by operating activities was $35.3 million for 2007 compared to $55.3 million 2006. The $20.0 million decrease in net cash provided by operating activities was primarily the result of the following:

- A decrease of net income of $4.1 million from $27.7 million for 2006 to $23.6 million for 2007, and
- An increase in the components of working capital caused primarily by an increase in accounts receivable at December 31, 2007 versus March 31, 2007, compared to a decrease in accounts receivable at December 31, 2006 versus March 31, 2006.

Investing Activities

Net cash used for investing activities was $380,000 for 2007 compared to $31.3 million for 2006. The net cash used for investing activities for 2007 was primarily for the acquisition of machinery, computers and office equipment, while for 2006, net cash was used primarily for the acquisition of Wartner USA B.V.

Financing Activities

Net cash used for financing activities was $37.1 million for 2007 compared to $27.4 million for 2006. During 2007, the Company repaid $34.5 million of the Tranche B Term Loan Facility in excess of normal maturities with cash generated from operations. This reduced our outstanding indebtedness to $426.2 million from $463.4 million at March 31, 2007. During 2006, the Company repaid the remaining $7.0 million indebtedness related to our Revolving Credit Facility which was drawn upon in connection with the November 2005 acquisition of Dental Concepts LLC, as well as $17.4 million in excess of normal maturities against the Tranche B Term Loan Facility.

The Company's cash flow from operations is normally expected to exceed 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.

Capital Resources

As of December 31, 2007, we had an aggregate of $426.2 million of outstanding indebtedness, which consisted of the following:

- $300.2 million of borrowings under the Tranche B Term Loan Facility, and
- $126.0 million of 9.25% Senior Subordinated Notes due 2012.

We had $60.0 million of borrowing capacity available under the Revolving Credit Facility at December 31, 2007, as well as $200.0 million available under the Tranche B Term Loan Facility.

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. As of December 31, 2007, an aggregate of $300.2 million was outstanding under the Senior Credit Facility at a weighted average interest rate of 6.98%.

In June 2004, we purchased a 5% interest rate cap agreement with a notional amount of $20.0 million which expired in June 2006. In March 2005, we purchased interest rate cap agreements that became effective August 30, 2005, with a total notional amount of $180.0 million and LIBOR cap rates ranging from 3.25% to 3.75%. On May 31, 2006, an interest rate cap agreement with a notional amount of $50.0 million and a 3.25% cap rate expired. Additionally, an interest rate cap agreement with a notional amount of $80.0 million and a 3.50% cap rate expired on May 30, 2007. The remaining agreement, with a notional amount of $50.0 million and a cap rate of 3.75%, terminates on May 30, 2008. The fair value of the interest rate cap agreement was $241,000 at December 31, 2007.

The Tranche B Term Loan Facility matures in October 2011. We must 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. The Revolving Credit Facility matures and the commitments relating to the Revolving Credit Facility terminate in April 2009.

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. In addition, 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, incurrence of indebtedness, creation of liens, making loans and investments and transactions with affiliates. Specifically, we must:

- Have a leverage ratio of less than 4.5 to 1.0 for the quarter ended December 31, 2007, 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 2.75 to 1.0 for the quarter ended December 31, 2007, 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 December 31, 2007, and for each quarter thereafter until the quarter ending March 31, 2011.

At December 31, 2007, we were in compliance with the applicable financial and restrictive covenants under the Senior Credit Facility and the Indenture governing the Senior Subordinated Notes.

Our principal sources of funds are anticipated to be cash flows from operating activities and available borrowings under the Senior Credit Facility. We believe that these funds will provide us with sufficient liquidity and capital resources for us to meet our current and future financial obligations, as well as to provide funds for working capital, capital expenditures and other needs for at least the next 12 months. As part of our growth strategy, we regularly review acquisition opportunities and other potential strategic transactions, which may require additional debt or equity financing. If additional financing is required, there are no assurances that it 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.

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 current volatility of the crude oil markets will continue to impact, at times favorably and at times unfavorably, our transportation costs, as well as, certain petroleum based raw materials and packaging materials. Although the Company takes efforts to minimize the impact of inflationary factors, including raising prices to our customers, a sustained rate of pricing increases associated with crude oil or other supplies may have an adverse effect on our operating results.

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 Compound W, Wartner, Cutex and New Skin. The Company's advertising and promotional campaign in the third quarter influence sales in the fourth quarter winter months. Additionally, the fourth quarter typically has the lowest level of advertising and promotional spending as a percent of revenue.

Critical Accounting Policies and Estimates

The Company's significant accounting policies are described in the notes to the unaudited financial statements included elsewhere in this Quarterly Report on Form 10-Q, as well as in our Annual Report on Form 10-K for the year ended March 31, 2007. 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 Securities and Exchange Commission Staff Accounting Bulletin 104 "Revenue Recognition," which states that revenue should be recognized when the following revenue recognition criteria are met: (1) persuasive evidence of an arrangement exists; (2) the product has been shipped and the customer takes ownership and assumes the risk of loss; (3) the selling price is fixed or determinable; and (4) collection of the resulting receivable is reasonably assured. We have determined that the transfer of risk of loss 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, 2007 was $16.5 million, we participated in 5,900 promotional campaigns, resulting in an average cost of $2,800 per campaign. Of such amount, only 582 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 three and nine month periods ended December 31, 2007, our sales and operating income would have been adversely affected by approximately $475,000 and $1.5 million, respectively.

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 the year ended March 31, 2007, we had 17 coupon events. The amount recorded against revenues and accrued for these events during the year was $2.7 million, of which $2.3 million was redeemed during the year. During the nine month period ended December 31, 2007, we had 25 coupon events. The amount recorded against revenues and accrued for these events during the three and nine month periods ended December 31, 2007 was $558,000 and $1.6 million, respectively. Redemptions during the three and nine month periods ended December 31, 2007 were $514,000 and $1.6 million, respectively.

Allowances for Product Returns

Due to the nature of the consumer products industry, we are required to estimate future product returns. Accordingly, we record an estimate of product returns concurrent with 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, 2007, 2006 and 2005, returns represented 3.7%, 3.5%, and 3.6%, respectively, of gross sales. At December 31, 2007 and March 31, 2007, the allowances for sales returns were $1.9 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. Based upon the methodology described above and our actual returns' experience, management believes the likelihood of such a material occurrence is remote. As noted, over the last three years, our actual product return rate has stayed within a range of 3.5% 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 three and nine month periods ended December 31, 2007 by approximately $93,000 and $286,000, respectively.

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 December 31, 2007 and March 31, 2007, the allowance for obsolete and slow moving inventory represented 4.8% and 5.8%, respectively, of total inventory. Inventory obsolescence costs charged to operations for the three and nine month periods ended December 31, 2007 were $361,000 and $944,000, respectively. During the three month period ended June 30, 2007, the Company recorded a credit of $289,000 to operations for obsolescence due to the settlement of a claim from a vendor. A 1.0% increase in our allowance for obsolescence at December 31, 2007 would have adversely affected our reported operating income for the three and nine month periods ended December 31, 2007 by approximately $322,000.

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 at both December 31, 2007 and March 31, 2007 amounted to 0.10 % of accounts receivable. For the three and nine month periods ended December 31, 2007 we recorded bad debt expense of $27,000 and $126,000, respectively, while during the three and nine month periods ended December 31, 2006 we recorded bad debt expense of $37,000 and $25,000, respectively. Bad debt expense for the nine month period ended December 31, 2006 was favorably influenced by a $67,000 recovery during the three month period ended June 30, 2006.

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 net sales would have resulted in a decrease in operating income for the three and nine month periods ended December 31, 2007 of approximately $80,000 and $245,000, respectively.

Valuation of Intangible Assets and Goodwill

Goodwill and intangible assets amounted to $958.2 million and $968.1 million at December 31, 2007 and March 31, 2007, respectively. As of December 31, 2007, goodwill and intangible assets were apportioned among our

three operating segments as follows:

	Over-the-Counter Healthcare	Household Cleaning	Personal Care	Consolidated
Goodwill	$ 233,615	$ 72,549	$ 2,751	$ 308,915
Intangible assets				
Indefinite lived	374,070	170,893	--	544,963
Finite lived	89,093	11	15,210	104,314
	463,163	170,904	15,210	649,277
	$ 696,778	$ 243,453	$ 17,961	$ 958,192

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 comprise 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, that 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 Statements No. 141 and No. 142. Under Statement No. 142, goodwill and indefinite-lived intangible assets are no longer amortized, but must be tested for impairment at least annually. Intangible assets with finite lives are amortized over their respective estimated useful lives and must also be tested for impairment.

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, management performs an annual review or more frequently if necessary, 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, on an annual basis, or more frequently if necessary, 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.

In connection with this analysis, management also 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.

In estimating the value of trademarks and trade names, as well as goodwill, at March 31, 2007, management applied a discount rate of 9.5%, the Company's then current weighted-average cost of funds, to the estimated cash flows; however that rate, as well as future cash flows may be influenced by such factors, including (i) changes in interest rates, (ii) rates of inflation, or (iii) sales or contribution margin reductions. In the event that the carrying value exceeded the estimated fair value of either intangible assets or goodwill, we would be required to recognize an impairment charge. Additionally, continued decline of the fair value ascribed to an intangible asset or a reporting unit caused by external factors may require future impairment charges.

During the three month period ended March 31, 2006, we recorded non-cash charges related to the impairment of intangible assets and goodwill of the Personal Care segment of $7.4 million and $1.9 million, respectively, because the carrying amounts of these “branded” assets exceeded their fair market values primarily as a result of declining sales caused by product competition. 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, technological advances or reductions in advertising and promotional expenses, the Company may be required to record additional impairment charges.

Stock-Based Compensation

During 2006, we adopted FASB Statement No. 123(R), “Share-Based Payment” (“Statement No. 123(R)”) with the initial grants of restricted stock and options to purchase common stock to employees and directors in accordance with the provisions of the Plan. 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 stock-based compensation costs of $655,000 and $383,000 during the fiscal years ended March 31, 2007 and 2006, respectively. During the three month period ended December 31, 2007, the Company recorded a net stock-based compensation credit of $387,000, while during the nine month period ended December 31, 2007, the Company recorded net stock-based compensation costs of $758,000. At December 31, 2007, 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 and July 2006.

In accordance with Statement No. 123(R), management reversed previously recorded stock-based compensation costs of $538,000 and $394,000 related to the October 2005 and July 2006 grants, respectively.

The Company recorded non-cash compensation expense of $215,000 during the three month period ended December 31, 2006, and net non-cash compensation of $439,000 for the nine month period ended December 31, 2006. During the three month period ended June 30, 2006, the Company recorded a net non-cash compensation credit of $9,000 as a result of the reversal of compensation charges in the amount of $142,000 associated with the departure of a former member of management.

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 reasonable 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 December 2007, the FASB issued SFAS No. 141 (Revised 2007), "Business Combinations" ("Statement No. 141(R)") to improve consistency and comparability in the accounting and financial reporting of business combinations. Accordingly, Statement 141(R) requires the acquiring entity in a business combination to recognize all assets acquired and liabilities assumed in the transaction; establishes acquisition-date fair value as the amount to be ascribed to the acquired assets and liabilities and 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) is effective for business combinations consummated by the Company on or after April 1, 2009. Earlier application of Statement 141(R) is prohibited.

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. Statement No. 159 is effective for interim financial statements issued during the fiscal year beginning after November 15, 2007. The Company is evaluating the impact that the adoption of Statement No. 159 will have on its 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 interim financial statements issued during the fiscal year beginning after November 15, 2007. However, on November 14, 2007, the FASB deferred the effective date of Statement No. 157 for one year for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis.

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.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "PSLR Act"), 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 PSLR Act and with the intention of obtaining the benefits of the "safe harbor" provisions of the PSLR Act. Although we believe that our expectations are based on reasonable assumptions, actual results may differ materially from those in our forward-looking statements.

Forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. Except as required under federal securities laws and the rules and regulations of the SEC, we do not have any intention to update any forward-looking statements to reflect events or circumstances arising after the date of this Quarterly Report on Form 10-Q, whether as a result of new information, future events or otherwise.

Our 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. As a result of these risks and uncertainties, readers are cautioned not to place undue reliance on forward-looking statements included in this Quarterly Report on Form 10-Q or that may be made elsewhere from time to time by, or on behalf of, us. All forward-looking statements attributable to us are expressly qualified by these cautionary statements. For more information, see "Risk Factors" contained in Part I, Item 1A of our Annual Report on Form 10-K for the year ended March 31, 2007. 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,
- The high level of competition in our industry and markets,
- 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 fees 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 debt, and ability to service our debt,
- Any adverse judgment rendered in any pending litigation or arbitration,
- Our ability to obtain additional financing, and
- The restrictions imposed by our financing agreements on our operations.

