REBHOLZ ANDREW J
Form 4
May 23, 2018

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
REBHOLZ ANDREW J

(Last) (First) (Middle)

C/O THE RMR GROUP LLC, TWO NEWTON PLACE 255 WASHINGTON STREET

(Street)

NEWTON, MA 02458

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
TRAVELCENTERS OF AMERICA LLC [TA]

3. Date of Earliest Transaction (Month/Day/Year)
05/23/2018

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
CEO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Shares	05/23/2018		A		10,000	A	(1)	612,744	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Own Follo Repo Trans (Instr
								Date Exercisable	Expiration Date	Title	Amount or Number of Shares		
				Code	V	(A)	(D)						

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
REBHOLZ ANDREW J C/O THE RMR GROUP LLC TWO NEWTON PLACE 255 WASHINGTON STREET NEWTON, MA 02458	X		CEO	

Signatures

/s/ Andrew J. Rebholz	05/23/2018
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Transaction reported is grant of shares pursuant to issuer's equity compensation plan.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Accounts payable

$
1,890

$
13,914

$
7,437

$
736

$
—

$
23,977

Accrued interest payable

—

5,181

—

—

—

5,181

Other accrued liabilities

4,446

29,101

1,568

824

(12,034

Explanation of Responses:

)

23,905

Total current liabilities

6,336

48,196

9,005

1,560

(12,034
)

53,063

Long-term debt

Principal amount

—

434,000

—

—

—

434,000

Less unamortized discount

—

(4,368
)

—

—

—

(4,368
)
Long-term debt, net of unamortized discount

—

429,632

—

—

—

429,632

Deferred income tax liabilities

(4,235
)

138,842

26,812

83

—

161,502

Intercompany payable

Explanation of Responses:

916,629

968,697

172,479

632

(2,058,437
)

—

Intercompany equity in subsidiaries

162,261

—

—

—

(162,261
)

—

Total Liabilities

1,080,991

1,585,367

208,296

2,275

(2,232,732
)

644,197

Stockholders' Equity

Common stock

504

—

Explanation of Responses:

—

—

—

504

Additional paid-in capital

390,863

337,458

118,638

24

(456,120
)

390,863

Treasury stock, at cost - 181 shares

(687
)

—

—

—

—

(687
)
Accumulated other comprehensive loss, net of tax

(70
)

—

—

(70
)

70

(70
)
Retained earnings (accumulated deficit)

11,040

(129,331
)

(46,100
)

13,240

162,191

11,040

Intercompany dividends

—

5,727

—

(5,727
)

—

—

Total Stockholders' Equity

401,650

213,854

72,538

7,467

(293,859
)

401,650

Total Liabilities and Stockholders' Equity

$
1,482,641

$
1,799,221

$
280,834

$

9,742

$
(2,526,591
)

$
1,045,847

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Condensed Consolidating Balance Sheet
March 31, 2011

(In thousands)	Prestige Brands Holdings, Inc.	Prestige Brands, Inc., the issuer	Combined Subsidiary Guarantors	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Current assets						
Cash and cash equivalents	$12,698	$—	$—	$636	$—	$13,334
Accounts receivable, net	13	34,835	8,842	703	—	44,393
Inventories	—	31,023	8,050	678	—	39,751
Deferred income tax assets	646	4,168	477	1	—	5,292
Prepaid expenses and other current assets	4,505	156	150	1	—	4,812
Total current assets	17,862	70,182	17,519	2,019	—	107,582
Property and equipment, net	1,131	127	173	13	—	1,444
Goodwill	—	147,506	7,390	—	—	154,896
Intangible assets, net	—	634,704	151,220	437	—	786,361
Other long-term assets	—	6,635	—	—	—	6,635
Intercompany receivable	1,007,260	954,317	92,251	4,558	(2,058,386)	—
Investment in subsidiary	456,119	—	—	—	(456,119)	—
Total Assets	$1,482,372	$1,813,471	$268,553	$7,027	$(2,514,505)	$1,056,918
Liabilities and Stockholders' Equity						
Current liabilities						
Accounts payable	$1,920	$14,656	$4,627	$412	$—	$21,615
Accrued interest payable	—	10,313	—	—	—	10,313
Other accrued liabilities	15,555	15,134	(7,382)	(1,027)	—	22,280
Total current liabilities	17,475	40,103	(2,755)	(615)	—	54,208
Long-term debt						
Principal amount	—	492,000	—	—	—	492,000
Less unamortized discount	—	(5,055)	—	—	—	(5,055)
Long-term debt, net of unamortized discount	—	486,945	—	—	—	486,945
Deferred income tax liabilities	(2,846)	132,549	24,135	95	—	153,933
Intercompany payable	931,601	952,721	173,310	754	(2,058,386)	—
Intercompany equity in subsidiaries	174,310	—	—	—	(174,310)	—
Total Liabilities	1,120,540	1,612,318	194,690	234	(2,232,696)	695,086
Stockholders' Equity						
Common stock	503	—	—	—	—	503

Additional paid-in capital	387,932	337,458	118,637	24	(456,119)	387,932
Treasury stock, at cost - 160 shares	(416)	—	—	—	—	(416)
(Accumulated deficit) retained earnings	(26,187)	(142,032)	(44,774)	12,496	174,310	(26,187)
Intercompany dividends	—	5,727	—	(5,727)	—	—
Total Stockholders' Equity	361,832	201,153	73,863	6,793	(281,809)	361,832
Total Liabilities and Stockholders' Equity	$1,482,372	$1,813,471	$268,553	$7,027	$(2,514,505)	$1,056,918

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Condensed Consolidating Statement of Cash Flows
Nine Months Ended December 31, 2011

(In thousands)	Prestige Brands Holdings, Inc.	Prestige Brands, Inc., the issuer	Combined Subsidiary Guarantors	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating Activities						
Net income (loss)	$37,227	$12,701	$(1,326)	$744	$(12,119)	$37,227
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	412	5,843	1,375	53	—	7,683
Deferred income taxes	(963)	5,718	2,565	1	—	7,321
Amortization of deferred financing costs	—	847	—	—	—	847
Stock-based compensation costs	2,360	—	—	—	—	2,360
Amortization of debt discount	—	687	—	—	—	687
Changes in operating assets and liabilities						
Accounts receivable	(23)	(6,331)	731	(193)	—	(5,816)
Inventories	—	(2,951)	(924)	25	—	(3,850)
Prepaid expenses and other current assets	3,218	(715)	145	2	—	2,650
Accounts payable	(29)	(748)	2,810	359	—	2,392
Accrued liabilities	(14,662)	14,860	(3,084)	(622)	—	(3,508)
Intercompany activity, net	26,866	(34,020)	(2,292)	(200)	9,646	—
Net cash provided by (used in) operating activities	54,406	(4,109)	—	169	(2,473)	47,993
Investing Activities						
Purchases of equipment	(140)	(218)	—	—	—	(358)
Proceeds from escrow of Blacksmith acquisition	—	1,200	—	—	—	1,200
Intercompany activity, net	1,200	(1,200)	—	—	—	—
Net cash provided by (used in) investing activities	1,060	(218)	—	—	—	842
Financing Activities						
Repayment of long-term debt	—	(58,000)	—	—	—	(58,000)
Proceeds from exercise of stock options	572	—	—	—	—	572
Shares surrendered as payment of tax withholding	(271)	—	—	—	—	(271)
Intercompany activity, net	(64,920)	62,327	—	120	2,473	—
Net cash (used in) provided by financing activities	(64,619)	4,327	—	120	2,473	(57,699)
	—	—	—	(31)	—	(31)

Effect of exchange rate changes on cash and cash equivalents						
(Decrease) increase in cash	(9,153)	—	—	258	—	(8,895)
Cash - beginning of period	12,698	—	—	636	—	13,334
Cash - end of period	$3,545	$—	$—	$894	$—	$ 4,439

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Condensed Consolidating Statement of Cash Flows
Nine Months Ended December 31, 2010