ITEM 3. 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, therefore, generally do not affect the market value of our senior secured financing, but do impact the amount of our interest payments and, therefore, our future earnings and cash flows, assuming other factors are held constant. At December 31, 2007, we had variable rate debt of approximately $300.2 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 June 2004, we purchased a 5% interest rate cap agreement with a notional amount of $20.0 million which terminated in June 2006. In March 2005, we purchased interest rate cap agreements that became effective August 30, 2005, with a total notional amount of $180.0 million and LIBOR cap rates ranging from 3.25% to 3.75%. On May 31, 2006, an interest rate cap agreement with a notional amount of $50.0 million and a 3.25% cap rate expired. Additionally, an interest rate cap agreement with a notional amount of $80.0 million and a 3.5% cap rate expired on May 31, 2007. The remaining agreement, with a notional amount of $50.0 million and a cap rate of 3.75% terminates on May 31, 2008.

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 twelve month period ending December 31, 2008 of approximately $3.0 million. However, given the protection afforded by the interest rate cap agreements, the impact of a one percentage point increase would be limited to $2.8 million. The fair value of the interest rate cap agreement was $241,000 at December 31, 2007.

ITEM 4. 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 December 31, 2007. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2007, the Company’s disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports the Company files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to the Company’s management, including the Company’s Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes during the quarter ended December 31, 2007 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.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The legal proceedings in which we are involved have been disclosed previously in our Annual Report on Form 10-K for the fiscal year ended March 31, 2007, our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2007, our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2007 and our Current Report on Form 8-K filed with the SEC on October 24, 2007. The following disclosure contains recent developments in our pending legal proceedings which we deem to be material to the Company and should be read in conjunction with the legal proceedings disclosure contained in Part I, Item 3 of our Annual Report on Form 10-K for the fiscal year ended March 31, 2007, Part II, Item 1 of our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2007, Part II, Item 1 of our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2007 and our Current Report on Form 8-K filed with the SEC on October 24, 2007.

Securities Class Action Litigation

On January 8, 2008, the parties to the action engaged in mediation to explore the terms of a potential settlement of the pending litigation; however, no settlement agreement was reached during mediation. A status conference is scheduled to be held in Court on February 8, 2008. While discovery in the action is continuing, the Company's management continues to believe that the remaining claims in the case are legally deficient and that it has meritorious defenses to the claims that remain. The Company intends to vigorously defend against the claims remaining in the case; however, the Company cannot reasonably estimate the potential range of loss, if any.

OraSure Technologies Arbitration

On December 18, 2007, the arbitration panel concluded the arbitration by issuing a Final Award for certain counsel fees and arbitrator compensation to be paid by the Company. Pursuant to the Final Award, the Company has made payment to OraSure Technologies, Inc. in an amount that did not have a material impact on the Company's results from operations for the three or nine month periods ended December 31, 2007. No further arbitration proceedings are expected by the Company.

DenTek Oral Care, Inc. Litigation

In November 2007, the defendants in the action each filed a motion to dismiss which is pending before the Court. The Company has filed responses to the motions to dismiss and is awaiting a decision by the Court regarding such motions. 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. Discovery requests have been served by the parties and discovery is ongoing. A hearing before the Court is scheduled to be held on February 14, 2008, regarding pending procedural motions and discovery.

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 1A. RISK FACTORS

There have been no material changes to the risk factors previously disclosed in Part I, Item 1A, of our Annual Report on Form 10-K for the year ended March 31, 2007, which is incorporated herein by reference.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table sets forth information with respect to purchases of shares of the Company's common stock made during the quarter ended December 31, 2007, by or on behalf of the Company or any "affiliated purchaser," as defined by Rule 10b-18(a)(3) of the Exchange Act:

Company Purchases of Equity Securities

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or approximate dollar value) of Shares that May Yet Be Purchased Under the Plans or Programs
10/1/07 - 10/31/07	616	$ 1.70	--	--
11/1/07 - 11/30/07	--	--	--	--
12/1/07 - 12/31/07	--	--	--	--
Total	616	$ 1.70	--	--

Note:
Activity consists of one (1) transaction whereby the Company exercised its separation repurchase option set forth in a securities purchase agreement between the Company and a former employee.

ITEM 5. OTHER INFORMATION

As of October 1, 2007, the Company entered into an Executive Employment Agreement with Mr. John Parkinson (the "Employment Agreement") pursuant to which Mr. Parkinson shall serve as the Company's Senior Vice President, International. During the term of Mr. Parkinson's employment, the Company will pay to him a base salary of $213,000 per annum. In addition, Mr. Parkinson shall be eligible for and participate in the Company's Annual Incentive Compensation Plan under which he shall be eligible for an annual target bonus payment of 45% of annual base salary. During the term of Mr. Parkinson's employment with the Company, he will be eligible to participate in the Company's Long-Term Equity Incentive Plan and will be entitled to such other benefits approved by the Board of Directors and made available to the senior management of the Company and its subsidiaries, which shall include vacation time and medical, dental, life and disability insurance. The Board of Directors, on a basis consistent with past practice, shall review the annual base salary of Mr. Parkinson and may increase the annual base salary by such amount as the Board of Directors, in its sole discretion, shall deem appropriate.

Pursuant to the terms of the Employment Agreement, Mr. Parkinson's employment will continue until (i) his death, disability or resignation from employment with the Company and its subsidiaries; or (ii) the Company and its subsidiaries decide to terminate Mr. Parkinson's employment with or without cause. If (A) Mr. Parkinson's employment is terminated without cause; or (B) Mr. Parkinson resigns from employment with the Company or any of its subsidiaries for good reason, then during the period commencing on the date of termination of employment and ending on the first anniversary date thereof, the Company shall pay to Mr. Parkinson, in equal installments in accordance with the Company's regular payroll, an aggregate amount equal to (I) Mr. Parkinson's annual base salary, plus (II) an amount equal to the annual bonus, if any, paid or payable to Mr. Parkinson by the Company for the last fiscal year ended prior to the date of termination. In addition, if Mr. Parkinson is entitled on the date of termination to coverage under the medical and prescription portions of the welfare plans, such coverage shall continue for Mr. Parkinson and his covered dependents for a period ending on the first anniversary of the date of termination at the active employee cost payable by Mr. Parkinson with respect to those costs paid by Mr. Parkinson prior to the date of termination.

The Employment Agreement also contains certain confidentiality, non-competition and non-solicitation provisions as well as other provisions that are customary for an executive employment agreement.

ITEM 6. EXHIBITS

See Exhibit Index immediately following signature page.

SIGNATURES

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

Prestige Brands Holdings, Inc.
Registrant

Date: February 8, 2008

By: **/s/ PETER J. ANDERSON**
Peter J. Anderson
Chief Financial Officer
(Principal Financial Officer and
Duly Authorized Officer)

Exhibit Index

10.1	Contract Manufacturing Agreement, dated December 21, 2007, between Medtech Products Inc. and Pharmaspray B.V.
10.2	Contract Manufacturing Agreement, dated December 21, 2007, between Medtech Products Inc. and Pharmaspray B.V.
10.3	Executive Employment Agreement, dated as of October 1, 2007, between Prestige Brands Holdings, Inc. and John Parkinson.
31.1	Certification of Principal Executive Officer of Prestige Brands Holdings, Inc. pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
31.2	Certification of Principal Financial Officer of Prestige Brands Holdings, Inc. pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
32.1	Certification of Principal Executive Officer of Prestige Brands Holdings, Inc. pursuant to Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code.
32.2	Certification of Principal Financial Officer of Prestige Brands Holdings, Inc. pursuant to Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Exhibit 10.1

CONTRACT MANUFACTURING AGREEMENT

The undersigned,

Medtech Products Inc., a company organized and existing under the laws of the State of Delaware, USA, having its principal place of business at 90 North Broadway, Irvington, New York 10533, together with any affiliate thereof, hereinafter called "**Medtech**";

And

PHARMASPRAY B.V., a company organised and existing under the laws of the Netherlands, having its domicile at Demeterlaan 30 (9641 ML) Veendam, hereinafter called "**Pharmaspray**".

Sometimes hereinafter jointly referred to as the "**Parties**" or separately as the "**Party**".

WHEREAS:

A. Medtech, having acquired all of the capital stock of Wartner USA B.V., is the owner of all Intellectual Property Rights relating to the Product (as defined in Clause 1) for the USA and Canada and is to be considered the Specification Holder of the Product;

B. Pharmaspray is an aerosol manufacturer filling aerosol cans with cosmetic and medical products;

C. The Products sold by Medtech are subject to ISO-13485 Standard and GMP 820 standard;

D. Pharmaspray operates in accordance with ISO-9001:2000 Standard;

E. The Parties wish to (co)operate in accordance with ISO-13485 Standard, ISO-9001:2000 Standard, the Quality Manual (as defined in Clause 1) and the instructions of Medtech as specified in the Schedule(s) which form part of this Agreement;

F. The Parties now wish to formalize this Agreement as a "Turn-Key Agreement" in which they will include all their agreements with respect to the Procurement Services, Production Services, Packaging Services, Logistic Services and other services provided by Pharmaspray to Medtech; and

G. This Agreement supersedes, amends and replaces an agreement between Pharmaspray B.V. and Wartner U.S.A. B.V. dated December 18, 2003 including any and all schedules and annexes thereto, and the amended and restated Logistics Agreement between the same parties dated March 2, 2006.

NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:

1. Definitions

1.1. The term “Acceptance of the Materials” shall mean the point in time at which the Materials (as defined hereafter) are physically handed over to or become under the control and care of Pharmaspray in order to manufacture and package the Products.

1.2. The term “Agreement” shall mean this document including the Quality Manual and all (further) Schedules and annexes hereto and thereto, each as amended from time to time by the Parties upon mutual written agreement.

1.3. The term “Commencement Date” shall mean September 21, 2006.

1.4. The term "Delivery of the Products" shall mean the point in time at which the Products (as defined hereafter) are delivered to Medtech or the designated agent or distributor of Medtech. Unless otherwise specified in writing, Delivery of Products shall occur ex works (EXW, incoterms 2000) in Veendam.

1.5. The Term “Force Majeure” shall mean those circumstances which are unforeseeable and beyond the reasonable control of each of the Parties and which prevent the total or partial carrying out of any obligation by a party under this Agreement, such as acts or regulations or decrees of any government (de facto or de jure), natural phenomena, such as earthquakes and floods, fires, riots, shipwrecks, freight embargoes or other circumstances whether similar or dissimilar to those enumerated above.

1.6. The term “Intellectual Property Rights” shall mean any and all intellectual property rights, good will, know-how and other intangibles relating to the Product and its packaging including (but not limited to) national and international patents, trade name(s) and trademark(s).

1.7. The term “Logistic Services” shall mean all services provided by Pharmaspray as from the beginning of the manufacture of the Product until the physical delivery of the Product to Medtech, Medtech's distributors, agents or other destinations, including the storage and the arranging of transport.

1.8. The term "Machine" shall mean only the shrink-wrap module acquired by Pharmaspray on or about January 24th, 2007 for the packaging of the Product, as specified in Schedule 3. This Machine is specially equipped for USA packaging with a turn, stack, collate and foil-wrap module and headers for top & bottom quality seals.

1.9. The term “Materials” shall mean all semi fabrics, ingredients, spare parts, and packaging material necessary to assemble the Product.

1.10. The term “Packaging Services” shall mean the packaging of the Product(s) (as defined hereafter) by Pharmaspray according to the Quality Manual (as defined hereafter) and other specific instructions of Medtech.

1.11. The term “Procurement Services” shall mean the various acts of identifying, qualifying, ordering and obtaining via Purchase Orders or other means those Materials necessary or appropriate to the production of Products until such Materials are physically delivered to Pharmaspray. In performing Procurement Services, Pharmaspray shall act for its own account and not as agent for Medtech.

1.12. The term “Product” shall mean a consumer product composed and/or manufactured on behalf of Medtech bearing the Wartner® or other trademarks owned by Medtech and used for the cryogenic treatment of warts, skin tags or other lesions in humans, according to Medtech’s specifications as described in Schedule 1.