(In thousands)	Prestige Brands Holdings, Inc.	Prestige Brands, Inc., the issuer	Combined Subsidiary Guarantors	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating Activities						
Net income (loss)	$22,806	$(2,029)	$594	$ 1,325	$ 110	$ 22,806
Adjustments to reconcile net income (loss) to net cash provided by operating activities:						
Depreciation and amortization	338	5,789	1,388	50	—	7,565
Loss on sale of discontinued operations	—	890	—	—	—	890
Deferred income taxes	(1,039)	3,768	2,862	—	—	5,591
Amortization of deferred financing costs	—	767	—	—	—	767
Stock-based compensation costs	2,751	—	—	—	—	2,751
Loss on extinguishment of debt	—	300	—	—	—	300
Amortization of debt discount	—	480	—	—	—	480
Loss on disposal of equipment	3	105	20	3	—	131
Changes in operating assets and liabilities, net of effects of purchases of businesses:						
Accounts receivable	1,037	3,624	2,985	(316)	—	7,330
Inventories	—	4,696	(1,712)	(170)	—	2,814
Inventories held for sale	—	1,114	—	—	—	1,114
Prepaid expenses and other current assets	3,404	(395)	157	—	—	3,166
Accounts payable	(1,631)	(746)	852	471	—	(1,054)
Accrued liabilities	(2,069)	11,567	(2,778)	288	—	7,008
Intercompany activity, net	—	—	—	—	—	—
Net cash provided by operating activities	25,600	29,930	4,368	1,651	110	61,659
Investing Activities						
Purchases of equipment	(358)	(44)	—	(3)	—	(405)
Proceeds from sale of discontinued operations	—	4,122	—	—	—	4,122
Acquisition of Blacksmith, net of cash acquired	(221)	(201,823)	—	—	—	(202,044)
Net cash used in investing activities	(579)	(197,745)	—	(3)	—	(198,327)
Financing Activities						
Proceeds from issuance of Senior Notes	—	100,250	—	—	—	100,250

Proceeds from issuance of Senior Term Loan	—	112,936	—	—	—	112,936
Payment of deferred financing costs	—	(648)	—	—	—	(648)
Repayment of long-term debt	—	(33,587)	—	—	—	(33,587)
Proceeds from exercise of stock options	150	—	—	—	—	150
Shares surrendered as payment of tax withholding	(264)	—	—	—	—	(264)
Intercompany activity, net	17,101	(11,136)	(4,368)	(1,487)	(110)	—
Net cash provided by (used in) financing activities	16,987	167,815	(4,368)	(1,487)	(110)	178,837
Increase in cash	42,008	—	—	161	—	42,169
Cash - beginning of period	40,644	—	—	453	—	41,097
Cash - end of period	$82,652	$—	$—	$ 614	$—	$ 83,266

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22. Subsequent Events

Acquisition and refinancing:
On January 24, 2012, we priced, and on January 31, 2012, we completed, an offering of $250.0 million in aggregate principal amount of 8.125% senior notes due 2020 (the "Notes"). In addition, on January 31, 2012, we completed, subject to a post-closing inventory adjustment, the acquisition of 15 North American over-the-counter healthcare brands owned by GSK and its affiliates (the "GSK Brands I") for $615.0 million in cash, including the related contracts, trademarks and inventory. We also entered into new senior secured term loan and revolving credit facilities and ratably secured our existing 8.25% Senior Notes due 2018 with the new term loan facility.
The Notes will be senior unsecured obligations and will be guaranteed by us and certain of our domestic subsidiaries. We are using the net proceeds from the Notes offering, together with borrowings under the new senior secured term loan facility, to finance the acquisition of 17 North American over-the-counter from GSK and its affiliates, to repay our existing senior secured credit facilities, to pay fees and expenses incurred in connection with these transactions and for general corporate purposes.

On January 31, 2012, in connection with the completed acquisition of the GSK Brands I, we entered into a New Senior Secured Credit Facility which consists of (i) a $660.0 million term loan facility ("New Term Loan Facility") with a seven-year maturity and (ii) a $50.0 million asset-based revolving credit facility ("New ABL Revolving Credit Facility") with a five-year maturity. Borrowings under our New Senior Secured Credit Facility bear interest at a rate per annum (i) with respect to term loans, at our option, at the Eurocurrency Rate (as defined in the agreement) plus 4.00% or the Base Rate (as defined in the agreement) plus 3.00%, (ii) with respect to revolving loans, at our option, at the Eurocurrency Rate plus a range of 1.75% to 2.25% depending on Excess Availability (as defined in the agreement) or the Base Rate plus a range of 0.75% to 1.25% depending on Excess Availability, and (iii) with respect to swing line loans, the Base Rate plus a range of 0.75% to 1.25% depending on Excess Availability. We will be required to make quarterly payments each equal to 0.25% of the original principal amount of the term loan made on the closing date, with the balance expected to be due on the seventh anniversary of the closing date.
The GSK Brands I include BC, Goody's and Ecotrin brands of pain relievers; Beano, Gaviscon, Phazyme, Tagamet and Fiber Choice gastrointestinal ("GI") brands; and the Sominex sleep aid brand. These brands are complementary to our existing OTC Healthcare portfolio.

We acquired the GSK Brands I pursuant to the terms of that certain purchase agreement we entered into on December 20, 2011 with GSK and its affiliates. We also entered into a separate purchase agreement on December 20, 2011 with GSK and its affiliates to acquire Debrox and Gly-Oxide brands (the "GSK Brands II") in the United States for $45.0 million in cash, including the related contracts, trademarks and inventory, subject to a post-closing inventory adjustment. The GSK Brands II are also complementary to our existing OTC Healthcare portfolio. The acquisition of the GSK Brands II is expected to be completed no later than June 30, 2012.

These acquisitions will be accounted for in accordance with the Business Combinations Topic of the ASC, which requires that the total cost of an acquisition be allocated to the tangible and intangible assets acquired and liabilities assumed based upon their respective fair values at the date of acquisition. As of the date of this Quarterly Report on Form 10–Q, we have not yet completed the initial accounting for the acquisition, and the acquisition–date fair values of the acquired assets and assumed liabilities have not yet been determined.

Equity Awards:
On January 25, 2012, the Compensation Committee of our Board of Directors granted 95,000 shares of restricted stock units to certain members of executive management. The restricted stock units will vest in equal annual installments over a three year period on the anniversary date of the grants.

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

The following discussion of our financial condition and results of operations should be read together with the Consolidated Financial Statements and the related notes included in this Quarterly Report on Form 10-Q, as well as our Annual Report on Form 10-K for the fiscal year ended March 31, 2011. 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, 2011, as well as those described in future reports filed with the SEC.
See also “Cautionary Statement Regarding Forward-Looking Statements” on page 51 of this Quarterly Report on Form 10-Q.

General
We are engaged in the marketing, sales and distribution of brand name Over-the-Counter ("OTC") Healthcare and Household Cleaning products to mass merchandisers, drug stores, supermarkets and dollar and club stores primarily in the United States, Canada and certain other international markets. We continue to use the strength of our brands, our established retail distribution network, a low-cost operating model and our experienced management team as a competitive advantage to grow our presence in these categories and, as a result, grow our sales and profits.

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

Acquisitions and Divestitures

Acquisition of GlaxoSmithKline OTC Brands
On December 20, 2011, we entered into two separate agreements with GlaxoSmithKline plc ("GSK") to acquire a total of 17 North American OTC pharmaceutical brands for $660.0 million in cash. On January 31, 2012, we completed the acquisition of 15 of these brands for $615.0 million. The acquisition of the remaining two brands is expected to be completed no later than June 30, 2012. The acquisition and the agreements are more fully described in Note 22- Subsequent Events to the Consolidated Financial Statements in this Quarterly Report on Form 10-Q. The acquisition did not impact any period covered in this Quarterly Report on Form 10-Q, except that certain costs of approximately $4.9 million related to the acquisition were expensed as incurred during the three and nine months ended December 31, 2011.

Blacksmith Acquisition
On November 1, 2010, we acquired 100% of the capital stock of Blacksmith Brands Holdings, Inc. (“Blacksmith”) for $190.0 million in cash, plus a working capital adjustment of $13.4 million, and we paid an additional $1.1 million on behalf of Blacksmith for the seller's transaction costs. As previously disclosed, we brought to arbitration a matter regarding the working capital adjustment related to Blacksmith. On July 20, 2011, we received notification from the

arbitrator that we would be awarded a working capital adjustment pending final resolution and distribution from the escrow agent. In September 2011, we received $1.2 million in settlement of this matter, which reduced the amount of recorded goodwill related to Blacksmith.

In connection with this acquisition, we acquired five leading consumer OTC brands: Efferdent, Effergrip, PediaCare, Luden's, and NasalCrom. The acquisition of the five brands enhances our position in the OTC market. Additionally, we believe that these brands will benefit from a targeted advertising and marketing program, as well as our business model of outsourcing manufacturing and the elimination of redundant operations. The purchase price was funded by cash provided by the issuance of long-term debt and additional bank borrowings, which are discussed further in Note 10 to the Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

The acquisition was accounted for in accordance with the Business Combinations topic of the Accounting Standards Codification

(“ASC"), which requires that the total cost of an acquisition be allocated to the tangible and intangible assets acquired and liabilities assumed based upon their respective fair values at the date of acquisition.

The following table summarizes our allocation of the $203.4 million purchase price to the assets we acquired and liabilities we assumed in the Blacksmith acquisition:

(In thousands)	November 1, 2010
Cash acquired	$2,507
Accounts receivable, net	17,473
Other receivables	1,198
Income taxes receivable	5
Inventories	22,155
Prepaids and other current assets	44
Property, plant and equipment, net	226
Goodwill	42,207
Trademarks	165,346
Other long-term assets	19
Total assets acquired	251,180
Accounts payable	7,060
Accrued expenses	5,212
Income taxes payable	2,031
Deferred income taxes	33,526
Total liabilities assumed	47,829
Total purchase price	$203,351

We recorded goodwill based on the amount by which the purchase price exceeded the fair value of assets acquired and liabilities assumed. The amount of goodwill deductible for tax purposes is $4.6 million.

The fair value of the trademarks is comprised of $158.0 million of non-amortizable intangible assets and $7.3 million of amortizable intangible assets. We are amortizing the purchased amortizable intangible assets on a straight-line basis over an estimated weighted average useful life of 15 years. The weighted average remaining life for amortizable intangible assets at December 31, 2011 was 13.8 years.

The operating results of Blacksmith have been included in our Consolidated Financial Statements from November 1, 2010, the date of acquisition. Revenues of the acquired operations for the three and nine months ended December 31, 2011 were $28.4 million and $70.0 million, respectively.

Dramamine Acquisition

On January 6, 2011, we acquired certain assets comprising the Dramamine brand in the United States. The purchase price was
$77.1 million in cash, after a $0.1 million post-closing inventory adjustment and including transaction costs of $1.2 million incurred in the acquisition. The purchase price was funded by cash on hand.

The acquisition was accounted for in accordance with the Business Combinations topic of the ASC. Accordingly, as the Dramamine assets acquired do not constitute a business, as defined in the ASC, we have accounted for the transaction as an asset acquisition. The total consideration paid, including transaction costs, have been allocated to the tangible and intangible assets acquired based upon their relative fair values at the date of acquisition.

The allocation of the purchase price to assets acquired and liabilities assumed is based on valuations which we performed to determine the fair value of such assets as of the acquisition date. The following table summarizes our allocation of the $77.1 million purchase price to the assets we acquired comprising the Dramamine brand:

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(In thousands)	January 6, 2011
Inventories	$1,249
Trademark	75,866
Total purchase price	$77,115

The $75.9 million fair value of the acquired Dramamine trademark was comprised solely of non-amortizable intangible assets.

Discontinued Operations and Sale of Certain Assets

On September 1, 2010, we sold certain assets related to the Cutex nail polish remover brand for $4.1 million. In accordance with the Discontinued Operations topic of the ASC, we reclassified the related operating results as discontinued operations in the Consolidated Financial Statements and related notes in this Quarterly Report on Form 10-Q for all periods presented. We recognized a loss of $0.9 million on a pre-tax basis and $0.6 million, net of tax effects of $0.3 million, on the sale in the second quarter of 2011. As a result of the divestiture of Cutex, which comprised a substantial majority of the assets in our previously reported Personal Care segment, we reclassified the then remaining assets of the Personal Care segment to the OTC Healthcare segment for all periods presented.

The following table summarizes the results of discontinued operations:

(In thousands)	Three Months Ended December 31,		Nine Months Ended December 31,	
	2011	2010	2011	2010
Components of Income				
Revenues	$—	$84	$—	$4,027
Income from discontinued operations, net of income tax	—	32	—	591

Three Months Ended December 31, 2011 compared to the Three Months Ended December 31, 2010

Revenues

	Three Months Ended December 31,					
	2011		2010		Increase	
(In thousands, except percentages)	Revenues	%	Revenues	%	(Decrease)	%
Revenues						
OTC Healthcare	$84,906	79.9	$67,460	74.5	$17,446	25.9
Household Cleaning	21,344	20.1	23,148	25.5	(1,804)	(7.8)
	$106,250	100.0	$90,608	100.0	$15,642	17.3

Revenues for the three months ended December 31, 2011 were $106.3 million, an increase of $15.6 million, or 17.3%, versus the three months ended December 31, 2010. Revenues for the OTC Healthcare segment increased $17.4 million or 25.9%, primarily due to the higher revenues of $16.6 million from sales of the acquired Blacksmith and Dramamine products, while revenues for the Household Cleaning segment decreased by 7.8% versus the comparable period in the prior year. Revenues from customers outside of North America, which represent 3.8% of total revenues, decreased by $0.1 million, or 2.5%, during the three months ended December 31, 2011 compared to the three months ended December 31, 2010.

OTC Healthcare Segment

Revenues for the OTC Healthcare segment increased $17.4 million, or 25.9%, during the three months ended December 31, 2011 versus the three months ended December 31, 2010. The increase in revenues was primarily due to revenues of $16.6 million from sales of the acquired Blacksmith and Dramamine products and higher revenues for Little Remedies, The Doctor's and Clear Eyes, which were partially offset by revenue decreases for Compound W and Chloraseptic. The Little Remedies revenue increase was a result of new product introductions and distribution gains for existing products. The Doctor's revenue benefited from the recovery of distribution at our largest customer. The Clear Eyes revenue increase was a result of growth in our Allergy / Redness business. Compound W revenues declined due to competitive pressure. Chloraseptic revenues declined versus the same period in the prior year mainly due to a soft cough and cold season and fewer sore throat incidences.

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Household Cleaning Segment
Revenues for the Household Cleaning segment decreased by $1.8 million, or 7.8%, during the three months ended December 31, 2011 versus the three months ended December 31, 2010. Weaker Comet sales were partially offset by stronger performance of Spic and Span. Comet revenues decreased primarily due to decreased consumer demand of Comet Bath Sprays and lower promotional activity. Spic and Span revenues continued to benefit from increased promotional activity, expanded distribution and consumer demand for Spic and Span sprays and Chore Boy copper scrubbers in the three months ended December 31, 2011 versus the three months ended December 31, 2010.

Gross Profit

	Three Months Ended December 31,					
	2011		2010		Increase	
(In thousands, except percentages)	Gross Profit	%	Gross Profit	%	(Decrease)	%
Gross Profit						
OTC Healthcare	$49,577	58.4	$36,633	54.3	$12,944	35.3
Household Cleaning	5,545	26.0	7,379	31.9	(1,834)	(24.9)
	$55,122	51.9	$44,012	48.6	$11,110	25.2

Gross profit for the three months ended December 31, 2011 increased $11.1 million, or 25.2%, when compared with the three months ended December 31, 2010. As a percent of total revenues, gross profit increased from 48.6% in the three months ended December 31, 2010 to 51.9% in the three months ended December 31, 2011. The higher gross profit was primarily the result of the brands acquired from Blacksmith and the Dramamine brand, which increased gross profit by $8.6 million, as the prior year period included a $3.5 million inventory step-up charge related to the Blacksmith acquisition, and gross profit increases in our legacy OTC Healthcare brands of $4.3 million, including gross profit increases in our legacy core OTC Healthcare brands of $0.8 million. These gains were partially offset by decreases in gross profit from our Household Cleaning segment, primarily Comet.
The increase in gross profit as a percent of revenues is primarily due to the inventory step-up charge in the prior year period resulting in an increase of 3.9%, which was slightly offset by the realization of lower margins from the acquired Blacksmith products and increased expenses from promotional activity in the Household Cleaning segment.

OTC Healthcare Segment
Gross profit for the OTC Healthcare segment increased $12.9 million, or 35.3%, during the three months ended December 31, 2011 versus the three months ended December 31, 2010. As a percent of OTC Healthcare revenues, gross profit increased from 54.3% during the three months ended December 31, 2010 to 58.4% during the three months ended December 31, 2011. The higher gross profit was primarily the result of the brands acquired from Blacksmith and the Dramamine brand, which increased gross profit by $8.6 million, as the prior year period included a $3.5 million inventory step-up charge related to the Blacksmith acquisition, and gross profit increases in our legacy OTC Healthcare brands of $4.3 million, including gross profit increases in our legacy core OTC Healthcare brands of $0.8 million. The increase in gross profit as a percent of revenues is primarily due to the inventory step-up charge in the prior year period resulting in an increase of 5.3%, which was slightly offset by the realization of lower margins from the acquired Blacksmith products and the lower gross profit margins from the legacy core OTC Healthcare products.

Household Cleaning Segment
Gross profit for the Household Cleaning segment decreased by $1.8 million, or 24.9%, during the three months ended December 31, 2011 versus the three months ended December 31, 2010. As a percent of Household Cleaning revenue, gross profit decreased from 31.9% during the three months ended December 31, 2010 to 26.0% during the three months ended December 31, 2011. The decrease in gross profit percentage was primarily the result of the lower

revenues and resulting gross margins from Comet.