1.13. The term “Production Services” shall mean the manufacture of the Product, including production, assembly, filling and labelling of the aerosol cans by Pharmaspray as instructed by Medtech in accordance with the terms of this Agreement and the Quality Manual.

1.14. The term “Purchase Order” shall mean a written instruction to provide the Procurement Services, Production Services, Packaging Services and Logistics Services, which instruction is prepared by Medtech and directed to Pharmaspray and includes specific instruction as to the delivery of the Product.

1.15. The term “Quality Manual” shall mean the Quality Agreement attached hereto as Schedule 5, as it may be subsequently amended, revised or replaced upon mutual written agreement.

1.16. The term “Schedule” shall mean any schedule to this Agreement, including any amendment thereto.

1.17. The term “Storage Location” shall mean the warehouse located at Demeterlaan 30 and Cereslaan 9 (9641 ML) Veendam unless otherwise agreed by the Parties in writing.

1.18. The term “Supplier” shall mean suppliers designated or appointed by Pharmaspray, subject to approval by Medtech, as described – non limitative – in Schedule 2.

1.19. The term “Turn-Key Agreement” shall mean an understanding between the Parties acknowledging the assumption of all responsibility by Pharmaspray for all Procurement Services, Production Services, Packaging Services, Logistics Services and other services necessary or appropriate to the fulfilment of Purchase Orders for the Product except as otherwise provided in this Agreement.

In as far as applicable in the context of the Agreement, terms defined in the singular shall include the plural and vice versa.

2. Procurement, Production, Packaging and Logistic Services

2.1. On the terms and conditions of the Agreement, Medtech hereby appoints Pharmaspray and Pharmaspray hereby accepts such appointment to provide the Procurement Services, Production Services, Packaging Services and the Logistic

Services during the term of the Agreement in a manner befitting a careful contractor, excepting only as provided herein.

2.2. Without limiting the (general) obligations of the contracting Parties under this Agreement, the Parties shall provide mutual assistance and shall co-operate with each other and with third parties in order to ensure that the quality of the Procurement, Production, Packaging and Logistics Services are maintained and that the Parties' expectations in entering into this Agreement are fulfilled; in particular, Pharmaspray represents that it has such resources necessary to fulfil its obligations and that it shall be pro-active in resolving any problems. Medtech shall promptly inform Pharmaspray of all changes in its Wartner® business which may impact on the performance of the Production Services under this Agreement.

2.3. Pharmaspray shall provide the Procurement services, Production Services, Packaging Services and Logistics Services in accordance with the applicable ISO standards, the Quality Manual and Schedules, any (other) specific instructions of Medtech and any further mandatory national and international specifications, as applicable from time to time.

2.4. Medtech will provide Pharmaspray every month with a twelve month rolling sales forecast for the Products. The forecast for the three month period immediately following the issuance of the forecast shall be converted into Purchase Orders from Medtech to Pharmaspray, which Purchase Orders shall be deemed binding.

2.5. If Pharmaspray incurs costs directly based upon Medtech’s forecast for the next three months, and Medtech does not issue a Purchase Order related to those costs within six months after the applicable month, Pharmaspray may charge such costs to Medtech.

2.6. Pharmaspray will source the Materials mentioned in Schedule 2 from Suppliers approved by Medtech. Pharmaspray will manage a minimum amount of safety stock, with the minimum amount to be determined by the Parties. To the extent any safety stock agreed by the Parties and maintained by Pharmaspray becomes obsolete due solely to the actions of Medtech, Medtech shall be obligated to reimburse Pharmaspray for its actual cost to purchase such safety stock.

2.7. Pharmaspray is responsible for the delivery of the Materials required for the manufacture or production of the Product to Pharmaspray's premises. Notwithstanding the foregoing, the parties recognize and agree that the procurement of the existing caps as set forth on Schedule 6 from Keltec Dispensing Systems, B.V. is a matter which is and will be the subject of a separate negotiation and multi-party agreement, which may or may not conform to the terms of this Agreement.

2.8. Subject to clause 7.3 and 7.5 and the provisions of Section 9, Pharmaspray is responsible for the compliance of the Materials with the applicable ISO standards and any further national and international specifications applicable from time to time at the moment of Acceptance of the Materials. Pharmaspray shall check such compliance, in as far as visually observable, at the Acceptance of the Materials.

2.9. Pharmaspray shall deliver the Products related to a specific written order of Medtech to the distributors or agents of Medtech within four (4) weeks upon such order, provided that Pharmaspray has received the sales forecast the specific order is based upon, in due time.

2.10. Medtech is allowed to conduct regularly scheduled quality audits of both the production process and the Product at Pharmaspray's premises at any reasonable time after receipt of written notice from Medtech of its intent in advance. Pharmaspray may require its representative to be present and that such visit is under the condition that the internal rules of Pharmaspray or the Storage Location are being complied with. Medtech will be responsible for all associated costs of such quality audits. Medtech shall have the right to reject Products that do not meet the Product Specifications set forth in Schedule 1, the Quality Manual or other specific instructions of Medtech. Reasonable efforts will be made to salvage usable portions of any batch should a sampling of Products not be in compliance with the Product Specifications set forth in Schedule 1, the Quality Manual or other specific instructions of Medtech.

2.11. Pharmaspray shall provide Medtech with updates on its business operations as specified in the Quality Manual.

2.12. Pharmaspray shall keep an adequate administration of deliveries to Medtech's distributors or agents. Pharmaspray shall provide copies of all shipping documents to Medtech in case of re-calls, whatever the cause for such re-calls may be.

2.13. Each Party shall, upon execution of this Agreement, appoint one of its employees to be a relationship manager responsible for liaison between the Parties. The relationship managers shall conference not less than quarterly and meet in person not less than annually to coordinate the production activities, handle purchase orders, track assembly progress and any packaging work, movement of Product, deliveries, sales status and the current status of the business relationship and manage issues that have arisen.

2.14. Conveyance and delivery of the Products shall occur ex works (EXW) in Veendam, unless otherwise agreed between the Parties in writing.

2.15. Medtech is and shall at all times remain the owner of the Intellectual Property Rights to the Product in the United States, Canada and certain other countries where it has Intellectual Property Rights. No license of whatever nature in relation to any Intellectual Property Rights is granted by Medtech to Pharmaspray. Pharmaspray shall have the obligation to obtain and maintain all governmental licenses, permits or approvals necessary to manufacture the Product at its facility in Veendam.

3. Packaging

3.1. Pharmaspray will package the Product according to the Quality Manual and other specific instructions of Medtech.

3.2. Pharmaspray has acquired the Machine as described in clause 1.8 above, directly from Alloga. The acquirement costs were and will be borne by Pharmaspray.

4. Transport

4.1. Medtech is responsible for transport of delivered Products from the premises of Pharmaspray at Veendam to her distributors, agents or (other) final destinations. The Parties agree that Pharmaspray shall organize this transport under the authority of and on expense of Medtech, thus acting as representative of Medtech.

4.2. Medtech shall designate the carrier(s)/transporter(s) to be involved in transportation of delivered Products. Pharmaspray, as representative of Medtech, will contract these carriers/transporters; Medtech being the contractant of the carrier/transporter.

4.3. All costs of transport taking place after delivery, charged to Pharmaspray, will be charged on to Medtech. Pharmaspray will provide Medtech with copies of the transport invoices the on-charging is based upon.

4.4. After delivery (ex works) of the Products has taken place, Pharmaspray is neither responsible nor liable for the acts and omissions of carriers/transporters that are contracted by Pharmaspray on behalf of Medtech.

Loading, stowage and discharging

4.5. The obligation of (un)loading, stowage and discharging the Materials and/or the Products and the liability for any damage to and/or loss of the Materials and/or Products caused by (un)loading, stowage and/or discharging the Materials and/or the Products rests with Pharmaspray, until delivery of the Products to Medtech defined in clause 2.14.

4.6. Any stipulation, condition, reservation or exemption as to responsibility and/or liability of Pharmaspray for loss of and/or damage to the Materials and/or the Products, occurring during loading on, stowing, and subsequently to the discharging from the means of carriage in which the Materials and/or the Products are (to be) carried (before delivery to Medtech), shall be null and void unless with prior written consent of Medtech.

4.7. Pharmaspray shall at all times load, stow and discharge the Materials and the Products in accordance with the applicable provisions of the Quality Manual and the specific instructions of Medtech.

5. Independent and other Subcontractors of Pharmaspray

5.1. Pharmaspray is entitled to contract and instruct (independent) subcontractors and/or auxiliary persons for the manufacturing, packaging, and storage of the Product, subject to the reasonable written consent of Medtech and subject to reasonable assurance that all confidential and proprietary information of Medtech will be safeguarded.

5.2. Pharmaspray shall be responsible and liable for the acts and omissions of its employees, servants, (independent) subcontractors, agents, suppliers and other

persons whose services it uses for the performance of its obligations under this Agreement, as if such acts and omissions were its own, cases of Force Majeure excepted.

6. Rates, Charges and Payment Terms

6.1. All rates, costs and expenses with respect to the production and packaging and storage services shall be charged and invoiced by Pharmaspray to Medtech on a weekly basis and in conformity with the provisions set down in Schedule 4 regarding the rates and charges. The prices set out on Schedule 4 shall be fixed prices for the term of this Agreement; provided, however, Pharmaspray shall be entitled to pass on to Medtech in the first quarter of each calendar year, by mutual written agreement, any significant net increase in prices charged by third parties in connection with Pharmaspray's services provided (including any increase in prices for raw materials). In the event of a demonstrable price-increase of one or more Materials exceeding 5%, Pharmaspray shall also during the calendar year be entitled to pass on to Medtech this price-increase in consultation with Medtech.

6.2. Invoices shall be issued and expressed in Euros and payment shall be made in Euros to a Dutch bank account of Pharmaspray. If, at the request of Pharmaspray, any costs, duties and the like involved with payment shall be paid by Medtech in another currency and/or a foreign bank account, the costs for such payment shall be borne by Pharmaspray.

6.3. Any objections to the invoice Medtech has received from Pharmaspray shall be made by Medtech in writing within sixty (60) days from the invoice date. If no objections are made within 60 days from the invoice date, the invoice shall be binding on both Parties.

6.4. Medtech shall pay the invoiced amounts within sixty (60) days counting from the invoice date. Medtech shall only be allowed to pay at a later date with prior written consent of Pharmaspray. If Medtech pays the invoice within eight (8) days of the invoice date, Medtech shall be entitled to receive a credit equal to 3% of the total amount of the invoice, except of the costs of transport organized on behalf of Medtech as mentioned in clause 4.3.

6.5. Any payment to be made by either Party under this Agreement shall be made in full without set-off, restriction, condition or deduction for or on account in any counterclaim.

6.6. Any and all outstanding payments of Medtech due to Pharmaspray shall become immediately payable (*opeisbaar*) if Medtech is declared bankrupt or in moratorium of payments, discontinues its business or if its business is liquidated.

6.7. If Medtech does not pay the amount due within the agreed time, Medtech shall be legally held to be in default and shall be liable to pay interest equal to the Dutch statutory interest rate plus 4% over the entire invoice amount, commencing on the due date of the invoice, until the actual date of payment. Medtech is liable to pay any and all judicial and/or extra-judicial costs for debt collection by Pharmaspray.

6.8. To the extent that Product produced and delivered by Pharmaspray are for sale and use in the United States, Canada or anywhere else outside The Netherlands, no VAT tax shall be included in the invoice.

6.9. The Parties agree that the prices, rates and charges appearing in Schedule 4 have been established for purposes of this Agreement with mutual implicit assumptions in cost of goods sold ("COGS") and exchange rates between the U.S. dollar and the Euro. To the extent that fluctuations in exchange rates occur such that there is a variance of more than 10% in any twelve month period in the effective exchange rate, the Parties agree to meet and to negotiate in good faith to achieve an equitable and commercially viable accommodation. Increases in COGS not primarily related to exchange rates shall be subject to annual review, and to the extent reasonably applicable shall be modulated by published cost-of-living indexes.

7. Warranties

7.1. Subject to clause 7.3 and 7.5, Pharmaspray represents and warrants that the performance of the Production Services shall be in compliance with the Product Specifications set forth in Schedule 1, the Quality Manual and any other provisions of this Agreement, cases of Force Majeure excepted.

7.2. Subject to clauses 7.3 and 7.5, Pharmaspray represents and warrants that she, after delivery of the Machine as mentioned in clause 3.2 to Pharmaspray, shall assemble the Products in complete and correct state and in compliance with the Product Specifications set forth in schedule 1, the Quality Manual and any other provisions of this Agreement, cases of Force Majeure excepted.