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Contribution Margin

	Three Months Ended December 31,					
	2011		2010			
(In thousands, except percentages)	Contribution Margin	%	Contribution Margin	%	Increase (Decrease)	%
Contribution Margin						
OTC Healthcare	$35,407	41.7	$24,791	36.7	$10,616	42.8
Household Cleaning	4,441	20.8	6,172	26.7	(1,731)	(28.0)
	$39,848	37.5	$30,963	34.2	$8,885	28.7

Contribution margin, a non-GAAP financial measure which is defined as gross profit less advertising and promotional expenses, increased $8.9 million, or 28.7%, during the three months ended December 31, 2011 versus the three months ended December 31, 2010. The contribution margin increase was primarily the result of the higher gross profit as previously discussed, offset by higher advertising and promotional costs in the OTC Healthcare segment. The acquired Blacksmith and Dramamine brands added $6.8 million, while the legacy business added $2.1 million to the contribution margin.

OTC Healthcare Segment
Contribution margin for the OTC Healthcare segment increased $10.6 million, or 42.8%, during the three months ended December 31, 2011 versus the three months ended December 31, 2010. The contribution margin increase was primarily the result of the $6.8 million contribution margin increase related to the acquired Blacksmith and Dramamine products, while the legacy OTC Healthcare business added $3.8 million. Advertising and promotional spending increased $2.3 million, or 19.7%, primarily to support the acquired Blacksmith products and, to a lesser extent, the legacy OTC Healthcare brands.

Household Cleaning Segment
Contribution margin for the Household Cleaning segment decreased $1.7 million, or 28.0%, during the three months ended December 31, 2011 versus the three months ended December 31, 2010. The contribution margin decrease was the result of the decrease in gross profit as previously discussed, partially offset by a $0.1 million, or 8.5%, decrease in advertising and promotional spending. The decrease in advertising and promotional spending primarily related to a shift in the timing of Household Cleaning promotional activities that occurred in 2010.

General and Administrative
General and administrative expenses were $13.7 million for the three months ended December 31, 2011 versus $15.4 million for the three months ended December 31, 2010. The decrease in general and administrative expenses was primarily due to the incurrence of $6.9 million of transaction and severance costs associated with the Blacksmith acquisition in the prior year period, offset by $4.9 million of transaction related costs in the current year period.

Depreciation and Amortization
Depreciation and amortization expense was $2.6 million for the three months ended December 31, 2011 and $2.5 million for the three months ended December 31, 2010.

Interest Expense
Net interest expense was $8.1 million during the three months ended December 31, 2011 versus $7.7 million during the three months ended December 31, 2010. The increase in interest expense was primarily the result of a higher level of indebtedness outstanding related to the Blacksmith and Dramamine acquisitions. The cost of borrowing decreased to 7.3% for the three months ended December 31, 2011 from 7.6% for the three months ended December 31, 2010, while the average indebtedness outstanding increased from $402.5 million during the three months ended

December 31, 2010 to $443.0 million during the three months ended December 31, 2011, due to increased debt issued for the Blacksmith and Dramamine acquisitions.

Income Taxes

The provision for income taxes during the three months ended December 31, 2011 was $6.0 million versus $3.2 million during the three months ended December 31, 2010. The effective tax rate during the three months ended December 31, 2011 was 38.7% versus 59.9% during the three months ended December 31, 2010. The decrease in the effective tax rate is primarily due to $0.8 million of non-deductible transaction expenses related to the Blacksmith acquisition and a $0.3 million charge for our deferred state tax rate incurred in the prior year period. The estimated effective tax rate for the remaining quarter of the fiscal year ending March 31, 2012 is expected to be 38.7%, excluding the impact of discrete items that may occur.

Nine Months Ended December 31, 2011 compared to the Nine Months Ended December 31, 2010

Revenues

	Nine Months Ended December 31,					
	2011		2010		Increase	
(In thousands, except percentages)	Revenues	%	Revenues	%	(Decrease)	%
Revenues						
OTC Healthcare	$235,264	76.6	$163,020	67.9	$72,244	44.3
Household Cleaning	71,825	23.4	77,127	32.1	(5,302)	(6.9)
	$307,089	100.0	$240,147	100.0	$66,942	27.9

Revenues for the nine months ended December 31, 2011 were $307.1 million, an increase of $66.9 million, or 27.9%, versus the nine months ended December 31, 2010. Revenues for the OTC Healthcare segment increased $72.2 million or 44.3%, primarily due to revenues of $68.7 million from sales of the acquired Blacksmith and Dramamine products, while revenues for the Household Cleaning segment decreased by 6.9% versus the comparable period in the prior year. Revenues from customers outside of North America, which represent 3.7% of total revenues, increased by $0.9 million, or 8.3%, during the nine months ended December 31, 2011 compared to the nine months ended December 31, 2010.

OTC Healthcare Segment

Revenues for the OTC Healthcare segment increased $72.2 million, or 44.3%, during the nine months ended December 31, 2011 versus the nine months ended December 31, 2010. The increase in revenues was primarily due to revenues of $68.7 million from sales of the acquired Blacksmith and Dramamine products. Additionally, we increased advertising and promotional activities for our legacy OTC Healthcare brands, which resulted in increased shipments to retailers. Revenue increases for Little Remedies, Clear Eyes and The Doctor's were partially offset by revenue decreases in our other OTC Healthcare brands. Our core OTC Healthcare brands have continued to benefit from increased advertising and promotion investment, which has translated into organic sales growth.

Household Cleaning Segment

Revenues for the Household Cleaning segment decreased $5.3 million, or 6.9%, during the nine months ended December 31, 2011 versus the nine months ended December 31, 2010. Weaker Comet sales were partially offset by stronger performance with Spic and Span and Chore Boy. Comet revenues decreased primarily due to lower consumer demand for non-abrasive products. Spic and Span and Chore Boy revenues continued to benefit from increased promotional activity, expanded distribution and consumer demand for Spic and Span sprays and Chore Boy copper scrubbers in the nine months ended December 31, 2011 versus the nine months ended December 31, 2010.

Gross Profit

	Nine Months Ended December 31,					
	2011		2010		Increase	
(In thousands, except percentages)	Gross Profit	%	Gross Profit	%	(Decrease)	%
Gross Profit						
OTC Healthcare	$138,066	58.7	$98,543	60.4	$39,523	40.1
Household Cleaning	20,830	29.0	26,030	33.7	(5,200)	(20.0)
	$158,896	51.7	$124,573	51.9	$34,323	27.6

Gross profit for the nine months ended December 31, 2011 increased $34.3 million, or 27.6%, when compared with the nine months ended December 31, 2010. As a percent of total revenues, gross profit decreased from 51.9% in the nine months ended December 31, 2010 to 51.7% in the nine months ended December 31, 2011. The Blacksmith and Dramamine brands provided an increase in gross profit of $33.9 million, while our legacy core OTC Healthcare brands increased gross profit by $4.5 million. Gross profit in the prior year nine month period included a $3.5 million inventory step-up charge related to the Blacksmith acquisition. These increases were partially offset by decreases in gross profit from our Household Cleaning segment. The decrease in gross profit as a percent of revenues was primarily due to the lower revenues and resulting gross margin from the Household Cleaning segment and the realization of lower margins from the acquired Blacksmith products.

OTC Healthcare Segment

Gross profit for the OTC Healthcare segment increased $39.5 million, or 40.1%, during the nine months ended December 31, 2011 versus the nine months ended December 31, 2010. As a percent of OTC Healthcare revenues, gross profit decreased from 60.4% during the nine months ended December 31, 2010 to 58.7% during the nine months ended December 31, 2011. The decrease in gross profit percentage was primarily the result of lower margins from the acquired Blacksmith products, partially offset by the higher margins from the acquired Dramamine brand and slightly higher margins from our legacy OTC Healthcare brands.

Household Cleaning Segment

Gross profit for the Household Cleaning segment decreased by $5.2 million, or 20.0%, during the nine months ended December 31, 2011 versus the nine months ended December 31, 2010. As a percent of Household Cleaning revenue, gross profit decreased from 33.7% during the nine months ended December 31, 2010 to 29.0% during the nine months ended December 31, 2011. The decrease in gross profit percentage was primarily the result of the decreased revenue and resulting margin reduction in our Comet brand.

Contribution Margin

	Nine Months Ended December 31,					
	2011		2010			
(In thousands, except percentages)	Contribution Margin	%	Contribution Margin	%	Increase (Decrease)	%
Contribution Margin						
OTC Healthcare	$103,320	43.9	$74,625	45.8	$28,695	38.5
Household Cleaning	16,996	23.7	21,173	27.5	(4,177)	(19.7)
	$120,316	39.2	$95,798	39.9	$24,518	25.6

Contribution margin, a non-GAAP financial measure which is defined as gross profit less advertising and promotional expenses, increased $24.5 million, or 25.6%, during the nine months ended December 31, 2011 versus the nine months ended December 31, 2010. The contribution margin increase was primarily the result of the higher gross profit previously discussed, offset by higher advertising and promotional spending and lower Household Cleaning sales and resulting gross profit. The acquired Blacksmith and Dramamine brands added $25.5 million and our legacy OTC Healthcare brands added $3.2 million to contribution margin. These increases were partially offset by a $4.2 million decline in contribution margin in our Household Cleaning brands due primarily to lower sales volumes and resulting in a reduction of gross margins.