7.3. The representation and warranty mentioned in clause 7.1 and 7.2 do not apply to defects in the Product caused by defects in Materials delivered to Pharmaspray by Suppliers if the Materials are accompanied by a certificate of analysis conforming with the Specifications and all approval procedures and criteria required by the Quality Manual are met. The representation and warranty does not apply to texts/artwork edited or provided by Medtech.

7.4. The Parties represent and warrant that, during this Agreement and after termination and completion of this Agreement, except as may be required by judicial process or the regulatory requirements of governmental authority having jurisdiction over the Parties and/or Products, they shall keep confidential any information whatsoever regarding the Materials, the Products, the contents of this Agreement, and the Quality Manual and Schedules and not provide any third party with such confidential information unless with prior written consent of the other Party.

7.5. The Parties agree that the existing design of the Product, and specifically the existing cap provided by Keltec which is set forth in Schedule 6, are the responsibility of Medtech as specification holder. The responsibility of Pharmaspray is to insure that production of the Product including the existing Keltec cap is in all respects in

conformance with specifications and applicable regulatory requirements. The warranties of Pharmaspray shall be viewed in all respects as limited by this Section 7.5.

8. Insurance

8.1 Both Parties shall on request provide the other Party with periodic evidence of satisfactory product liability insurance coverage for the Products.

9. Liability

9.1. Pharmaspray shall be liable for any and all damages and costs suffered by Medtech as a consequence of Pharmaspray's non-performance ("*tekortkoming in de nakoming"*) of its obligations under the Agreement, including but not limited to the warranties granted by Pharmaspray pursuant to clause 7.1 and 7.2 of this Agreement, cases of Force Majeure excepted.

9.2. Except as set forth in Section 7.5, Pharmaspray shall be responsible for damage, defects, non-delivery or late delivery caused by Materials from Suppliers. Notwithstanding the foregoing, Pharmaspray is not liable for damage, defects, non-delivery or late delivery caused by the design of the Product, the formula(s), the package or instructions, prescribed by Medtech and/or shortcomings caused by Medtech.

9.3. As to arranging for transport of Products on behalf of Medtech after delivery ex works has taken place, Pharmaspray is only liable for her own acts and omissions; Pharmaspray is not to be considered the insurance carrier or shipper.

9.4. The Parties agree that Pharmaspray's liability is in any case limited to the greater of (1) the invoiced value of the Products for that specific order; or (2) the maximum amount Pharmaspray's insurance company will compensate for in that particular case provided that Pharmaspray has arranged and maintained for sufficient insurance coverage or could reasonably expected to arrange for, and maintain a certain level of insurance coverage, considering the standard practice in the industry, in accordance with this Agreement.

9.5. Only Medtech shall be responsible and liable for the content of artwork, consumer instructions and label copy. Pharmaspray is not responsible or liable for the content of consumer instructions, artwork and label copies and any (other) texts on the Products, including the Product package. Pharmaspray shall only be responsible for assuring that only artwork provided by or approved by Medtech is accurately utilized.

9.6. Medtech shall be liable for any and all material damages and costs suffered by Pharmaspray as a consequence of a defect (or defects) in Materials delivered by Medtech or defect(s) in texts/artwork edited or provided by Medtech.

9.7. Neither of the Parties shall be liable in case of Force Majeure.

9.8. Claims of either party against the other expire in accordance with the provisions of the Dutch Civil Code. Shorter expiration dates are not valid, unless with prior written consent of the other Party.

10. Indemnifications

10.1. Subject to the provisions of Sections 7.3, 7.5 and 9, Pharmaspray will hold harmless and indemnify Medtech from and in regard to any and all claims by third parties in connection to the performance by Pharmaspray of the production and packaging services such as, but not limited to, claims originating from defectiveness of the Products and/or the Materials required for the Products and the production process, cases of Force Majeure excepted.

10.2. Medtech will hold harmless and indemnify Pharmaspray from and in regard to any and all claims by third parties other than Suppliers, originating from

1. defects in the texts/artwork edited, approved or provided by Medtech, or

2. the design of the Product, formula(s), component parts packaging or instructions provided, prescribed or designed by Medtech or Medtech's predecessors in interest.

11. Exclusivity

11.1. During the term of this Agreement, Pharmaspray shall not provide any services whatsoever to third parties in relation to aerosol products similar to or in any way competing with the Product in the United States, Canada and Mexico.

11.2. During the term of this Agreement, Medtech shall purchase the Product only and exclusively from Pharmaspray.

12. Duration and Termination

12.1. This Agreement shall become effective for an initial period of three years, starting from the Commencement Date. This Agreement may be renewed for additional three year periods upon the mutual written consent of the Parties no later than six months prior to the then applicable expiration date.

12.2. Each of the Parties has the right to terminate this Agreement with immediate effect by giving written notice if any of the following events shall occur:

a. the other party breaches any of the terms of this Agreement and fails to remedy such breach within thirty (30) days after written notice requiring to do so, unless such breach or failure does not justify this with its consequences in view of its minor importance;
b. the other party files a petition for moratorium of payments with the competent court or is granted a moratorium of payments;
c. the other party files a petition for bankruptcy with the competent court or is

declared bankrupt; or

d. the board of directors of the other party resolves to dissolve or liquidate its company.

12.3. In case of termination of the Agreement pursuant to Clause 12.2, the terminating Party is entitled to receive full compensation for any and all direct damage suffered by it as a result of the termination and/or, in the case of the event stated under Clause 12.2 sub a., any damage suffered as a result of such breach.

12.4. In deviation of Clause 12.1, Medtech may terminate this Agreement with immediate effect by giving written notice, without any compensation or damages whatsoever to Pharmaspray, if Pharmaspray becomes owned or controlled by or associates with or merges with a producer who provides production services to competitors of the Product.

13. Completion after termination

13.1. Upon termination of the Agreement, Medtech is obliged to take delivery of the Materials and (semi) Products still in the possession and/or under the control of Pharmaspray on the expiration date of the Agreement or, in case of termination with immediate effect, within 2 weeks upon such termination, after payment of all outstanding amounts to Pharmaspray. Pharmaspray and Medtech shall mutually agree as to the allocation of costs incurred for raw materials, labels and packaging; provided, that, in the event Medtech terminates this Agreement for any reason other than as set forth in Sections 12.2 and 12.4 hereof, Medtech shall be obligated to purchase from Pharmaspray, at Pharmaspray's actual cost, any safety stock agreed between Medtech and Pharmaspray; and provided further, that, notwithstanding the foregoing, any breaching Party shall be fully responsible for such costs (including, without limitation, safety stock maintained by Pharmaspray). Medtech shall have the right, but not the obligation, to purchase any finished Products being held in Pharmaspray's inventory for which no Purchase Orders have been submitted.

13.2. If Medtech terminates this Agreement within 5 years of the original date of acquisition of the Machine, Medtech shall, at the sole discretion of Pharmaspray, acquire the Machine from Pharmaspray for an amount equal to the following percentages of Pharmaspray's acquisition cost of the Machine:

During year 1:	75%
During year 2:	60%
During year 3:	40%
During year 4:	25%
During year 5:	10%

The acquisition cost of the machine is stipulated and agreed to be € 111.335,20. The original date of acquisition of the Machine for purposes of this Agreement is January 24, 2007. Should the machine be utilized by Pharmaspray for purposes other than the manufacture of the Product hereunder, the acquisition cost to Medtech shall be

reduced proportionately to the additional use.

14. No Rescission

14.1 The Parties herewith expressly waive the right to rescind the Agreement pursuant to Article 265 of Book 6, Dutch Civil Code.

15. Miscellaneous

15.1. Changes in the Quality Manual. Subject to the written consent of Pharmaspray which shall not be unreasonably withheld, delayed or conditioned, Medtech reserves the right to amend or adapt the Quality Manual and Schedules to changes in the aforementioned regulation and legislation and / or to the introduction of new regulations and / or legislation regarding the quality requirements of the Product from time to time.

15.2. Successors and Assignments. This Agreement is binding on and for the benefit of both Parties and their successors and permitted assignees. Neither Party may assign (its rights under) this Agreement without the prior written consent of the other party. Pharmaspray shall have no rights in the Materials and / or Products of Medtech and may not and shall not attempt to assign any interests, either real or presumed, to the Materials and /or (Semi) Products of Medtech.

15.3. Entire Agreement. This Agreement represents the entire agreement of the Parties with respect to its subject matter, and supersedes all prior proposals, agreements, memoranda and / or understandings with respect to this Agreement or its subject matter between Medtech and Wartner USA B.V. and Pharmaspray B.V. Any future representation, agreement, understanding or waiver will only be binding if in writing and signed by the Party sought to be bound.

15.4. Schedules and Annexes. Each schedule, annex and / or the applicable provisions of the Quality Manual will become part of and subject to this Agreement upon signature and date by both Parties.

15.5. Waivers. Either Party’s failure strictly to enforce any provision of this Agreement will not be construed as a waiver of that provision or as excusing the other Party from future performance.

15.6. Notices. All notices required or permitted under this Agreement shall be in writing unless otherwise indicated in this Agreement. The notifying Party shall send the written notice to the address of the other Party as shown at the beginning of this Agreement and/or any other address as agreed upon by the receiving Party. Sent notices will only be effective upon actual receipt by the other Party.

15.7. Electronic Mail. The Parties agree that day-to-day communication can also be by electronic mail (e-mail). Sent e-mail messages will only be effective upon actual receipt by the other Party. Notwithstanding the preceding passages, any message, notice and /or document relating to modification and/or which affects the effect of this Agreement shall only have binding effect if in writing (not being electronic mail and/or other electronic documents) and with written consent of the Parties.

15.8. Confidentiality. Each Party shall, during this Agreement and after termination and completion of this Agreement, keep confidential any information whatsoever regarding the business of the other Party and not provide any third party with such confidential information unless with prior written consent of the other Party, except as may be reasonably required by judicial process or compliance with applicable governmental and regulatory requirements.

15.9. Mandatory Law. This Agreement shall only take effect to the extent that its provisions are not contrary to any provision of mandatory (national and / or international) law. Any provision of this Agreement being contrary to any provision of mandatory law or otherwise being null and void does not effect the validity of the other provisions of this Agreement.

15.10. General Terms and Conditions. The applicability of any general terms and conditions of the contracting Parties, other than those which are expressly and with written consent of both Parties declared applicable to the relationship between Medtech and Pharmaspray under this Agreement, is hereby expressly excluded.

15.11. Changes to the Agreement. Provisions that deviate from this Agreement can be invoked by both Parties only if and to the extent that these provisions are accepted by both Parties in writing.

15.12. Severability. If any term or condition of this Agreement is null and void or will become null and void during the course of this Agreement, the validity and effectiveness of all other terms and conditions shall not be impaired thereby. All terms and conditions of this Agreement are separable.

16. Applicable law and jurisdiction

16.1. This Agreement is exclusively governed and construed by Dutch law, as will all disputes that may arise from this Agreement. All legal concepts to which reference is made in this Agreement are Dutch legal concepts.

All disputes, arising in connection with the present Agreement or further contracts and / or agreements resulting here from, which cannot be settled amicably, shall be settled by the competent Court of Groningen, The Netherlands, notwithstanding higher appeals.

[Remainder of page intentionally left blank]

This agreement was signed with duplicate originals in Irvington, New York on December 21, 2007.

/s/ Peter J. Anderson	/s/ Jos Schott
Medtech Products Inc.	Pharmaspray B.V.
By: Peter J. Anderson	By: Jos Schott
Treasurer	Managing Director

Schedules

Schedule 1 Product Definitions and Specification
Schedule 2 Suppliers and Materials
Schedule 3 Packaging Machine Specification
Schedule 4 Prices, Rates and Charges
Schedule 5 Quality Manual
Schedule 6 Existing Cap for the Product

Exhibit 10.2

CONTRACT MANUFACTURING AGREEMENT

The undersigned,

Medtech Products Inc., a company organized and existing under the laws of the State of Delaware, USA, having its principal place of business at 90 North Broadway, Irvington, New York 10533, together with any affiliate thereof, hereinafter called "**Medtech**";

And

PHARMASPRAY B.V., a company organised and existing under the laws of the Netherlands, having its domicile at Demeterlaan 30 (9641 ML) Veendam, hereinafter called "**Pharmaspray**".

Sometimes hereinafter jointly referred to as the "**Parties**" or separately as the "**Party**".

WHEREAS:

A. Medtech is the owner of all Intellectual Property Rights relating to the Product (as defined in Clause 1) for the USA, Canada and certain other countries and is to be considered the Specification Holder of the Product;

B. Pharmaspray is an aerosol manufacturer filling aerosol cans with cosmetic and medical products;

C. The Products sold by Medtech are subject to ISO-13485 Standard and GMP 820 standard;

D. Pharmaspray operates in accordance with ISO-9001:2000 Standard;

E. The Parties wish to (co)operate in accordance with ISO-13485 Standard, ISO-9001:2000 Standard, the Quality Manual (as defined in Clause 1) and the instructions of Medtech as specified in the Schedule(s) which form part of this Agreement; and

F. The Parties now wish to formalize this Agreement as a "Turn-Key Agreement" in which they will include all their agreements with respect to the Procurement Services, Production Services, Packaging Services, Logistic Services and other services provided by Pharmaspray to Medtech.

NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:

1. Definitions

1.1. The term "Acceptance of the Materials" shall mean the point in time at which the Materials (as defined hereafter) are physically handed over to or become under the control and care of Pharmaspray in order to manufacture and package the Products.

1.2. The term “Agreement” shall mean this document including the Quality Manual and all (further) Schedules and annexes hereto and thereto, each as amended from time to time by the Parties upon mutual written agreement.

1.3. The term “Commencement Date” shall mean October 5, 2007.

1.4. The term "Delivery of the Products" shall mean the point in time at which the Products (as defined hereafter) are delivered to Medtech or the designated agent or distributor of Medtech. Unless otherwise specified in writing, Delivery of Products shall occur ex works (EXW, incoterms 2000) in Veendam.

1.5. The Term “Force Majeure” shall mean those circumstances which are unforeseeable and beyond the reasonable control of each of the Parties and which prevent the total or partial carrying out of any obligation by a party under this Agreement, such as acts or regulations or decrees of any government (de facto or de jure), natural phenomena, such as earthquakes and floods, fires, riots, shipwrecks, freight embargoes or other circumstances whether similar or dissimilar to those enumerated above.

1.6. The term “Intellectual Property Rights” shall mean any and all intellectual property rights, good will, know-how and other intangibles relating to the Product and its packaging including (but not limited to) national and international patents, trade name(s) and trademark(s).

1.7. The term “Logistic Services” shall mean all services provided by Pharmaspray as from the beginning of the manufacture of the Product until the physical delivery of the Product to Medtech, Medtech's distributors, agents or other destinations, including the storage and the arranging of transport.

1.8. The term “Materials” shall mean all semi fabrics, ingredients, spare parts, and packaging material necessary to assemble the Product.

1.9. The term "Mold" shall mean the mold purchased by Pharmaspray from NPK Products B.V. on or about May 1, 2007 for use by Pharmaspray in the manufacture of the Product.

1.10. The term “Packaging Services” shall mean the packaging of the Product(s) (as defined hereafter) by Pharmaspray according to the Quality Manual (as defined hereafter) and other specific instructions of Medtech.

1.11. The term “Procurement Services” shall mean the various acts of identifying, qualifying, ordering and obtaining via Purchase Orders or other means those Materials necessary or appropriate to the production of Products until such Materials are physically delivered to Pharmaspray. In performing Procurement Services, Pharmaspray shall act for its own account and not as agent for Medtech.

1.12. The term “Product” shall mean a consumer product composed and/or manufactured on behalf of Medtech bearing the Compound W Freeze Off® or other trademarks owned by Medtech and used for the cryogenic treatment of warts, skin tags or other lesions in humans, according to Medtech’s specifications as described in Schedule

1.

1.13. The term “Production Services” shall mean the manufacture of the Product, including production, assembly, filling and labelling of the aerosol cans by Pharmaspray as instructed by Medtech in accordance with the terms of this Agreement and the Quality Manual.

1.14. The term “Purchase Order” shall mean a written instruction to provide the Procurement Services, Production Services, Packaging Services and Logistics Services, which instruction is prepared by Medtech and directed to Pharmaspray and includes specific instruction as to the delivery of the Product.

1.15. The term “Quality Manual” shall mean the Quality Agreement attached hereto as Schedule 4, as it may be subsequently amended, revised or replaced upon mutual written agreement.

1.16. The term “Schedule” shall mean any schedule to this Agreement, including any amendment thereto.

1.17. The term “Storage Location” shall mean the warehouse located at Demeterlaan 30 and Cereslaan 9 (9641 ML) Veendam unless otherwise agreed by the Parties in writing.

1.18. The term “Supplier” shall mean suppliers designated or appointed by Pharmaspray, subject to approval by Medtech, as described – non limitative – in Schedule 2.

1.19. The term “Turn-Key Agreement” shall mean an understanding between the Parties acknowledging the assumption of all responsibility by Pharmaspray for all Procurement Services, Production Services, Packaging Services, Logistics Services and other services necessary or appropriate to the fulfilment of Purchase Orders for the Product except as otherwise provided in this Agreement.

In as far as applicable in the context of the Agreement, terms defined in the singular shall include the plural and vice versa.

2. Procurement, Production, Packaging and Logistic Services

2.1. On the terms and conditions of the Agreement, Medtech hereby appoints Pharmaspray and Pharmaspray hereby accepts such appointment to provide the Procurement Services, Production Services, Packaging Services and the Logistic Services during the term of the Agreement in a manner befitting a careful contractor, excepting only as provided herein.

2.2. Without limiting the (general) obligations of the contracting Parties under this Agreement, the Parties shall provide mutual assistance and shall co-operate with each other and with third parties in order to ensure that the quality of the Procurement, Production, Packaging and Logistics Services are maintained and that the Parties' expectations in entering into this Agreement are fulfilled; in particular, Pharmaspray represents that it has such resources necessary to fulfil its obligations and that it shall be pro-active in resolving any problems. Medtech shall

promptly inform Pharmaspray of all changes in its Compound W Freeze Off® business which may impact on the performance of the Production Services under this Agreement.

2.3. Pharmaspray shall provide the Procurement services, Production Services, Packaging Services and Logistics Services in accordance with the applicable ISO standards, the Quality Manual and Schedules, any (other) specific instructions of Medtech and any further mandatory national and international specifications, as applicable from time to time.

2.4. Medtech will provide Pharmaspray every month with a twelve month rolling sales forecast for the Products. The forecast for the three month period immediately following the issuance of the forecast shall be converted into Purchase Orders from Medtech to Pharmaspray, which Purchase Orders shall be deemed binding.

2.5. If Pharmaspray incurs costs directly based upon Medtech's forecast for the next three months, and Medtech does not issue a Purchase Order related to those costs within six months after the applicable month, Pharmaspray may charge such costs to Medtech.

2.6. Pharmaspray will source the Materials mentioned in Schedule 2 from Suppliers approved by Medtech. Pharmaspray will manage a minimum amount of safety stock, with the minimum amount to be determined by the Parties. To the extent any safety stock agreed by the Parties and maintained by Pharmaspray becomes obsolete due solely to the actions of Medtech, Medtech shall be obligated to reimburse Pharmaspray for its actual cost to purchase such safety stock.

2.7. Pharmaspray is responsible for the delivery of the Materials required for the manufacture or production of the Product to Pharmaspray's premises.

2.8. Subject to clause 7.3 and 7.5 and the provisions of Section 9, Pharmaspray is responsible for the compliance of the Materials with the applicable ISO standards and any further national and international specifications applicable from time to time at the moment of Acceptance of the Materials. Pharmaspray shall check such compliance, in as far as visually observable, at the Acceptance of the Materials.

2.9. Pharmaspray shall deliver the Products related to a specific written order of Medtech to the distributors or agents of Medtech within four (4) weeks upon such order, provided that Pharmaspray has received the sales forecast the specific order is based upon, in due time.

2.10. Medtech is allowed to conduct regularly scheduled quality audits of both the production process and the Product at Pharmaspray's premises at any reasonable time after receipt of written notice from Medtech of its intent in advance. Pharmaspray may require its representative to be present and that such visit is under the condition that the internal rules of Pharmaspray or the Storage Location are being complied with. Medtech will be responsible for all associated costs of such quality audits. Medtech shall have the right to reject Products that do not meet the Product Specifications set forth in Schedule 1, the Quality Manual or other specific instructions of Medtech. Reasonable efforts will be made to salvage usable portions of any batch should a sampling of Products not be in compliance with the Product

Specifications set forth in Schedule 1, the Quality Manual or other specific instructions of Medtech.

2.11. Pharmaspray shall provide Medtech with updates on its business operations as specified in the Quality Manual.

2.12. Pharmaspray shall keep an adequate administration of deliveries to Medtech's distributors or agents. Pharmaspray shall provide copies of all shipping documents to Medtech in case of re-calls, whatever the cause for such re-calls may be.

2.13. Each Party shall, upon execution of this Agreement, appoint one of its employees to be a relationship manager responsible for liaison between the Parties. The relationship managers shall conference not less than quarterly and meet in person not less than annually to coordinate the production activities, handle purchase orders, track assembly progress and any packaging work, movement of Product, deliveries, sales status and the current status of the business relationship and manage issues that have arisen.

2.14. Conveyance and delivery of the Products shall occur ex works (EXW) in Veendam, unless otherwise agreed between the Parties in writing.

2.15. Medtech is and shall at all times remain the owner of the Intellectual Property Rights to the Product in the United States, Canada and certain other countries where it owns Intellectual Property Rights. No license of whatever nature in relation to any Intellectual Property Rights is granted by Medtech to Pharmaspray. Pharmaspray shall have the obligation to obtain and maintain all governmental licenses, permits or approvals necessary to manufacture the Product at its facility in Veendam.

3. Packaging

3.1. Pharmaspray will package the Product according to the Quality Manual and other specific instructions of Medtech.

3.2. Pharmaspray has acquired the Mold as described in clause 1.9 above. The acquirement costs were and will be borne by Pharmaspray.

4. Transport

4.1. Medtech is responsible for transport of delivered Products from the premises of Pharmaspray at Veendam to her distributors, agents or (other) final destinations. The Parties agree that Pharmaspray shall organize this transport under the authority of and on expense of Medtech, thus acting as representative of Medtech.

4.2. Medtech shall designate the carrier(s)/transporter(s) to be involved in transportation of delivered Products. Pharmaspray, as representative of Medtech, will contract these carriers/transporters; Medtech being the contractant of the carrier/transporter.

4.3. All costs of transport taking place after delivery, charged to Pharmaspray, will be charged on to Medtech. Pharmaspray will provide Medtech with copies of the transport invoices the on-charging is based upon.

4.4. After delivery (ex works) of the Products has taken place, Pharmaspray is neither responsible nor liable for the acts and omissions of carriers/transporters that are contracted by Pharmaspray on behalf of Medtech.

Loading, stowage and discharging

4.5. The obligation of (un)loading, stowage and discharging the Materials and/or the Products and the liability for any damage to and/or loss of the Materials and/or Products caused by (un)loading, stowage and/or discharging the Materials and/or the Products rests with Pharmaspray, until delivery of the Products to Medtech defined in clause 2.14.

4.6. Any stipulation, condition, reservation or exemption as to responsibility and/or liability of Pharmaspray for loss of and/or damage to the Materials and/or the Products, occurring during loading on, stowing, and subsequently to the discharging from the means of carriage in which the Materials and/or the Products are (to be) carried (before delivery to Medtech), shall be null and void unless with prior written consent of Medtech.

4.7. Pharmaspray shall at all times load, stow and discharge the Materials and the Products in accordance with the applicable provisions of the Quality Manual and the specific instructions of Medtech.

5. Independent and other Subcontractors of Pharmaspray

5.1. Pharmaspray is entitled to contract and instruct (independent) subcontractors and/or auxiliary persons for the manufacturing, packaging, and storage of the Product, subject to the reasonable written consent of Medtech and subject to reasonable assurance that all confidential and proprietary information of Medtech will be safeguarded.

5.2. Pharmaspray shall be responsible and liable for the acts and omissions of its employees, servants, (independent) subcontractors, agents, suppliers and other persons whose services it uses for the performance of its obligations under this Agreement, as if such acts and omissions were its own, cases of Force Majeure excepted.