OTC Healthcare Segment

Contribution margin for the OTC Healthcare segment increased $28.7 million, or 38.5%, during the nine months ended December 31, 2011 versus the nine months ended December 31, 2010. The contribution margin increase was the result of the gross profit as previously discussed and the $25.5 million contribution margin increase primarily related to the acquired Blacksmith and Dramamine products. Advertising and promotional spending increased $10.8 million, or 45.3%, primarily due to the acquired Blacksmith and Dramamine products and, to a lesser extent, to increased investment in the legacy core OTC Healthcare brands.

Household Cleaning Segment

Contribution margin for the Household Cleaning segment decreased $4.2 million, or 19.7%, during the nine months ended December 31, 2011 versus the nine months ended December 31, 2010. The contribution margin decrease was the result of the decrease in gross profit as previously discussed, partially offset by a $1.0 million, or 21.1%, decrease in advertising and promotional spending. The decrease in advertising and promotional spending primarily related to the timing of Household Cleaning promotional activities that occurred in 2010.

General and Administrative

General and administrative expenses were $32.4 million for the nine months ended December 31, 2011 versus $30.9 million for the nine months ended December 31, 2010. The increase in general and administrative expenses was primarily due to the incurrence of $5.7 million of acquisition related costs, higher legal costs of $1.2 million, higher personnel costs of $0.7 million and infrastructure costs of $0.5 million in the current year period, offset by the $6.9 million of transaction and severance costs associated with the Blacksmith acquisition in the prior year period.

Depreciation and Amortization

Depreciation and amortization expense was $7.7 million for the nine months ended December 31, 2011 and $7.3 million for the nine months ended December 31, 2010.

Interest Expense
Net interest expense was $25.0 million during the nine months ended December 31, 2011 versus $18.5 million during the nine months ended December 31, 2010. The increase in interest expense was primarily the result of a higher level of indebtedness outstanding related to the Blacksmith and Dramamine acquisitions. The cost of borrowing increased slightly from 5.9% for the nine months ended December 31, 2010 to 7.2% for the nine months ended December 31, 2011, while the average indebtedness outstanding increased from $418.8 million during the nine months ended December 31, 2010 to $463.0 million during the nine months ended December 31, 2011 due to increased debt issued for the Blacksmith and Dramamine acquisitions.

Gain on Settlement
On June 15, 2011, we received a settlement payment of $8.0 million in the resolution of a pending litigation matter. We incurred costs of $2.9 million in pursuing this matter. Therefore, during the nine months ended December 31, 2011, we recorded a pre-tax gain on settlement of $5.1 million net of costs incurred, which is included in other (income) expense, as this gain did not relate to our ongoing operations.

Income Taxes
The provision for income taxes during the nine months ended December 31, 2011 was $23.1 million versus $15.9 million during the nine months ended December 31, 2010. The effective tax rate during the nine months ended December 31, 2011 and December 31, 2010 was 38.3% and 41.2%, respectively. The decrease in the effective tax rate is primarily due to $0.8 million of non-deductible transaction expenses related to the Blacksmith acquisition and a $0.3 million charge for our deferred state tax rate incurred in the prior year period. The estimated effective tax rate for the remaining quarter of the year ending March 31, 2012 is expected to be 38.7%, excluding the impact of discrete items that may occur.

Liquidity and Capital Resources

Liquidity
We have financed and expect to continue to finance our operations with a combination of borrowings and funds generated from operations. Our principal uses of cash are for operating expenses, debt service, acquisitions, working capital and capital expenditures. On March 24, 2010, we entered into a new $150.0 million Senior Secured Term Loan Facility with a maturity date of March 24, 2016 (the "2010 Senior Term Loan"), a $30.0 million Senior Secured Revolving Credit Facility with a maturity date of March 24, 2015 (the "2010 Revolving Credit Facility" and collectively with the 2010 Senior Term Loan, the "Credit Agreement") and issued Senior Notes of $150.0 million that bear interest at 8.25% with a maturity date of April 1, 2018 (the "2010 Senior Notes"). In November 2010, we issued an additional $100.0 million of 8.25% Senior Notes due in 2018 and borrowed an additional $115.0 million term loan under the Credit Agreement. In addition, in November 2010, we amended our Credit Agreement to increase our borrowing capacity under the 2010 Revolving Credit Facility by $10.0 million to $40.0 million. The proceeds from the preceding transactions, in addition to cash that was on hand, were used to purchase, redeem or otherwise retire all of the previously issued senior subordinated notes, to repay all amounts under our former credit facility and terminate the associated credit agreement, and to fund the Blacksmith and Dramamine acquisitions.

Operating Activities
Net cash provided by operating activities was $48.0 million for the nine months ended December 31, 2011 compared to $61.7 million for the nine months ended December 31, 2010. The $13.7 million decrease in net cash provided by operating activities was primarily due to higher working capital requirements, primarily related to higher receivables and inventory levels associated with the Blacksmith and Dramamine acquisitions and to higher interest payments following our additional financing in November 2010 and higher incentive compensation payments in the current year period resulting from increased company performance in 2011 versus 2010. These decreases were partially offset by higher company performance in 2012 versus 2011, including a one-time gain associated with the legal settlement in

the current year period as discussed in Note 20 to the Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Consistent with the nine months ended December 31, 2010, our cash flow from operations in the nine months ended December 31, 2011 exceeded net income due to the substantial non-cash charges related to depreciation and amortization, increases in deferred income tax liabilities resulting from differences in the amortization of intangible assets and goodwill for income tax purposes, the amortization of certain deferred financing costs and debt discount, and stock-based compensation costs.

Investing Activities

Net cash provided by investing activities was $0.8 million for the nine months ended December 31, 2011 compared to $198.3 million of net cash used in investing activities for the nine months ended December 31, 2010. Net cash provided by investing activities for the nine months ended December 31, 2011 was primarily the result of the escrow receipt of a $1.2 million working capital adjustment awarded to us, which was related to the purchase price of Blacksmith as discussed in Note 2 to the Consolidated Financial Statements in this Quarterly Report on Form 10-Q. Net cash used in investing activities for the nine month period ended

December 31, 2010 was primarily the result of the Blacksmith acquisition, partially offset by proceeds received from the Cutex divestiture.

Financing Activities

Net cash used in financing activities was $57.7 million for the nine months ended December 31, 2011 compared to $178.8 million of net cash provided by financing activities for the nine months ended December 31, 2010. During the nine months ended December 31, 2011, we repaid $58.0 million of our outstanding debt. This decreased our outstanding indebtedness to $434.0 million at December 31, 2011 from $492.0 million at March 31, 2011. During the nine month period ended December 31, 2010, we issued an additional $100.0 million of 8.25% Senior Notes due in 2018 and borrowed $115.0 million under the Credit Agreement, which was partially offset by the redemption of the remaining $28.1 million of our Senior Subordinated Notes due in 2012 that bore interest at 9.25%, and payment of the required principal amount on the 2010 Senior Term Loan of $0.8 million plus an additional principal amount of $3.8 million.

	Nine Months Ended December 31,	
(In thousands)	2011	2010
Cash provided by (used in):		
Operating Activities	$47,993	$61,659
Investing Activities	842	(198,327)
Financing Activities	(57,699)	178,837

Capital Resources

On March 24, 2010, we retired our Senior Secured Term Loan Facility, which had a maturity date of April 6, 2011. In addition, on March 24, 2010, we repaid a portion and, on April 15, 2010, redeemed in full the remaining outstanding indebtedness under our previously outstanding Senior Subordinated Notes due in 2012, which bore interest at 9.25% with a maturity date of April 15, 2012. In March 2010, we entered into the Credit Agreement and issued the 2010 Senior Notes. This debt refinancing improved our liquidity position by increasing our borrowing capacity under our senior secured term loan and revolving credit facilities and extending the maturities of our indebtedness. However, under certain circumstances, contractual and legal restrictions, as well as the financial condition and operating requirements of our subsidiaries, could limit Prestige Brands, Inc.'s ability to obtain cash from our subsidiaries for the purpose of meeting our debt service obligations, including the payment of principal and interest on the 2010 Senior Notes. Additionally, we believe that the new debt better positions us to pursue acquisitions as part of our growth strategy.

The 2010 Senior Term Loan included a discount to the lenders of $1.8 million, resulting in our receipt of net proceeds of $148.2 million. The 2010 Senior Notes were issued at an aggregate face value of $150.0 million with a discount to note-holders of $2.2 million and net proceeds to us of $147.8 million. The discount was offered to improve the yield to maturity to lenders reflective of market conditions at the time of the offering. In addition to the discount, we incurred $7.3 million of costs primarily related to fees of bank arrangers and legal advisors, of which $6.6 million was capitalized as deferred financing costs and $0.7 million was expensed. The deferred financing costs are being amortized over the term of the loan and notes.

In connection with the acquisition of Blacksmith, on November 1, 2010, we amended our existing debt agreements and increased the amount borrowed thereunder. Specifically, on November 1, 2010, we amended our Credit Agreement in order to allow us to (i) borrow an additional $115.0 million as an incremental term loan, with the same maturity date and other terms and conditions as the 2010 Senior Term Loan and (ii) increase our borrowing capacity under our 2010 Revolving Credit Facility by $10.0 million to $40.0 million. On November 1, 2010, we also issued an additional $100.0 million of 2010 Senior Notes.

As of December 31, 2011, we had an aggregate of $434.0 million of outstanding indebtedness, which consisted of the following:

- $184.0 million of borrowings under the 2010 Senior Term Loan, and

- $250.0 million of 2010 Senior Notes.

We had $40.0 million of borrowing capacity under our 2010 Revolving Credit Facility as of December 31, 2011, as well as incremental borrowing capacity of $75.0 million under our 2010 Senior Term Loan.
The 2010 Senior Term Loan bears interest at floating rates, based on either the prime rate or, at our option, the LIBOR rate plus an applicable margin. The LIBOR rate option contains a floor rate of 1.5%. At December 31, 2011, an aggregate of $184.0 million was outstanding under the Credit Agreement, which carried an interest rate of 4.75%.

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The Credit Agreement, including the 2010 Senior Term Loan, contains various financial covenants, including provisions that require us to maintain certain leverage and interest coverage ratios and not to exceed annual capital expenditures of $3.0 million. The Credit Agreement and the Indenture governing the 2010 Senior Notes also contain provisions that accelerate our indebtedness upon the occurrence of certain events and restrict us from undertaking specified corporate actions, including asset dispositions, acquisitions, payments of dividends and other specified payments, repurchasing our equity securities in the public markets, incurrence of indebtedness, creation of liens, making loans and investments and transactions with affiliates. Specifically, we must:

- Have a leverage ratio of less than 4.00 to 1.0 for the quarter ended December 31, 2011 (defined as, with certain adjustments, the ratio of our consolidated indebtedness as of the last day of the fiscal quarter to our trailing twelve month consolidated net income before interest, taxes, depreciation, amortization, non-cash charges, and certain other items (“EBITDA”)). Our leverage ratio requirement decreases over time to 3.50 to 1.0 for the quarter ending March 31, 2014 and remains level thereafter; and

- Have an interest coverage ratio of greater than 3.00 to 1.0 for the quarter ended December 31, 2011 (defined as, with certain adjustments, the ratio of our consolidated EBITDA to our trailing twelve month consolidated cash interest expense). Our interest coverage requirement increases over time to 3.25 to 1.0 for the quarter ending March 31, 2013 and remains level thereafter.

At December 31, 2011, we were in compliance with the applicable financial and restrictive covenants under the Credit Agreement and the Indenture governing the 2010 Senior Notes. Additionally, management anticipates that in the normal course of operations, we will be in compliance with the financial and restrictive covenants during the ensuing year. During the nine months ended December 31, 2011, we made voluntary principal payments against outstanding indebtedness of $58.0 million in excess of required payments under the Credit Agreement governing the 2010 Senior Term Loan. In accordance with the Credit Agreement, such payments were applied against the first four required principal payments, and any remaining principal payments were applied ratably toward the remaining required principal payments. As such, we do not have a required principal payment until the 2010 Senior Term Loan matures in 2016.

On January 31, 2012, in connection with the completed acquisition of the GSK Brands I and the anticipated acquisition of GSK Brands II, as discussed above, we repaid the 2010 Senior Term Loan and entered into a New Senior Secured Credit Facility which consists of (i) a $660.0 million term loan facility (“New Term Loan Facility”) with a seven-year maturity, and (ii) a $50.0 million asset-based revolving credit facility (“New ABL Revolving Credit Facility”) with a five-year maturity. In addition, we have agreed to secure our 2010 Senior Notes ratably with the New Term Loan Facility.
Borrowings under our New Senior Secured Credit Facility bear interest at a rate per annum of (i) with respect to term loans, at our option, at the Eurocurrency Rate (as defined in the agreement) plus 4.00% or Base Rate (as defined in the agreement) plus 3.00%, (ii) with respect to revolving loans, at our option, at the Eurocurrency Rate plus a range of 1.75% to 2.25% depending on Excess Availability (as defined in the agreement) or Base Rate plus a range of 0.75% to 1.25% depending on Excess Availability, and (iii) with respect to swing line loans, Base Rate plus a range of 0.75% to 1.25% depending on Excess Availability.
We will be required to make quarterly payments each equal to 0.25% of the original principal amount of the term loan made on the closing date, with the balance expected to be due on the seventh anniversary of the closing date.

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 financial condition or results from operations. The recent volatility in crude oil prices has had an adverse impact on transportation costs, as well as certain petroleum based raw materials and packaging material. Although we make efforts to minimize the impact of inflationary factors, including raising prices to our customers, a high rate of pricing volatility associated with crude oil supplies may continue to have an adverse effect on our operating results.

Critical Accounting Policies and Estimates

Our 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 fiscal year ended March 31, 2011. While all significant accounting policies are important to our Consolidated Financial Statements, certain of these policies may be viewed as being critical. Such policies are those that are both most important to the portrayal of our financial condition and results of operations and require our most difficult, subjective and complex estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, or the related disclosure of contingent assets and liabilities. These estimates are based 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 estimates are described below:

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

As is customary in the consumer products industry, we participate in the promotional programs of our customers to enhance the sale of our products. The cost of these promotional programs is recorded as advertising and promotional expenses or as a reduction of sales based upon the nature of such items and the applicable accounting guidance. 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 allowances for new distribution, including slotting fees, and cooperative advertising. Direct reimbursements of advertising costs are reflected as a reduction of advertising costs in the periods in which the reimbursement criteria are achieved. We do not provide incentives to customers for the acquisition of product in excess of normal inventory quantities, because 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 promotional 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. Our related promotional expense for the fiscal year ended March 31, 2011 was $21.3 million. For the three and nine months ended December 31, 2011, our related promotional expense was $7.9 million and $20.2 million, respectively. We believe that the estimation methodologies employed, combined with the nature of the promotional campaigns, make the likelihood remote that our obligation would be misstated by a material amount. However, for illustrative purposes, had we underestimated the promotional program rate by 10% for the fiscal year ended March 31, 2011, our sales and operating income would have been adversely affected by approximately $2.1 million. Net income would have been adversely affected by approximately $1.3 million. Similarly, had we underestimated the promotional program rate by 10% for the three and nine months ended December 31, 2011, our sales and operating income would have been adversely affected by approximately $0.8 million and $2.1 million, respectively. Net income would have been adversely affected by approximately $0.5 million and $1.3 million for the three and nine months ended December 31, 2011, respectively.

We also periodically run coupon programs in Sunday newspaper inserts, on our product website or as on-package instant redeemable coupons. We utilize a national clearing house to process coupons redeemed by customers. At the

time a coupon is distributed, a provision is made based upon historical redemption rates for that particular product, information provided as a result of the clearing house's experience with coupons of similar dollar value, the length of time the coupon is valid, and the seasonality of the coupon drop, among other factors. During the fiscal year ended March 31, 2011, we had 46 coupon events. The amount recorded against revenues and accrued for these events during the year was $3.9 million. Cash settlement of coupon redemptions during the year was $3.1 million. During the three months ended December 31, 2011, we had 30 coupon events, and during the nine months ended December 31, 2011, we had 86 coupon events. The amount recorded against revenue and accrued for these events during the three and nine months ended December 31, 2011 was $1.9 million and $5.1 million, respectively. Cash settlement of coupon redemptions during the three and nine months ended December 31, 2011 was $1.1 million and $4.1 million, respectively.