6. Rates, Charges and Payment Terms

6.1. All rates, costs and expenses with respect to the production and packaging and storage services shall be charged and invoiced by Pharmaspray to Medtech on a weekly basis and in conformity with the provisions set down in Schedule 3 regarding the rates and charges. The prices set out on Schedule 3 shall be fixed prices for the term of this Agreement; provided, however, Pharmaspray shall be entitled to pass on to Medtech in the first quarter of each calendar year, by mutual written agreement, any significant net increase in prices charged by third parties in connection with Pharmaspray's services provided (including any increase in prices

for raw materials). In the event of a demonstrable price-increase of one or more Materials exceeding 5%, Pharmaspray shall also during the calendar year be entitled to pass on to Medtech this price-increase in consultation with Medtech.

6.2. Invoices shall be issued and expressed in Euros and payment shall be made in Euros to a Dutch bank account of Pharmaspray. If, at the request of Pharmaspray, any costs, duties and the like involved with payment shall be paid by Medtech in another currency and/or a foreign bank account, the costs for such payment shall be borne by Pharmaspray.

6.3. Any objections to the invoice Medtech has received from Pharmaspray shall be made by Medtech in writing within sixty (60) days from the invoice date. If no objections are made within 60 days from the invoice date, the invoice shall be binding on both Parties.

6.4. Medtech shall pay the invoiced amounts within sixty (60) days counting from the invoice date. Medtech shall only be allowed to pay at a later date with prior written consent of Pharmaspray. If Medtech pays the invoice within eight (8) days of the invoice date, Medtech shall be entitled to receive a credit equal to 3% of the total amount of the invoice, except of the costs of transport organized on behalf of Medtech as mentioned in clause 4.3

6.5. Any payment to be made by either Party under this Agreement shall be made in full without set-off, restriction, condition or deduction for or on account in any counterclaim.

6.6. Any and all outstanding payments of Medtech due to Pharmaspray shall become immediately payable (*opeisbaar*) if Medtech is declared bankrupt or in moratorium of payments, discontinues its business or if its business is liquidated.

6.7. If Medtech does not pay the amount due within the agreed time, Medtech shall be legally held to be in default and shall be liable to pay interest equal to the Dutch statutory interest rate plus 4% over the entire invoice amount, commencing on the due date of the invoice, until the actual date of payment. Medtech is liable to pay any and all judicial and/or extra-judicial costs for debt collection by Pharmaspray.

6.8. To the extent that Product produced and delivered by Pharmaspray are for sale and use in the United States, Canada or anywhere else outside The Netherlands, no VAT tax shall be included in the invoice.

6.9. The Parties agree that the prices, rates and charges appearing in Schedule 3 have been established for purposes of this Agreement with mutual implicit assumptions in cost of goods sold (“COGS”) and exchange rates between the U.S. dollar and the Euro. To the extent that fluctuations in exchange rates occur such that there is a variance of more than 10% in any twelve month period in the effective exchange rate, the Parties agree to meet and to negotiate in good faith to achieve an equitable and commercially viable accommodation. Increases in COGS not primarily related to exchange rates shall be subject to annual review, and to the extent reasonably applicable shall be modulated by published cost-of-living indexes.

7. Warranties

7.1. Subject to clause 7.3 and 7.5, Pharmaspray represents and warrants that the performance of the Production Services shall be in compliance with the Product Specifications set forth in Schedule 1, the Quality Manual and any other provisions of this Agreement, cases of Force Majeure excepted.

7.2. Subject to clauses 7.3, Pharmaspray represents and warrants that she shall assemble the Products in complete and correct state and in compliance with the Product Specifications set forth in Schedule 1, the Quality Manual and any other provisions of this Agreement, cases of Force Majeure excepted.

7.3. The representation and warranty mentioned in clause 7.1 and 7.2 do not apply to defects in the Product caused by defects in Materials delivered to Pharmaspray by Suppliers if the Materials are accompanied by a certificate of analysis conforming with the Specifications and all approval procedures and criteria required by the Quality Manual are met. The representation and warranty does not apply to texts/artwork edited or provided by Medtech.

7.4. The Parties represent and warrant that, during this Agreement and after termination and completion of this Agreement, except as may be required by judicial process or the regulatory requirements of governmental authority having jurisdiction over the Parties and/or Products, they shall keep confidential any information whatsoever regarding the Materials, the Products, the contents of this Agreement, and the Quality Manual and Schedules and not provide any third party with such confidential information unless with prior written consent of the other Party.

7.5. The Parties agree that the existing design of the Product is the responsibility of Medtech as specification holder. The responsibility of Pharmaspray is to insure that production of the Product is in all respects in conformance with specifications and applicable regulatory requirements. The warranties of Pharmaspray shall be viewed in all respects as limited by this Section 7.5.

8. Insurance

8.1 Both Parties shall on request provide the other Party with periodic evidence of satisfactory product liability insurance coverage for the Products.

9. Liability

9.1. Pharmaspray shall be liable for any and all damages and costs suffered by Medtech as a consequence of Pharmaspray's non-performance ("*tekortkoming in de nakoming*") of its obligations under the Agreement, including but not limited to the warranties granted by Pharmaspray pursuant to clause 7.1 and 7.2 of this Agreement, cases of Force Majeure excepted.

9.2. Except as set forth in Section 7.5, Pharmaspray shall be responsible for damage, defects, non-delivery or late delivery caused by Materials from Suppliers. Notwithstanding the foregoing, Pharmaspray is not liable for damage, defects, non-delivery or late delivery caused by the design of the Product, the formula(s), the package or instructions, prescribed by Medtech and/or shortcomings caused by Medtech.

9.3. As to arranging for transport of Products on behalf of Medtech after delivery ex works has taken place, Pharmaspray is only liable for her own acts and omissions; Pharmaspray is not to be considered the insurance carrier or shipper.

9.4. The Parties agree that Pharmaspray's liability is in any case limited to the greater of (1) the invoiced value of the Products for that specific order; or (2) the maximum amount Pharmaspray's insurance company will compensate for in that particular case provided that Pharmaspray has arranged and maintained for sufficient insurance coverage or could reasonably expected to arrange for, and maintain a certain level of insurance coverage, considering the standard practice in the industry, in accordance with this Agreement.

9.5. Only Medtech shall be responsible and liable for the content of artwork, consumer instructions and label copy. Pharmaspray is not responsible or liable for the content of consumer instructions, artwork and label copies and any (other) texts on the Products, including the Product package. Pharmaspray shall only be responsible for assuring that only artwork provided by or approved by Medtech is accurately utilized.

9.6. Medtech shall be liable for any and all material damages and costs suffered by Pharmaspray as a consequence of a defect (or defects) in Materials delivered by Medtech or defect(s) in texts/artwork edited or provided by Medtech.

9.7. Neither of the Parties shall be liable in case of Force Majeure.

9.8. Claims of either party against the other expire in accordance with the provisions of the Dutch Civil Code. Shorter expiration dates are not valid, unless with prior written consent of the other Party.

10. Indemnifications

10.1. Subject to the provisions of Sections 7.3, 7.5 and 9, Pharmaspray will hold harmless and indemnify Medtech from and in regard to any and all claims by third parties in connection to the performance by Pharmaspray of the production and packaging services such as, but not limited to, claims originating from defectiveness of the Products and/or the Materials required for the Products and the production process, cases of Force Majeure excepted.

10.2. Medtech will hold harmless and indemnify Pharmaspray from and in regard to any and all claims by third parties other than Suppliers, originating from

1. defects in the texts/artwork edited, approved or provided by Medtech, or

2. the design of the Product, formula(s), component parts packaging or instructions provided, prescribed or designed by Medtech or Medtech's predecessors in interest.

11. Exclusivity

11.1. During the term of this Agreement, Pharmaspray shall not provide any services whatsoever to third parties in relation to aerosol products similar to or in any way competing with the Product in the United States, Canada and Mexico.

11.2. During the term of this Agreement, Medtech shall purchase the Product only and exclusively from Pharmaspray.

12. Duration and Termination

12.1. This Agreement shall become effective for an initial period of three years, starting from the Commencement Date. This Agreement may be renewed for additional three year periods upon the mutual written consent of the Parties no later than six months prior to the then applicable expiration date.

12.2. Each of the Parties has the right to terminate this Agreement with immediate effect by giving written notice if any of the following events shall occur:

a. the other party breaches any of the terms of this Agreement and fails to remedy such breach within thirty (30) days after written notice requiring to do so, unless such breach or failure does not justify this with its consequences in view of its minor importance;
b. the other party files a petition for moratorium of payments with the competent court or is granted a moratorium of payments;
c. the other party files a petition for bankruptcy with the competent court or is declared bankrupt; or
d. the board of directors of the other party resolves to dissolve or liquidate its company.

12.3. In case of termination of the Agreement pursuant to Clause 12.2, the terminating Party is entitled to receive full compensation for any and all direct damage suffered by it as a result of the termination and/or, in the case of the event stated under Clause 12.2 sub a., any damage suffered as a result of such breach.

12.4. In deviation of Clause 12.1, Medtech may terminate this Agreement with immediate effect by giving written notice, without any compensation or damages whatsoever to Pharmaspray, if Pharmaspray becomes owned or controlled by or associates with or merges with a producer who provides production services to competitors of the Product.

13. Completion after termination

13.1. Upon termination of the Agreement, Medtech is obliged to take delivery of the Materials and (semi) Products still in the possession and/or under the control of

Pharmaspray on the expiration date of the Agreement or, in case of termination with immediate effect, within 2 weeks upon such termination, after payment of all outstanding amounts to Pharmaspray. Pharmaspray and Medtech shall mutually agree as to the allocation of costs incurred for raw materials, labels and packaging; provided, that, in the event Medtech terminates this Agreement for any reason other than as set forth in Sections 12.2 and 12.4 hereof, Medtech shall be obligated to purchase from Pharmaspray, at Pharmaspray's actual cost, any safety stock agreed between Medtech and Pharmaspray; and provided further, that, notwithstanding the foregoing, any breaching Party shall be fully responsible for such costs (including, without limitation, safety stock maintained by Pharmaspray). Medtech shall have the right, but not the obligation, to purchase any finished Products being held in Pharmaspray's inventory for which no Purchase Orders have been submitted.

13.2. If Medtech terminates this Agreement prior to purchasing eight million (8,000,000) units of the Product from Pharmaspray, Medtech shall purchase the Mold from Pharmaspray in an amount equal to 250,000 Euros (the purchase price for the Mold) multiplied by a fraction the numerator of which is the Shortfall Amount (as defined below) and the denominator of which is 8,000,000. The "Shortfall Amount" shall equal eight million (8,000,000) units less the number of units of the Product purchased by Medtech hereunder through the termination date. Upon Medtech's purchasing eight million (8,000,000) units of the Product from Pharmaspray, Pharmaspray shall promptly transfer title to the Mold to Medtech.

Should the Mold be utilized by Pharmaspray for purposes other than the manufacture of the Product hereunder, the acquisition cost of the Mold to Medtech shall be reduced proportionately to the additional use.

14. No Rescission

14.1 The Parties herewith expressly waive the right to rescind the Agreement pursuant to Article 265 of Book 6, Dutch Civil Code.

15. Miscellaneous

15.1. Changes in the Quality Manual. Subject to the written consent of Pharmaspray which shall not be unreasonably withheld, delayed or conditioned, Medtech reserves the right to amend or adapt the Quality Manual and Schedules to changes in the aforementioned regulation and legislation and / or to the introduction of new regulations and / or legislation regarding the quality requirements of the Product from time to time.

15.2. Successors and Assignments. This Agreement is binding on and for the benefit of both Parties and their successors and permitted assignees. Neither Party may assign (its rights under) this Agreement without the prior written consent of the other party. Pharmaspray shall have no rights in the Materials and / or Products of Medtech and may not and shall not attempt to assign any interests, either real or presumed, to the Materials and /or (Semi) Products of Medtech.

15.3. Entire Agreement. This Agreement represents the entire agreement of the Parties with respect to its subject matter, and supersedes all prior proposals, agreements, memoranda and / or understandings with respect to this Agreement or its subject matter between Medtech and Wartner USA B.V. and Pharmaspray B.V. Any future representation, agreement, understanding or waiver will only be binding if in writing and signed by the Party sought to be bound.

15.4. Schedules and Annexes. Each schedule, annex and / or the applicable provisions of the Quality Manual will become part of and subject to this Agreement upon signature and date by both Parties.

15.5. Waivers. Either Party's failure strictly to enforce any provision of this Agreement will not be construed as a waiver of that provision or as excusing the other Party from future performance.

15.6. Notices. All notices required or permitted under this Agreement shall be in writing unless otherwise indicated in this Agreement. The notifying Party shall send the written notice to the address of the other Party as shown at the beginning of this Agreement and/or any other address as agreed upon by the receiving Party. Sent notices will only be effective upon actual receipt by the other Party.

15.7. Electronic Mail. The Parties agree that day-to-day communication can also be by electronic mail (e-mail). Sent e-mail messages will only be effective upon actual receipt by the other Party. Notwithstanding the preceding passages, any message, notice and /or document relating to modification and/or which affects the effect of this Agreement shall only have binding effect if in writing (not being electronic mail and/or other electronic documents) and with written consent of the Parties.

15.8. Confidentiality. Each Party shall, during this Agreement and after termination and completion of this Agreement, keep confidential any information whatsoever regarding the business of the other Party and not provide any third party with such confidential information unless with prior written consent of the other Party, except as may be reasonably required by judicial process or compliance with applicable governmental and regulatory requirements.

15.9. Mandatory Law. This Agreement shall only take effect to the extent that its provisions are not contrary to any provision of mandatory (national and / or international) law. Any provision of this Agreement being contrary to any provision of mandatory law or otherwise being null and void does not effect the validity of the other provisions of this Agreement.

15.10. General Terms and Conditions. The applicability of any general terms and conditions of the contracting Parties, other than those which are expressly and with written consent of both Parties declared applicable to the relationship between Medtech and Pharmaspray under this Agreement, is hereby expressly excluded.

15.11. Changes to the Agreement. Provisions that deviate from this Agreement can be invoked by both Parties only if and to the extent that these provisions are accepted by both Parties in writing.

15.12. Severability. If any term or condition of this Agreement is null and void or will become null and void during the course of this Agreement, the validity and effectiveness of all other terms and conditions shall not be impaired thereby. All terms and conditions of this Agreement are separable.

16. Applicable law and jurisdiction

16.1. This Agreement is exclusively governed and construed by Dutch law, as will all disputes that may arise from this Agreement. All legal concepts to which reference is made in this Agreement are Dutch legal concepts.

All disputes, arising in connection with the present Agreement or further contracts and / or agreements resulting here from, which cannot be settled amicably, shall be settled by the competent Court of Groningen, The Netherlands, notwithstanding higher appeals.

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This agreement was signed with duplicate originals in Irvington, New York on December 21, 2007.

/s/ Peter J. Anderson	/s/ Jos Schott
Medtech Products Inc.	Pharmaspray B.V.
By: Peter J. Anderson	By: Jos Schott
Treasurer	Managing Director

Schedules

Schedule 1 Product Definitions and Specification
Schedule 2 Suppliers and Materials
Schedule 3 Prices, Rates and Charges
Schedule 4 Quality Manual

Exhibit 10.3

Executive Employment Agreement

1. Employment. Employer agrees to employ Executive and Executive accepts such employment for the period beginning as of October 1st 2007 and ending upon his separation pursuant to Section 1(c) hereof (the "Employment Period").

(a) Position and Duties.

(i) During the Employment Period, Executive shall serve as the Senior Vice President, International of Employer and shall have the normal duties, responsibilities and authority implied by such position, subject to the power of the Chief Executive Officer of Employer and the Board to expand or limit such duties, responsibilities and authority and to override such actions.

(ii) Executive shall report to the Chief Executive Officer of Employer, and Executive shall devote his best efforts and his full business time and attention to the business and affairs of the Company, Employer and their Subsidiaries.

(b) Salary, Bonus and Benefits. During the Employment Period, Employer will pay Executive a base salary of $213,000 per annum (the "Annual Base Salary"). In addition, the Executive shall be eligible for and participate in the Annual Incentive Compensation Plan (the "Annual Bonus") under which the Executive shall be eligible for an annual Target Bonus payment of 45% of Annual Base Salary. Executive is eligible for the Long Term Incentive Plan of the company. During the Employment Period, Executive will be entitled to such other benefits approved by the Board and made available to the senior management of the Company, Employer and their Subsidiaries, which shall include vacation time (four weeks per year) and medical, dental, life and disability insurance. The Board, on a basis consistent with past practice, shall review the Annual Base Salary of Executive and may increase the Annual Base Salary by such amount as the Board, in its sole discretion, shall deem appropriate. The term "Annual Base Salary" as used in this Agreement shall refer to the Annual Base Salary as it may be so increased.

(c) Separation. The Employment Period will continue until (i) Executive's death, disability or resignation from employment with the Company, Employer and their respective Subsidiaries or (ii) the Company, Employer and their respective Subsidiaries decide to terminate Executive's employment with or without Cause. If (A) Executive's employment is terminated without Cause pursuant to clause (ii) above or (B) Executive resigns from employment with the Company, Employer or any of their respective Subsidiaries for Good Reason, then during the period commencing on the date of termination of the Employment Period and ending on the first anniversary of the date of termination (the "Severance Period"), Employer shall pay to Executive, in equal installments on the Employer's regular salary payment dates, an aggregate amount equal to (I) his Annual Base Salary, plus (II) an amount equal to the Annual Bonus, if any, paid

Annual Bonus, if any, paid or payable to Executive by Employer for the last fiscal year ended prior to the date of termination. In addition, if Executive is entitled on the date of termination to coverage under the medical and prescription portions of the Welfare Plans, such coverage shall continue for Executive and Executive's covered dependents for a period ending on the first anniversary of the date of termination at the active employee cost payable by Executive with respect to those costs paid by Executive prior to the date of termination; provided, that this coverage will count towards the depletion of any continued health care coverage rights that Executive and Executive's dependents may have pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"); provided further, that Executive's or Executive's covered dependents' rights to continued health care coverage pursuant to this Section 1(c) shall terminate at the time Executive or Executive's covered dependents become covered, as described in COBRA, under another group health plan, and shall also terminate as of the date Employer ceases to provide coverage to its senior executives generally under any such Welfare Plan. Notwithstanding the foregoing, (I) Executive shall not be entitled to receive any payments or benefits pursuant to this Section 1(c) unless Executive has executed and delivered to Employer a general release in form and substance satisfactory to Employer and (II) Executive shall be entitled to receive such payments and benefits only so long as Executive has not breached the provisions of Section 2 or Section 3 hereof. The release described in the foregoing sentence shall not require Executive to release any claims for any vested employee benefits, workers compensation benefits covered by insurance or self-insurance, claims to indemnification to which Executive may be entitled under Employer's or its Subsidiaries' certificate(s) of incorporation, by-laws or under any of Employer's or its Subsidiaries' directors or officers insurance policy(ies) or applicable law, or equity claims to contribution from Employer or its Subsidiaries or any other Person to which Executive is entitled as a matter of law in respect of any claim made against Executive for an alleged act or omission in Executive's official capacity and within the scope of Executive's duties as an officer, director or employee of Employer or its Subsidiaries. Not later than eighteen (18) months following the termination of Executive's employment, Employer and its Subsidiaries for which the Executive has acted in the capacity of a senior manager, shall sign and deliver to Executive a release of claims that Employer and its Subsidiaries have against Executive; provided that, such release shall not release any claims that Employer and/or its Subsidiaries commenced prior to the date of the release(s), any claims relating to matters actively concealed by Executive, any claims to contribution from Executive to which Employer or its Subsidiaries are entitled as a matter of law or any claims arising out of mistaken indemnification by Employer and/or any of its Subsidiaries. Except as otherwise provided in this Section 1(c) or in the Employer's employee benefit plans or as otherwise required by applicable law, Executive shall not be entitled to any other salary, compensation or benefits after termination of Executive's employment with Employer.

2. Confidential Information.

(a) Obligation to Maintain Confidentiality. Executive acknowledges that the information, observations and data (including trade secrets) obtained by him during the course of his performance under this Agreement concerning the business or affairs of Employer, its Subsidiaries and Affiliates ("Confidential Information") are the property of Employer, its Subsidiaries and Affiliates, as applicable, including information concerning acquisition opportunities in or reasonably related to Employer's, its Subsidiaries' and/or Affiliates' business or industry of which Executive becomes aware during the Employment Period. Therefore, Executive agrees that he will not disclose to any unauthorized Person or use for his own account (for his commercial advantage or otherwise) any Confidential Information without the Board's written consent, unless and to the extent that the Confidential Information, (i) becomes generally known to and available for use by the public other than as a result of Executive's acts or omissions to act, (ii) was known to Executive prior to Executive's employment with Employer or any of its Subsidiaries or Affiliates or (iii) is required to be disclosed pursuant to any applicable law, court order or other governmental decree. Executive shall deliver to Employer at a Separation, or at any other time Employer may request, all memoranda, notes, plans, records, reports, computer tapes, printouts and software and other documents and data (and copies thereof) relating to the Confidential Information, Work Product (as defined below) or the business of the Employer, its Subsidiaries and Affiliates (including, without limitation, all acquisition prospects, lists and contact information) which he may then possess or have under his control.

(b) Ownership of Property. Executive acknowledges that all discoveries, concepts, ideas, inventions, innovations, improvements, developments, methods, processes, programs, designs, analyses, drawings, reports, patent applications, copyrightable work and mask work (whether or not including any Confidential Information) and all registrations or applications related thereto, all other proprietary information and all similar or related information (whether or not patentable) that relate to Employer's, its Subsidiaries' and/or Affiliates' actual or anticipated business, research and development, or existing or future products or services and that are conceived, developed, contributed to, made, or reduced to practice by Executive (either solely or jointly with others) while employed by the Employer, its Subsidiaries and/or Affiliates (including any of the foregoing that constitutes any proprietary information or records) ("Work Product") belong to the Employer or such Subsidiary or Affiliate and Executive hereby assigns, and agrees to assign, all of the above Work Product to Employer or to such Subsidiary or Affiliate. Any copyrightable work prepared in whole or in part by Executive in the course of his work for any of the foregoing entities shall be deemed a "work made for hire" under the copyright laws, and Employer or such Subsidiary or Affiliate shall own all rights therein. To the extent that any such copyrightable work is not a "work made for hire," Executive hereby assigns and agrees to assign to Employer or such Subsidiary or Affiliate all right, title, and interest, including without limitation, copyright in and to such copyrightable work. Executive shall

promptly disclose such Work Product and copyrightable work to the Board and perform all actions reasonably requested by the Board (whether during or after the Employment Period) to establish and confirm the Employer's or such Subsidiary's or Affiliate's ownership (including, without limitation, assignments, consents, powers of attorney, and other instruments).

(c) Third Party Information. Executive understands that Employer, its Subsidiaries and Affiliates will receive from third parties confidential or proprietary information ("Third Party Information"), subject to a duty on Employer's, its Subsidiaries' and Affiliates' part to maintain the confidentiality of such information and to use it only for certain limited purposes. During the Employment Period and thereafter, and without in any way limiting the provisions of Section 2(a) above, Executive will hold Third Party Information in the strictest confidence and will not disclose to anyone (other than personnel and consultants of Employer, its Subsidiaries and Affiliates who need to know such information in connection with their work for Employer or any of its Subsidiaries and Affiliates) or use, except in connection with his work for Employer or any of its Subsidiaries and Affiliates, Third Party Information unless expressly authorized by a member of the Board (other than himself if Executive is on the Board) in writing.

(d) Use of Information of Prior Employers. During the Employment Period and thereafter, Executive will not improperly use or disclose any confidential information or trade secrets, if any, of any former employers or any other Person to whom Executive has an obligation of confidentiality, and will not bring onto the premises of Employer or any of its Subsidiaries or Affiliates any unpublished documents or any property belonging to any former employer or any other Person to whom Executive has an obligation of confidentiality unless consented to in writing by the former employer or Person. Executive will use in the performance of his duties only information which is (i) generally known and used by persons with training and experience comparable to Executive's and which is (x) common knowledge in the industry or (y) otherwise legally in the public domain, (ii) otherwise provided or developed by Employer or any of its Subsidiaries or Affiliates or (iii) in the case of materials, property or information belonging to any former employer or other Person to whom Executive has an obligation of confidentiality, approved for such use in writing by such former employer or Person.

3. Non-competition and No Solicitation. Executive acknowledges that (i) the course of his employment with Employer he will become familiar with Employer's, its Subsidiaries' and Affiliates' trade secrets and with other confidential information concerning the Employer, its Subsidiaries and Affiliates; and (ii) his services will be of special, unique and extraordinary value to Employer and such Subsidiaries. Therefore, Executive agrees that:

(a) Non-competition. During the Employment Period and also during the period commencing on the date of termination of the Employment Period and

ending on the first anniversary of the date of termination, he shall not without the express written consent of Employer, anywhere in the world, directly or indirectly, own, manage, control, participate in, consult with, render services for, or in any manner engage in any business (i) which competes with (a) OTC wart treatment products (including, without limitation, cryogen-based products), (b) devices for treatment or management of bruxism, (c) OTC sore throat treatment products (including, without limitation, liquids, lozenges and strips), (d) inter-proximal devices, (e) copper scrubbers, (f) powdered and liquid cleansers, (g) pediatric OTC medicinal products, or (h) any other business acquired by Employer and its Subsidiaries after the date hereof which represents 5% or more of the consolidated revenues or EBITDA of Employer and its Subsidiaries for the trailing 12 months ending on the last day of the last completed calendar month immediately preceding the date of termination of the Employment Period, or (ii) in which Employer and/or its Subsidiaries have conducted discussions or have requested and received information relating to the acquisition of such business by such Person (x) within one year prior to the Separation and (y) during the Severance Period, if any. Nothing herein shall prohibit Executive from being a passive owner of not more than 2% of the outstanding stock of any class of a corporation that is publicly traded, so long as Executive has no active participation in the business of such corporation

(b) No solicitation. During the Employment Period and also during the period commencing on the date of termination of the Employment Period and ending on the first anniversary of the date of termination, Executive shall not directly or indirectly through another entity (i) induce or attempt to induce any employee of Employer or its Subsidiaries to leave the employ of Employer or its Subsidiaries, or in any way interfere with the relationship between Employer or its Subsidiaries and any employee thereof, (ii) hire any person who was an employee of Employer or its Subsidiaries within 180 days after such person ceased to be an employee of Employer or its Subsidiaries (provided, however, that such restriction shall not apply for a particular employee if Employer or its Subsidiaries have provided written consent to such hire, which consent, in the case of any person who was not a key employee of Employer or its Subsidiaries shall not be unreasonably withheld), (iii) induce or attempt to induce any customer, supplier, licensee or other business relation of Employer or its Subsidiaries to cease doing business with Employer or its Subsidiaries or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and Employer or its Subsidiaries or (iv) directly or indirectly acquire or attempt to acquire an interest in any business relating to the business of Employer or its Subsidiaries and with which Employer or its Subsidiaries have conducted discussions or have requested and received information relating to the acquisition of such business by Employer or its Subsidiaries in the two year period immediately preceding a Separation.

(c) Enforcement. If, at the time of enforcement of Section 2 or this Section 3, a court holds that the restrictions stated herein are unreasonable under circumstances then existing, the parties hereto agree that the maximum duration,

scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area and that the court shall be allowed to revise the restrictions contained herein to cover the maximum duration, scope and area permitted by law. Because Executive's services are unique and because Executive has access to Confidential Information, the parties hereto agree that money damages would be an inadequate remedy for any breach of this Agreement. Therefore, in the event of a breach or threatened breach of this Agreement, Employer, its Subsidiaries or their successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof (without posting a bond or other security).

(d) Additional Acknowledgments. Executive acknowledges that the provisions of this Section 3 are in consideration of: (i) employment with the Employer, (ii) the prospective issuance of securities by Employer pursuant to the Long-Term Equity Incentive Plan and (iii) additional good and valuable consideration as set forth in this Agreement. In addition, Executive agrees and acknowledges that the restrictions contained in Section 2 and this Section 3 do not preclude Executive from earning a livelihood, nor do they unreasonably impose limitations on Executive's ability to earn a living. In addition, Executive acknowledges (i) that the business of Employer and its Subsidiaries will be conducted throughout the world, (ii) notwithstanding the state of incorporation or principal office of Employer or any of its Subsidiaries, or any of their respective executives or employees (including the Executive), it is expected that Employer and its Subsidiaries will have business activities and have valuable business relationships within its industry throughout the world and (iii) as part of his responsibilities, Executive will be traveling throughout the world in furtherance of Employer's and/or its Subsidiaries' business and their relationships. Executive agrees and acknowledges that the potential harm to Employer and its Subsidiaries of the non-enforcement of Section 2 and this Section 3 outweighs any potential harm to Executive of their enforcement by injunction or otherwise. Executive acknowledges that he has carefully read this Agreement and has given careful consideration to the restraints imposed upon Executive by this Agreement, and is in full accord as to their necessity for the reasonable and proper protection of confidential and proprietary information of Employer and its Subsidiaries now existing or to be developed in the future. Executive expressly acknowledges and agrees that each and every restraint imposed by this Agreement is reasonable with respect to subject matter, time period and geographical area.

4. Miscellaneous.

(a) Survival. The provisions of Sections 1(c), 2, 3 and 4 shall survive the termination of this Agreement.

(b) Entire Agreement. This Agreement sets forth the entire understanding of the parties and merges and supersedes any prior or

contemporaneous agreements, whether written or oral, between the parties pertaining to the subject matter hereof.

(c) Modification. This Agreement may not be modified or terminated orally, and no modification or waiver of any of the provisions hereof shall be binding unless in writing and signed by the party against whom the same is sought to be enforced.

(d) Waiver. Failure of a party to enforce one or more of the provisions of this Agreement or to require at any time performance of any of the obligations hereof shall not be construed to be a waiver of such provisions by such party nor to in any way affect the validity of this Agreement or such party's right thereafter to enforce any provision of this Agreement, nor to preclude such party from taking any other action at any time which it would legally be entitled to take.

(e) Successors and Assigns. Neither party shall have the right to assign this Agreement, or any rights or obligations hereunder, without the consent of the other party; provided, however, that upon the sale of all or substantially all of the assets, business and goodwill of Employer to another company, or upon the merger or consolidation of Employer with another company, this Agreement shall inure to the benefit of, and be binding upon, both Executive and the company purchasing such assets, business and goodwill, or surviving such merger or consolidation, as the case may be, in the same manner and to the same extent as though such other company were Employer; and provided, further, that Employer shall have the right to assign this Agreement to any Affiliate or Subsidiary of Employer. Subject to the foregoing, this Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their legal representatives, heirs, successors and permitted assigns.

(f) Communications. All notices or other communications required or permitted hereunder will be in writing and will be deemed given or delivered when delivered personally, by registered or certified mail or by overnight courier (fare prepaid) addressed as follows:

(i)	To Employer:	Prestige Brands Holdings, Inc. 90 North Broadway Irvington, New York 10533 Attention: Chief Executive Officer
(ii)	With a copy to:	Prestige Brands Holdings, Inc. 90 North Broadway Irvington, New York 10533 Attention: Legal Department
(iii)	To the Employee:	John Parkinson 525 E. 72nd Street, Apt. 4E New York, New York 10021

or to such address as a party hereto may indicate by a notice delivered to the other party. Notice will be deemed received the same day when delivered personally, five (5) days after mailing when sent by registered or certified mail, and the next business day when delivered by overnight courier. Any party hereto may change its address to which all communications and notices may be sent by addressing notices of such change in the manner provided.

(g) Severability. If any provision of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect the validity and enforceability of the other provisions of this Agreement and the provision held to be invalid or unenforceable shall be enforced as nearly as possible according to its original terms and intent to eliminate such invalidity or unenforceability.

(h) Governing Law. This Agreement will be governed by, construed and enforced in accordance with the laws of the State of New York, without giving effect to its conflicts of law provisions.

(i) Jurisdiction; Venue. THIS AGREEMENT SHALL BE SUBJECT TO THE EXCLUSIVE JURISDICTION OF THE STATE OR FEDERAL COURTS SITTING IN WESTCHESTER COUNTY, NEW YORK. THE PARTIES TO THIS AGREEMENT IRREVOCABLY AND EXPRESSLY AGREE TO SUBMIT TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK OR COURTS OF THE STATE OF NEW YORK IN WESTCHESTER COUNTY, NEW YORK FOR THE PURPOSE OF RESOLVING ANY DISPUTES AMONG THE PARTIES RELATING TO THIS AGREEMENT. THE PARTIES IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH THEY MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR ANY JUDGMENT ENTERED BY ANY COURT IN RESPECT HEREOF, BROUGHT IN WESTCHESTER COUNTY, NEW YORK, AND FURTHER IRREVOCABLY WAIVE ANY CLAIM THAT ANY SUIT, ACTION OR PROCEEDING BROUGHT IN WESTCHESTER COUNTY, NEW YORK HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. THE PARTIES HERETO AGREE TO SERVICE OF PROCESS BY CERTIFIED OR REGISTERED UNITED STATES MAIL, POSTAGE PREPAID, ADDRESSED TO THE PARTY IN QUESTION.

(j) Waiver of Jury Trial. EACH PARTY TO THIS AGREEMENT WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT.

(k) No Third-Party Beneficiaries. Each of the provisions of this Agreement is for the sole and exclusive benefit of the parties hereto and shall not be deemed for the benefit of any other person or entity.

(l) Code Section 409A. The parties to this Agreement intend that the Agreement complies with Section 409A of the Internal Revenue Code, where applicable, and this Agreement shall be interpreted in a manner consistent with that intention. To the extent not otherwise provided by this Agreement, and solely to the extent required by Section 409A of the Code, no payment or other distribution required to be made to the Executive hereunder (including any payment of cash, any transfer of property and any provision of taxable benefits) as a result of his termination of employment with Employer shall be made earlier than the date that is six (6) months and one day following the date on which the Executive separates from service with Employer any and its affiliates (within the meaning of Section 409A of the Code).

(m) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first written above.

PRESTIGE BRANDS HOLDINGS, INC.

By: /s/ Mark Pettie
Name: Mark Pettie
Title: Chairman and Chief Executive Officer

/s/ John Parkinson
John Parkinson

DEFINITIONS

"Affiliate" means, with respect to any Person, any other Person who directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlled" and "controlling" have meanings correlative thereto.

"Cause" is defined as (i) your willful and continued failure to substantially perform your duties with Employer (other than any such failure resulting from your incapacity due to physical or mental illness) that has not been cured within 10 days after a written demand for substantial performance is delivered to you by the Board, which demand specifically identifies the manner in which the Board believes that you have not substantially performed your duties, (ii) the willful engaging by you in conduct which is demonstrably and materially injurious to Employer or its Affiliates, monetarily or otherwise, (iii) your conviction (or plea of nolo contendere) for any felony or any other crime involving dishonesty, fraud or moral turpitude, (iv) your breach of fiduciary duty to Employer or its Affiliates, (v) any violation of Employer's policies relating to compliance with applicable laws which have a material adverse effect on Employer or its Affiliates or (vi) your breach of any restrictive covenant. For purposes of clauses (i) and (ii) of this definition, no act, or failure to act, on your part shall be deemed "willful" unless done, or omitted to be done, by you not in good faith and without reasonable belief that your act, or failure to act, was in the best interest of Employer.

"Good Reason" is defined as, without your consent, (i) the assignment to you of any duties inconsistent with your status as the Senior Vice President, International or a substantial adverse alteration in the nature or status of the your responsibilities, unless Employer has cured such events within 10 business days after the receipt of written notice thereof from you, (ii) a reduction in your annual base salary or target annual bonus percentage, except for across-the-board salary reductions similarly affecting all senior executives of Employer, or (iii) the relocation of Employer's headquarters by more than 30 miles.

"Person" means any person or entity, whether an individual, trustee, corporation, limited liability company, partnership, trust, unincorporated organization, business association, firm, joint venture, governmental authority or similar entity.

"Subsidiary" of any specified Person shall mean any corporation fifty percent (50%) or more of the outstanding capital stock of which, or any partnership, joint venture, limited liability company or other entity fifty percent (50%) or more of the ownership interests of which, is directly or indirectly owned or controlled by such

specified Person, or any such corporation, partnership, joint venture, limited liability company, or other entity which may otherwise be controlled, directly or indirectly, by such Person.

Exhibit 31.1

CERTIFICATIONS

I, Mark Pettie, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Prestige Brands Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 8, 2008

/s/ Mark Pettie
Mark Pettie
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Peter J. Anderson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Prestige Brands Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 8, 2008

/s/ Peter J. Anderson
Peter J. Anderson
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF 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 Quarterly Report of Prestige Brands Holdings, Inc. on Form 10-Q for the quarter ended December 31, 2007, 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 Quarterly 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: February 8, 2008

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, 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 Quarterly Report of Prestige Brands Holdings, Inc. on Form 10-Q for the quarter ended December 31, 2007, 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 Quarterly 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: February 8, 2008