Allowances for Product Returns

Due to the nature of the consumer products industry, we are required to estimate future product returns. Accordingly, we record an estimate of product returns concurrent with 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

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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 fiscal years ended March 31, 2011, 2010 and 2009, returns represented 2.7%, 3.8% and 3.7%, respectively, of gross sales. For the three and nine months ended December 31, 2011, product returns represented 2.4% and 3.0% of gross sales, respectively. At December 31, 2011 and March 31, 2011, the allowance for sales returns was $3.7 million and $5.2 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 an event remains remote. As noted, over the last three years our actual product return rate has stayed within a range of 2.4% to 3.8% of gross sales. A hypothetical increase of 0.1% in our estimated return rate as a percentage of gross sales would have adversely affected our reported sales and operating income for the fiscal year ended March 31, 2011 by approximately $0.4 million. Net income would have been adversely affected by approximately $0.2 million. A hypothetical increase of 0.1% in our estimated return rate as a percentage of gross sales for the three and nine months ended December 31, 2011 would have adversely affected our reported sales and operating income by approximately $0.1 million and $0.4 million, respectively, while our net income would have been adversely affected by approximately $0.1 million and $0.2 million for each of the periods, respectively.

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

Many of our products are subject to expiration dating. As a general rule, our customers will not accept goods with expiration dating of less than 12 months from the date of delivery. To monitor this risk, management utilizes a detailed compilation of inventory with expiration dating between zero and 15 months and reserves for 100% of the cost of any item with expiration dating of 12 months or less. Inventory obsolescence costs charged to operations were $0.2 million for the fiscal year ended March 31, 2011, while for the three and nine months ended December 31, 2011, we recorded obsolescence costs of $0.5 million and $2.2 million, respectively. A 1.0% increase in our allowance for obsolescence at March 31, 2011 would have adversely affected our reported operating income and net income for the fiscal year ended March 31, 2011 by approximately $0.4 million and $0.2 million, respectively. Similarly, a 1.0% increase in our obsolescence allowance at December 31, 2011 would have adversely affected our reported operating income and net income by approximately $0.5 million and $0.3 million, respectively, for each of the three and nine months ended December 31, 2011.

Allowance for Doubtful Accounts
In the ordinary course of business, we grant non-interest bearing trade credit to our customers on normal credit terms. We maintain an allowance for doubtful accounts receivable, which is based upon our historical collection experience and expected collectability of the accounts receivable. In an effort to reduce our credit risk, we (i) establish credit limits for all of our customer relationships, (ii) perform ongoing credit evaluations of our customers'

financial condition, (iii) monitor the payment history and aging of our customers' receivables, and (iv) monitor open orders against an individual customer's outstanding receivable balance.

We establish specific reserves for those accounts that file for bankruptcy, have no payment activity for 180 days, or have reported major negative changes to their financial condition. The allowance for bad debts amounted to 1.1% and 0.9% of accounts receivable at December 31, 2011 and March 31, 2011, respectively. Bad debt expense for the fiscal year ended March 31, 2011 was $0.2 million, while during each of the three and nine months ended December 31, 2011, we recorded bad debt expense of less than $0.1 million and $0.2 million, respectively.

While management believes that it is diligent in its evaluation of the adequacy of the allowance for doubtful accounts, an unexpected event, such as the bankruptcy filing of a major customer, could have an adverse effect on our future financial results. A hypothetical increase of 0.1% in our bad debt expense as a percentage of sales during the fiscal year ended March 31, 2011 would have resulted in a decrease in reported operating income of approximately $0.3 million and a decrease in our reported net income of approximately $0.2 million. Similarly, a 0.1% increase in our bad debt expense as a percentage of sales for the three and nine months ended

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December 31, 2011 would have resulted in a decrease in reported operating income of $0.1 million and $0.3 million, respectively, and a decrease in our reported net income of less than $0.1 million and $0.2 million, respectively.

Valuation of Intangible Assets and Goodwill

Goodwill and intangible assets amounted to $932.9 million and $941.3 million at December 31, 2011 and March 31, 2011, respectively. At December 31, 2011, goodwill and intangible assets were apportioned among our two operating segments as follows:

(In thousands)	OTC Healthcare	Household Cleaning	Consolidated
Goodwill	$146,307	$7,389	$153,696
Intangible assets			
Indefinite-lived	568,664	119,820	688,484
Finite-lived	60,666	30,092	90,758
	629,330	149,912	779,242
	$775,637	$157,301	$932,938

Our Chloraseptic, Clear Eyes, Compound W, Dramamine, Efferdent, Luden's and PediaCare brands comprise the majority of the value of the intangible assets within the OTC Healthcare segment. The Chore Boy, Comet, and Spic and Span brands comprise substantially all of the intangible asset value within the Household Cleaning segment.

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

- Brand History

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

- Market Position

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

- Recent and Projected Sales Growth

Recent sales results present a snapshot as to how the brand has performed in the most recent time periods and represent another factor in the determination of brand value. In addition, projected sales growth provides information about the strength and potential longevity of the brand. A brand that has both strong current and projected sales generally warrants a higher valuation and a longer life than a brand that has weak or declining sales. Similarly, consideration is given to the potential investment, in the form of advertising and promotion, 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 assets' values and useful lives based on its analysis. Under accounting guidelines, goodwill is not amortized, but must be tested for impairment annually, or more frequently if an event occurs or

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circumstances change that would more likely than not reduce the fair value of the reporting unit below the carrying amount. In a similar manner, indefinite-lived assets are no longer amortized. They are also subject to an annual impairment test, or more frequently if events or changes in circumstances indicate that the asset may be impaired. Additionally, at each reporting period an evaluation must be made to determine whether events and circumstances continue to support an indefinite useful life. Intangible assets with finite lives are amortized over their respective estimated useful lives and must also be tested for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable and exceeds its fair value.

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

We report goodwill and indefinite-lived intangible assets in two operating segments: OTC Healthcare and Household Cleaning. We identify our reporting units in accordance with the Financial Accounting Standards Board ("FASB") ASC Subtopic 280-10, which is at the brand level, and one level below the operating segment level. The carrying value and fair value for intangible assets and goodwill for a reporting unit are calculated based on the key assumptions and valuation methodologies previously discussed. As a result, any material changes to these assumptions could require us to record additional impairment in the future.

Goodwill

As of March 31, 2011, we had nine reporting units with goodwill. The aggregate fair value exceeded the carrying value by 30.2%. No individual reporting unit's fair value exceeded its carrying value by less than 5.0%, except for two reporting units in the OTC Healthcare segment. One reporting unit's fair value exceeded the carrying value by 2.1% and the associated goodwill amounted to $2.4 million. The second reporting unit exceeded the carrying value by 4.8% and the associated goodwill amounted to $12.6 million.

As part of our annual test for impairment of goodwill, management estimates the discounted cash flows of each reporting unit, which is at the brand level, and one level below the operating segment level, to estimate their respective fair values. In performing this analysis, management considers the same types of information as listed below with regard 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. Future events, such as competition, technological advances and reductions in advertising support for our trademarks and trade names, could cause subsequent evaluations to utilize different assumptions.

Indefinite-Lived Intangible Assets

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

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

cause subsequent evaluations to utilize different assumptions.

Finite-Lived Intangible Assets

As mentioned above, when events or changes in circumstances indicate the carrying value of the assets may not be recoverable, management performs a review to ascertain the impact of events and circumstances on the estimated useful lives and carrying values of our trademarks and trade names. In connection with this analysis, management:

- Reviews period-to-period sales and profitability by brand;
- Analyzes industry trends and projects brand growth rates;
- Prepares annual sales forecasts;
- Evaluates advertising effectiveness;
- Analyzes gross margins;
- Reviews contractual benefits or limitations;
- Monitors competitors' advertising spend and product innovation;

- Prepares projections to measure brand viability over the estimated useful life of the intangible asset; and
- Considers the regulatory environment, as well as industry litigation.

If analysis of any of the aforementioned factors warrants a change in the estimated useful life of the intangible asset, management will reduce the estimated useful life and amortize the carrying value prospectively over the shorter remaining useful life. Management's projections are utilized to assimilate all of the facts, circumstances and expectations related to the trademark or trade name and estimate the cash flows over its useful life. 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.

Impairment Analysis
We estimate the fair value of our intangible assets and goodwill using a discounted cash flow method. This discounted cash flow methodology is a widely-accepted valuation technique to estimate fair value utilized by market participants in the transaction evaluation process and has been applied consistently. In addition, we considered our market capitalization at March 31, 2011, as compared to the aggregate fair values of our reporting units, to assess the reasonableness of our estimates pursuant to the discounted cash flow methodology. As a result of our analysis, we did not record an impairment charge during the three months ended March 31, 2011.

The discount rate utilized in the analyses, as well as future cash flows, may be influenced by such factors as changes in interest rates and rates of inflation. Additionally, should the related fair values of goodwill and intangible assets continue to be adversely affected as a result of declining sales or margins caused by competition, changing consumer preferences, technological advances or reductions in advertising and promotional expenses, we may be required to record additional impairment charges in the future. However, no impairment charge was recorded during the three and nine months ended December 31, 2011.

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

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

Additionally, management must estimate the expected attrition rate of the recipients to enable it to estimate the amount of non-cash compensation expense to be recorded in our financial statements. While management 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. We recorded non-cash compensation expense of $0.7 million and $1.1 million for the three months ended December 31, 2011 and 2010, respectively, and non-cash compensation expense of $2.4 million and $2.8 million for the nine months ended December 30, 2011 and 2010, respectively.

Loss Contingencies

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

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

Recent Accounting Pronouncements

In June 2011, the FASB issued guidance regarding presentation of comprehensive income. Under the ASC Comprehensive Income topic, entities are allowed the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. This guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. This guidance does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income.

In December 2011, the FASB issued guidance to defer the new requirement to present components of reclassifications of other comprehensive income on the face of the income statement. Based on this guidance, entities are still required to adopt either the single continuous statement or the two-statement approach required by the new guidance. However, entities should continue to report reclassifications out of accumulated other comprehensive income consistent with the requirements in effect before the adoption of the new standard (i.e., by component of other comprehensive income, either by displaying each component on a gross basis on the face of the appropriate financial statement or by displaying each component net of other changes on the face of the appropriate financial statement with the gross change disclosed in the notes). The new guidance and this deferral are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Early adoption is permitted, but full retrospective application is required. The December 2011 deferral of the guidance issued in June 2011, as well as the June 2011 guidance, are effective at the same time. We do not expect that the adoption of this new guidance will have a material impact on our Consolidated Financial Statements.

In September 2011, the FASB issued guidance regarding testing goodwill for impairment. The new guidance is intended to simplify how entities test goodwill for impairment. The new guidance permits an entity to first assess qualitative factors to determine whether it is "more-likely-than-not" that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in the ASC Intangibles-Goodwill and Other topic. The more-likely-than-not threshold is defined as having a likelihood of more than 50%. The new guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. We do not expect that the adoption of this new guidance will have a material impact on our Consolidated Financial Statements.

In May 2011, the FASB issued guidance on fair value measurement. The ASC Fair Value Measurement topic amended the requirements for measuring fair value and for disclosing information about fair value measurements, including a consistent meaning of the term “fair value”. The new guidance states that the concepts of highest and best use and valuation premise are only relevant when measuring the fair value of non-financial assets (that is, it does not apply to financial assets or any liabilities). The disclosure requirements have been enhanced, with the most significant change requiring entities, for their recurring Level 3 fair value measurements, to disclose quantitative information about unobservable inputs used, a description of the valuation processes used by the entity, and a qualitative discussion about the sensitivity of the measurements. New disclosures are required about the use of a non-financial asset measured or disclosed at fair value if its use differs from its highest and best use. In addition, entities must report the level in the fair value hierarchy of assets and liabilities not recorded at fair value but where fair value is disclosed. This guidance is effective during interim and annual periods beginning after December 15, 2011 and is required to be applied prospectively. The adoption of this new guidance did not have a material impact on our Consolidated Financial Statements.

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

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "PSLRA"), including, without limitation, information within Management's Discussion and Analysis of Financial Condition and Results of Operations. The following cautionary statements are being made pursuant to the provisions of the PSLRA and with the intention of obtaining the benefits of the "safe harbor" provisions of the PSLRA. Although we believe that our expectations are based on reasonable assumptions, actual results may differ materially from those in the forward-looking statements.

Forward-looking statements speak only as of the date of this 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. As a result of these risks and uncertainties, readers are cautioned not to place undue reliance on forward-looking statements included in this Quarterly Report on Form 10-Q or that may be made elsewhere from time to time by, or on behalf of, us. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

These forward-looking statements generally can be identified by the use of words or phrases such as "believe," "anticipate," "expect," "estimate," "project," "will be," "will continue," "will likely result," or other similar words and phrases. Forward-looking statements and our plans and expectations are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated, and our business in general is subject to such risks. For more information, see "Risk Factors" contained in Part I, Item 1A. of our Annual Report on Form 10-K for our fiscal year ended March 31, 2011. In addition, our expectations or beliefs concerning future events involve risks and uncertainties, including, without limitation:

- The high level of competition from branded and private label competitors in our industry;
- Our dependence on a limited number of customers for a large portion of our sales;
- General economic conditions affecting our products and their respective markets;
- Changing consumer trends or pricing pressures which may cause us to lower our prices;
- Our dependence on third-party manufacturers to produce the products we sell;
- Price increases for raw materials, labor, energy and transportation costs;
- Disruptions in our distribution center;
- Acquisitions, dispositions or other strategic transactions (including the recent acquisition of OTC healthcare brands from GlaxoSmithKline plc) diverting managerial resources, or incurrence of additional liabilities or integration problems associated with such transactions;
- Regulatory matters governing our industry;
- Product liability claims, recalls and related negative publicity;
- Our ability to protect our intellectual property rights;
- Our dependence on third parties for intellectual property relating to some of the products we sell;
- Our assets being comprised virtually entirely of goodwill and intangibles;
- Our dependence on key personnel;
- The costs associated with any adverse judgments rendered in any pending litigation or arbitration;
- Our level of indebtedness, and possible inability to service our debt;
- Our ability to obtain additional financing; and
- The restrictions imposed by our financing agreements on our operations.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to changes in interest rates because our Senior Secured Credit Facility is variable rate debt. Interest rate changes generally do not affect the market value of our Senior Secured Credit Facility, but do affect the amount of our interest payments and, therefore, our future earnings and cash flows, assuming other factors are held constant. At December 31, 2011, we had variable rate debt of approximately $184.0 million related to our Senior Secured Credit Facility.

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 remaining three months in the fiscal year ending March 31, 2012 by approximately $0.5 million.

On January 31, 2012, in connection with our acquisition of 15 North American over-the-counter healthcare brands from GlaxoSmithKline plc and its affiliates, (i) we paid in full all of our obligations under our existing Senior Secured Credit Facility and terminated the credit agreement governing such facility; and (ii) entered into a new senior secured credit facility which is described in Note 22 to our Consolidated Financial Statements contained elsewhere in this Quarterly Report on Form 10-Q.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rule 13a–15(e) of the Securities Exchange Act of 1934 (“Exchange Act”), as of December 31, 2011. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2011, 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, 2011 in the Company's internal control over financial reporting, as defined in Rule 13a-15(f) of the Exchange Act, 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

Each of (i) Part I, Item 3 in our Annual Report on Form 10-K for the fiscal year ended March 31, 2011 and (ii) Part II, Item 1 in our Quarterly Reports on Form 10-Q for the fiscal quarters ended June 30, 2011 and September 30, 2011 is incorporated herein by this reference.

Trutek Arbitration
Closing arguments for the arbitration were made on November 30, 2011. We received a written decision from the arbitration panel on January 30, 2012 in which the panel denied all of Trutek Corp.'s claims in the arbitration.

ITEM 6. EXHIBITS

See Exhibit Index immediately following the signature page.

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SIGNATURES

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

PRESTIGE BRANDS HOLDINGS, INC.

Date: February 9, 2012

By: /s/ RONALD M. LOMBARDI
Ronald M. Lombardi
Chief Financial Officer
(Principal Financial Officer and
Duly Authorized Officer)

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Exhibit Index

2.1	Business Sale and Purchase Agreement, dated December 20, 2011, between GlaxoSmithKline LLC, GlaxoSmithKline plc and certain of its affiliates described in Schedule 1 thereto and Prestige Brands Holdings, Inc. (incorporated by reference to Exhibit 2.1 to the Form 8-K filed by Prestige Brands Holdings, Inc. on December 27, 2011).+
2.2	Business Sale and Purchase Agreement, dated as of December 20, 2011, between GlaxoSmithKline LLC, GlaxoSmithKline Consumer Healthcare L.P., GlaxoSmithKline plc and Prestige Brands Holdings, Inc. (incorporated by reference to Exhibit 2.2 to the Form 8-K filed by Prestige Brands Holdings, Inc. on December 27, 2011).+
10.1	Commitment Letter, dated December 20, 2011, by and among Citibank Global Markets, Inc., Morgan Stanley Senior Funding, Inc., Royal Bank of Canada and Prestige Brands Holdings, Inc. (incorporated by reference to Exhibit 10.1 to the Form 8-K filed by Prestige Brands Holdings, Inc. on December 27, 2011).
31.1	Certification of Principal Executive Officer of Prestige Brands Holdings, Inc. pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
31.2	Certification of Principal Financial Officer of Prestige Brands Holdings, Inc. pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
32.1	Certification of Principal Executive Officer of Prestige Brands Holdings, Inc. pursuant to Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code.
32.2	Certification of Principal Financial Officer of Prestige Brands Holdings, Inc. pursuant to Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

+ Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Commission under Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The confidential treatment request was granted by the Commission on January 18, 2012. The omitted confidential material has been filed separately with the Securities and Exchange Commission. The location of the confidential information is indicated in the exhibit with brackets and asterisks ([***]).

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

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Explanation of Responses: