

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2018

OR

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

For the transition period from ____ to ____

Commission File Number: 001-32433

**Prestige Consumer**
HEALTHCARE

PRESTIGE CONSUMER HEALTHCARE INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

20-1297589

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

**660 White Plains Road
Tarrytown, New York 10591**

(Address of Principal Executive Offices) (Zip Code)

(914) 524-6800

(Registrant's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of February 1, 2019, there were 51,798,384 shares of common stock outstanding.

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Trademarks and Trade Names

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

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Prestige Consumer Healthcare Inc.
Condensed Consolidated Statements of Income and Comprehensive Income
(Unaudited)

<i>(In thousands, except per share data)</i>	Three Months Ended December 31,		Nine Months Ended December 31,	
	2018	2017	2018	2017
Revenues				
Net sales	\$ 241,411	\$ 270,522	\$ 734,719	\$ 784,939
Other revenues	3	93	32	275
Total revenues	241,414	270,615	734,751	785,214
Cost of Sales				
Cost of sales excluding depreciation	100,997	121,730	313,713	346,067
Cost of sales depreciation	1,182	1,211	3,708	3,899
Cost of sales	102,179	122,941	317,421	349,966
Gross profit	139,235	147,674	417,330	435,248
Operating Expenses				
Advertising and promotion	34,504	35,835	108,657	111,967
General and administrative	20,485	20,820	68,460	63,229
Depreciation and amortization	6,705	7,129	20,545	21,482
Gain on divestiture	—	—	(1,284)	—
Total operating expenses	61,694	63,784	196,378	196,678
Operating income	77,541	83,890	220,952	238,570
Other (income) expense				
Interest income	(39)	(119)	(172)	(273)
Interest expense	26,366	25,983	79,509	79,314
Other expense (income), net	218	387	640	(119)
Total other expense	26,545	26,251	79,977	78,922
Income before income taxes	50,996	57,639	140,975	159,648
Provision (benefit) for income taxes	12,829	(257,154)	37,501	(219,609)
Net income	\$ 38,167	\$ 314,793	\$ 103,474	\$ 379,257
Earnings per share:				
Basic	\$ 0.74	\$ 5.93	\$ 1.99	\$ 7.14
Diluted	\$ 0.73	\$ 5.88	\$ 1.97	\$ 7.08
Weighted average shares outstanding:				
Basic	51,881	53,129	52,119	53,089
Diluted	52,202	53,543	52,431	53,531
Comprehensive income, net of tax:				
Currency translation adjustments	(2,020)	4,492	(7,139)	8,327
Unrecognized net gain on pension plans	—	—	—	1
Total other comprehensive (loss) income	(2,020)	4,492	(7,139)	8,328
Comprehensive income	\$ 36,147	\$ 319,285	\$ 96,335	\$ 387,585

See accompanying notes.

Prestige Consumer Healthcare Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

(In thousands)

	<u>December 31, 2018</u>	<u>March 31, 2018</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 24,672	\$ 32,548
Accounts receivable, net of allowance of \$13,444 and \$12,734, respectively	140,584	140,881
Inventories	120,368	118,547
Prepaid expenses and other current assets	7,553	11,501
Total current assets	<u>293,177</u>	<u>303,477</u>
Property, plant and equipment, net	51,567	52,552
Goodwill	611,956	620,098
Intangible assets, net	2,707,825	2,780,916
Other long-term assets	3,557	3,569
Total Assets	<u>\$ 3,668,082</u>	<u>\$ 3,760,612</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 48,988	\$ 61,390
Accrued interest payable	13,646	9,708
Other accrued liabilities	66,182	52,101
Total current liabilities	<u>128,816</u>	<u>123,199</u>
Long-term debt, net	1,842,288	1,992,952
Deferred income tax liabilities	443,587	442,518
Other long-term liabilities	20,271	23,333
Total Liabilities	<u>2,434,962</u>	<u>2,582,002</u>
Commitments and Contingencies — Note 16		
Stockholders' Equity		
Preferred stock - \$0.01 par value		
Authorized - 5,000 shares		
Issued and outstanding - None	—	—
Common stock - \$0.01 par value		
Authorized - 250,000 shares		
Issued - 53,670 shares at December 31, 2018 and 53,396 shares at March 31, 2018	536	534
Additional paid-in capital	477,872	468,783
Treasury stock, at cost - 1,871 shares at December 31, 2018 and 353 shares at March 31, 2018	(59,928)	(7,669)
Accumulated other comprehensive loss, net of tax	(26,454)	(19,315)
Retained earnings	841,094	736,277
Total Stockholders' Equity	<u>1,233,120</u>	<u>1,178,610</u>
Total Liabilities and Stockholders' Equity	<u>\$ 3,668,082</u>	<u>\$ 3,760,612</u>

See accompanying notes.

Prestige Consumer Healthcare Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

<i>(In thousands)</i>	Nine Months Ended December 31,	
	2018	2017
Operating Activities		
Net income	\$ 103,474	\$ 379,257
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	24,253	25,381
Gain on divestiture	(1,284)	—
Loss on disposal of property and equipment	197	1,510
Deferred income taxes	3,309	(256,850)
Amortization of debt origination costs	4,543	4,746
Excess tax benefits from share-based awards	—	470
Stock-based compensation costs	6,160	6,912
Write-off of indemnification asset	—	704
Other	247	—
Lease termination costs	—	214
Changes in operating assets and liabilities:		
Accounts receivable	5,398	(14,073)
Inventories	(11,081)	1,167
Prepaid expenses and other current assets	4,073	18,935
Accounts payable	(12,787)	(11,036)
Accrued liabilities	13,260	(1,033)
Pension and deferred compensation contribution	—	(329)
Other	(1,325)	(303)
Net cash provided by operating activities	138,437	155,672
Investing Activities		
Purchases of property, plant and equipment	(7,139)	(9,656)
Acquisition of Fleet escrow receipt	—	970
Proceeds from divestiture	65,912	—
Net cash provided by (used in) investing activities	58,773	(8,686)
Financing Activities		
Term loan repayments	(155,000)	(125,000)
Borrowings under revolving credit agreement	45,000	20,000
Repayments under revolving credit agreement	(45,000)	(40,000)
Proceeds from exercise of stock options	2,931	1,466
Fair value of shares surrendered as payment of tax withholding	(2,281)	(1,075)
Repurchase of common stock	(49,978)	—
Net cash used in financing activities	(204,328)	(144,609)
Effects of exchange rate changes on cash and cash equivalents	(758)	1,144
(Decrease) increase in cash and cash equivalents	(7,876)	3,521
Cash and cash equivalents - beginning of period	32,548	41,855
Cash and cash equivalents - end of period	\$ 24,672	\$ 45,376
Interest paid	\$ 69,955	\$ 73,779
Income taxes paid	\$ 19,070	\$ 16,861

See accompanying notes.

Prestige Consumer Healthcare Inc.
Notes to Condensed Consolidated Financial Statements (unaudited)

1. Business and Basis of Presentation

Nature of Business

Prestige Consumer Healthcare Inc. (referred to herein as the “Company” or “we,” which reference shall, unless the context requires otherwise, be deemed to refer to Prestige Consumer Healthcare Inc. and all of its direct and indirect 100% owned subsidiaries on a consolidated basis) is engaged in the development, manufacturing, marketing, sales and distribution of over-the-counter (“OTC”) healthcare and household cleaning products (prior to the sale of our Household Cleaning segment, as discussed in Note 3) to mass merchandisers and drug, food, dollar, convenience and club stores and e-commerce channels in North America (the United States and Canada), and in Australia and certain other international markets. Prestige Consumer Healthcare Inc. is a holding company with no operations and is also the parent guarantor of the senior credit facility and the senior notes described in Note 8.

Basis of Presentation

The unaudited Condensed Consolidated Financial Statements presented herein have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial reporting and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. All significant intercompany transactions and balances have been eliminated in consolidation. In the opinion of management, these Condensed Consolidated Financial Statements include all adjustments, consisting of normal recurring adjustments, that are considered necessary for a fair statement of our consolidated financial position, results of operations and cash flows for the interim periods presented. Our fiscal year ends on March 31st of each year. References in these Condensed Consolidated Financial Statements or related notes to a year (e.g., 2019) mean our fiscal year ending or ended on March 31st of that year. Operating results for the three and nine months ended December 31, 2018 are not necessarily indicative of results that may be expected for the fiscal year ending March 31, 2019. These unaudited Condensed Consolidated Financial Statements and related notes should be read in conjunction with our audited Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2018.

Use of Estimates

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

Reclassification

In accordance with Accounting Standards Update (“ASU”) 2017-07, we have reclassified net periodic benefit costs related to our pension plans from general and administrative expense to other (income) expense. The impact of this reclassification on our financial statements was less than \$1.0 million.

Recently Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU 2014-09, *Revenue from Contracts with Customers - Topic 606*, including new FASB Accounting Standards Codification (“ASC”) 606, which supersedes the revenue recognition requirements in FASB ASC 605. Along with amendments issued in 2015 and 2016, the new guidance eliminates industry-specific revenue recognition guidance under current GAAP and replaces it with a principle-based approach for determining revenue. The core principle of the new guidance is that an entity should recognize revenue for the transfer of goods and services equal to an amount it expects to be entitled to receive for those goods and services. The new standard also requires additional disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. The new guidance permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively by recognizing the cumulative effect of initially applying the guidance to all contracts existing at the date of initial application (the modified retrospective method). The ASU, as amended, is effective for annual reporting periods beginning after December 15, 2017. We adopted this guidance effective April 1, 2018 using the modified retrospective transition method and applied it to contracts that were not completed at the adoption date. See Note 2 for our revenue recognition policy.

The effects of this recently adopted accounting pronouncement to our consolidated balance sheet as of April 1, 2018 are as follows:

<i>(In thousands)</i>	Balance March 31, 2018	New Revenue Standard Adjustment	Balance April 1, 2018
Accounts receivable, net	\$ 140,881	\$ 5,438	\$ 146,319
Inventories	118,547	(1,768)	116,779
Other accrued liabilities	52,101	1,926	54,027
Deferred income tax liabilities	442,518	401	442,919
Retained earnings	736,277	1,343	737,620

In March 2017, the FASB issued ASU 2017-07, *Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which changes the presentation of net periodic benefit cost related to employer sponsored defined benefit plans and other postretirement benefits. Under this ASU, service cost should be included in the same income statement line item as other compensation costs arising from services rendered during the period, while other components of net periodic benefit pension cost should be presented separately outside of operating income. Additionally, only service costs may be capitalized in assets. Entities should apply the guidance on the presentation of the components of net periodic benefit cost in the income statement retrospectively. The guidance limiting the capitalization of net periodic benefit cost in assets to the service cost component should be applied prospectively. The standard is effective for annual reporting periods beginning after December 15, 2017. The adoption of this standard in the first quarter of 2019 required us to reclassify certain pension costs out of operating income and did not have a material impact on our consolidated financial statements.

In March 2018, the FASB issued ASU 2018-05, *Income Taxes (Topic 740)*. The amendments in this update reflect the income tax accounting implications of the Tax Cuts and Jobs Act ("Tax Act"). See Note 14 for a discussion of the Tax Act, which was signed into law on December 22, 2017, and the impact it has had, and may have, on our business and financial results.

In February 2018, the FASB issued ASU 2018-02, *Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. The amendments in this update allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Act. See Note 14 for a discussion of the Tax Act and the impact it has had, and may have, on our business and financial results. The amendments in this update are effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. We have early adopted ASU 2018-02, and the adoption did not have a material impact on our consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*. The amendments in this update clarify the definition of a business to help companies evaluate whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The amendments in this update are effective for public companies for annual periods beginning after December 15, 2017, including interim periods within those periods. We adopted this standard effective April 1, 2018, and the adoption did not have a material impact on our consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*. The amendments in this update provide clarification and guidance on eight cash flow classification issues. For public companies, the amendments in this update are effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. We adopted this standard effective April 1, 2018, and the adoption did not have a material impact on our consolidated financial statements.

Recently Issued Accounting Pronouncements

In August 2018, the FASB issued ASU 2018-14, *Compensation - Retirement Benefits - Defined Benefit Plans - General (Topic 715-20): Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans*. The amendments in this update modify the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans and are effective for public companies for fiscal years ending after December 15, 2020. We do not expect the adoption of this standard to have a material impact on our financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this update modify the disclosure requirements in Topic 820 and are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. We do not expect the adoption of this standard to have a material impact on our financial statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles - Goodwill and Other (Topic 350)*. The amendments in this update simplify the test for goodwill impairment by eliminating Step 2 from the impairment test, which required the entity to perform

procedures to determine the fair value at the impairment testing date of its assets and liabilities following the procedure that would be required in determining fair value of assets acquired and liabilities assumed in a business combination. The amendments in this update are effective for public companies for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. We are evaluating the impact of adopting this guidance on our consolidated financial statements and whether to early adopt this ASU.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments*. The amendments in this update provide financial statement users with more useful information about expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. In November 2018, the FASB issued ASU 2018-19, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses*, to clarify that receivables arising from operating leases are not within the scope of the credit loss standard, but should be accounted for in accordance with the lease standard. The amendments to this update are effective for us for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. We are currently evaluating the impact of adopting this guidance on our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The amendments in this update include a new FASB ASC Topic 842, which supersedes Topic 840. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases. For public companies, the amendments in this update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted for all entities as of the beginning of interim or annual reporting periods. In July 2018, further guidance on this topic was issued with ASU 2018-10, *Codification Improvements to Topic 842, Leases*, which affects narrow aspects of the guidance in ASU 2016-02, and with ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provides an additional transition method to adopt the new lease standard as well as a practical expedient. The required effective dates for the amendments issued in July 2018 are the same as those for Topic 842. In December 2018, the FASB issued ASU 2018-20, *Leases (Topic 842): Narrow-Scope Improvements for Lessors*, to address certain issues facing lessors when applying Topic 842. This update is effective for us upon adoption of Topic 842. We plan to adopt the standard on April 1, 2019. We are in the process of aggregating and evaluating our lease arrangements. We expect that adoption of this standard will result in a material increase in lease-related assets and liabilities recognized on our Consolidated Balance Sheet, but we are unable to quantify the impact at this time.

2. Revenue Recognition

Nature of Goods and Services

We recognize revenue from product sales. We primarily ship finished goods to our customers and operate in three segments: North American OTC Healthcare, International OTC Healthcare, and Household Cleaning (prior to the sale of this segment on July 2, 2018). The segments are based on differences in the nature of products and geographical area. The North America and International OTC Healthcare segments market a variety of personal care and over-the-counter products in the following product groups: Analgesics, Cough & Cold, Women's Health, Gastrointestinal, Eye & Ear Care, Dermatologicals, and Oral Care. Prior to its sale, the Household Cleaning segment focused on the sale of cleaning products. Our products are distinct and separately identifiable on customer contracts or invoices, with each product sale representing a separate performance obligation.

We sell consumer products under a variety of brands through a broad distribution platform that includes mass merchandisers and drug, food, dollar, convenience and club stores and e-commerce channels, all of which sell our products to consumers.

See Note 18 for disaggregated revenue information.

Satisfaction of Performance Obligations

Revenue is recognized when control of a promised good is transferred to a customer, in an amount that reflects the consideration that we expect to be entitled to receive in exchange for that good. This occurs either when finished goods are transferred to a common carrier for delivery to the customer or when product is picked up by the customer or the customer's carrier. This represents a change in the timing of revenue recognition for some sales. Refer to the table above in Note 1 for disclosure of the adoption date impacts.

Once a product has transferred to the common carrier or been picked up by the customer, the customer is able to direct the use of, and obtain substantially all of the remaining benefits from, the product. It is at this point that we have a right to payment and the customer has legal title.

Variable Consideration

Provisions for certain rebates, customer promotional programs, product returns, and discounts to customers are accounted for as variable consideration and recorded as a reduction in sales.

We record an estimate of future product returns concurrent with recording sales, which is made using the most likely amount method which incorporates (i) historical return rates, (ii) current economic trends, (iii) changes in customer demand, (iv) product acceptance, (v) seasonality of our product offerings, and (vi) the impact of changes in product formulation, packaging and advertising.

We participate in the promotional programs of our customers to enhance the sale of our products. 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. The costs of such activities are recorded as a reduction to revenue when the related sale takes place. Estimates of the costs of these promotional programs are derived using the most likely amount method, which incorporates (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.

Practical Expedients

Due to the nature (short duration) of our contracts with customers, we apply the practical expedient related to remaining performance obligations disclosure. Remaining performance obligations relate to contracts with a duration of less than one year, in which we have the right to invoice the customer at the time the performance obligation is satisfied for the amount of revenue recognized at that time. Accordingly, we have elected the practical expedient available under ASC 606 not to disclose remaining performance obligations for our contracts. The period between when control of the promised products transfers to the customer and when the customer pays for the products is one year or less. As such, we do not adjust product consideration for the effects of a significant financing component. The amortization period of any asset resulting from incremental costs of obtaining a contract would be one year or less.

We expense incremental direct costs of obtaining a contract (broker commissions) when the related sale takes place.

We account for shipping and handling costs as fulfillment activities and therefore recognize them upon shipment of goods.

The impact of adopting ASC 606 on our Condensed Consolidated Statements of Income and Comprehensive Income is as follows:

<i>(In thousands)</i>	Three Months Ended December 31, 2018			Nine Months Ended December 31, 2018		
	As Reported	Impact of Change	Without Adoption of ASC 606	As Reported	Impact of Change	Without Adoption of ASC 606
Total revenues	\$ 241,414	\$ 13,618	\$ 255,032	\$ 734,751	\$ (8,492)	\$ 726,259
Cost of sales	\$ 102,179	\$ 5,140	\$ 107,319	\$ 317,421	\$ (3,256)	\$ 314,165
Total operating expenses	\$ 61,694	\$ 391	\$ 62,085	\$ 196,378	\$ (188)	\$ 196,190
Income before income taxes	\$ 50,996	\$ 8,087	\$ 59,083	\$ 140,975	\$ (5,048)	\$ 135,927
Provision (benefit) for income taxes	\$ 12,829	\$ 2,038	\$ 14,867	\$ 37,501	\$ (1,714)	\$ 35,787
Net income	\$ 38,167	\$ 6,049	\$ 44,216	\$ 103,474	\$ (3,334)	\$ 100,140

3. Divestiture

On July 2, 2018, we sold the Comet®, Spic and Span®, Chore Boy®, Chlorinol® and Cinch® brands, as well as associated inventory. These brands represented our Household Cleaning segment.

As a result of this transaction, we received proceeds of approximately \$65.9 million and recorded a pre-tax gain on sale of \$1.3 million. The net proceeds were used to repay debt.

The following table sets forth the components of the assets sold and the pre-tax gain recognized on the sale in July 2018:

<i>(In thousands)</i>	July 2, 2018
Components of assets sold:	
Inventory	\$ 6,644
Property, plant and equipment, net	653
Goodwill	6,245
Intangible assets, net	49,315
Assets sold	62,857
Total purchase price received	65,912
	(3,055)
Costs to sell	1,771
Pre-tax gain on divestiture	\$ (1,284)

4. Inventories

Inventories consist of the following:

<i>(In thousands)</i>	December 31, 2018	March 31, 2018
Components of Inventories		
Packaging and raw materials	\$ 16,834	\$ 13,112
Work in process	307	157
Finished goods	103,227	105,278
Inventories	\$ 120,368	\$ 118,547

Inventories are carried and depicted above at the lower of cost or net realizable value, which includes a reduction in inventory values of \$3.3 million and \$4.2 million at December 31, 2018 and March 31, 2018, respectively, related to obsolete and slow-moving inventory.

5. Goodwill

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

<i>(In thousands)</i>	North American OTC Healthcare	International OTC Healthcare	Household Cleaning	Consolidated
Balance - March 31, 2018				
Goodwill	\$ 711,104	\$ 32,919	\$ 71,405	\$ 815,428
Accumulated impairment loss	(130,170)	—	(65,160)	(195,330)
Balance - March 31, 2018	580,934	32,919	6,245	620,098
2019 Reductions:				
Goodwill	—	—	(71,405)	(71,405)
Accumulated impairment loss	—	—	65,160	65,160
Effects of foreign currency exchange rates	—	(1,897)	—	(1,897)
Balance - December 31, 2018				
Goodwill	711,104	31,022	—	742,126
Accumulated impairment loss	(130,170)	—	—	(130,170)
Balance - December 31, 2018	\$ 580,934	\$ 31,022	\$ —	\$ 611,956

As discussed in Note 3, on July 2, 2018, we sold our Household Cleaning segment. As a result, we decreased goodwill by \$6.2 million.

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

On an annual basis during the fourth quarter of each fiscal year, or more frequently if conditions indicate that the carrying value of the asset may not be recoverable, management performs a review of the values assigned to goodwill and tests for impairment. At February 28, 2018, during our annual test for goodwill impairment, there were no indicators of impairment under the analysis. Accordingly, no impairment charge was recorded in fiscal 2018. We utilize the discounted cash flow method to estimate the fair value of our reporting units as part of the goodwill impairment test. We also considered our market capitalization at February 28, 2018, which was the date of our annual review, as compared to the aggregate fair values of our reporting units, to assess the reasonableness of our estimates pursuant to the discounted cash flow methodology. The estimates and assumptions made in assessing the fair value of our reporting units and the valuation of the underlying assets and liabilities are inherently subject to significant uncertainties. Consequently, changing rates of interest and inflation, declining sales or margins, increasing competition, changing consumer preferences, technical advances, or reductions in advertising and promotion may require an impairment charge to be recorded in the future. As of December 31, 2018, no events have occurred that would indicate potential impairment of goodwill.

6. Intangible Assets, net

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

<i>(In thousands)</i>	Indefinite- Lived Trademarks	Finite-Lived Trademarks and Customer Relationships	Totals
Gross Carrying Amounts			
Balance — March 31, 2018	\$ 2,490,303	\$ 441,314	\$ 2,931,617
Reductions	(30,562)	(34,889)	(65,451)
Effects of foreign currency exchange rates	(6,921)	(383)	(7,304)
Balance — December 31, 2018	2,452,820	406,042	2,858,862
Accumulated Amortization			
Balance — March 31, 2018	—	150,701	150,701
Additions	—	16,548	16,548
Reductions	—	(16,136)	(16,136)
Effects of foreign currency exchange rates	—	(76)	(76)
Balance — December 31, 2018	—	151,037	151,037
Intangible assets, net — December 31, 2018	\$ 2,452,820	\$ 255,005	\$ 2,707,825

As discussed in Note 3, on July 2, 2018, we sold our Household Cleaning segment. As a result, we decreased our indefinite-lived intangibles by \$30.5 million and our net finite-lived trademarks by \$18.8 million.

Amortization expense was \$5.3 million and \$16.5 million for the three and nine months ended December 31, 2018, respectively, and \$5.8 million and \$17.5 million for the three and nine months ended December 31, 2017, respectively. Based on our amortizable intangible assets as of December 31, 2018, amortization expense is expected to be approximately \$5.4 million for the remainder of fiscal 2019, \$21.5 million in fiscal 2020, \$21.0 million in fiscal 2021 and \$20.6 million in each of fiscal 2022, 2023 and 2024.

Under accounting guidelines, indefinite-lived assets are not amortized, but must be tested for impairment annually, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of the asset below the carrying amount. The date of our annual impairment review was February 28, 2018, and we recorded impairment charges in our March 31, 2018 financial statements. Additionally, at each reporting period, an evaluation must be made to determine whether events and circumstances continue to support an indefinite useful life. Intangible assets with finite lives are amortized over their respective estimated useful lives and are also tested for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable and exceeds its fair value.

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

As of December 31, 2018, no events have occurred that would indicate further potential impairment of intangible assets.

7. Other Accrued Liabilities

Other accrued liabilities consist of the following:

<i>(In thousands)</i>	December 31, 2018	March 31, 2018
Accrued marketing costs	\$ 31,084	\$ 21,473
Accrued compensation costs	8,844	10,591
Accrued broker commissions	2,009	1,487
Income taxes payable	6,218	1,901
Accrued professional fees	1,820	2,244
Accrued production costs	5,503	7,392
Other accrued liabilities	10,704	7,013
	<u>\$ 66,182</u>	<u>\$ 52,101</u>

8. Long-Term Debt

At December 31, 2018, we had \$75.0 million outstanding on the asset-based revolving credit facility entered into January 31, 2012, as amended (the "2012 ABL Revolver") and an additional borrowing capacity of \$89.6 million.

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

<i>(In thousands, except percentages)</i>	December 31, 2018	March 31, 2018
2016 Senior Notes bearing interest at 6.375%, with interest payable on March 1 and September 1 of each year. The 2016 Senior Notes mature on March 1, 2024.	\$ 600,000	\$ 600,000
2013 Senior Notes bearing interest at 5.375%, with interest payable on June 15 and December 15 of each year. The 2013 Senior Notes mature on December 15, 2021.	400,000	400,000
2012 Term B-5 Loans bearing interest at the Borrower's option at either LIBOR plus a margin of 2.00%, with a LIBOR floor of 0.00%, or an alternate base rate plus a margin of 1.00%, with a floor of 1.00%, due on January 26, 2024.	783,000	938,000
2012 ABL Revolver bearing interest at the Borrower's option at either a base rate plus applicable margin or LIBOR plus applicable margin. Any unpaid balance is due on January 26, 2022.	75,000	75,000
Long-term debt	<u>1,858,000</u>	<u>2,013,000</u>
Less: unamortized debt costs	(15,712)	(20,048)
Long-term debt, net	<u>\$ 1,842,288</u>	<u>\$ 1,992,952</u>

As of December 31, 2018, aggregate future principal payments required in accordance with the terms of the 2012 Term B-5 Loans, 2012 ABL Revolver and the indentures governing the 6.375% senior unsecured notes due 2024 (the "2016 Senior Notes") and the 5.375% senior unsecured notes due 2021 (the "2013 Senior Notes") are as follows:

(In thousands)

Year Ending March 31,	Amount
2019 (remaining three months ending March 31, 2019)	\$ —
2020	—
2021	—
2022	475,000
2023	—
Thereafter	1,383,000
	<u>\$ 1,858,000</u>

9. Fair Value Measurements

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

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

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

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

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

The market values have been determined based on market values for similar instruments adjusted for certain factors. As such, the 2016 Senior Notes, the 2013 Senior Notes, the 2012 Term B-5 Loans, and the 2012 ABL Revolver are measured in Level 2 of the above hierarchy. See summary below detailing the carrying amounts and estimated fair values of these borrowings at December 31, 2018 and March 31, 2018.

<i>(In thousands)</i>	December 31, 2018		March 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
2016 Senior Notes	\$ 600,000	\$ 582,000	\$ 600,000	\$ 610,500
2013 Senior Notes	400,000	391,000	400,000	402,000
2012 Term B-5 Loans	783,000	749,723	938,000	939,173
2012 ABL Revolver	75,000	75,000	75,000	75,000

At December 31, 2018 and March 31, 2018, we did not have any assets or liabilities measured in Level 1 or 3.

10. Stockholders' Equity

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

Each share of common stock has the right to one vote on all matters submitted to a vote of stockholders. The holders of common stock are also entitled to receive dividends whenever funds are legally available and when declared by the Board of Directors,

subject to prior rights of holders of all classes of outstanding stock having priority rights as to dividends. No dividends have been declared or paid on our common stock through December 31, 2018.

During the three months ended December 31, 2018 and 2017, we made no repurchases of common stock. During the nine months ended December 31, 2018 and 2017, we repurchased 68,939 shares and 20,549 shares, respectively, of common stock from our employees pursuant to the provisions of various employee restricted stock awards. The repurchases for the nine months ended December 31, 2018 and 2017 were at an average price of \$33.09 and \$52.33, respectively. All of the repurchased shares have been recorded as treasury stock.

During the nine months ended December 31, 2018, we also repurchased 1,449,750 shares of our common stock in conjunction with our share repurchase program. The repurchases were at an average price of \$34.47 per share, totaled \$50.0 million, and have been recorded as treasury stock.

11. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss consisted of the following at December 31, 2018 and March 31, 2018:

<i>(In thousands)</i>	December 31, 2018	March 31, 2018
Components of Accumulated Other Comprehensive Loss		
Cumulative translation adjustment	\$ (27,537)	\$ (20,398)
Unrecognized net gain on pension plans	1,083	1,083
Accumulated other comprehensive loss, net of tax	\$ (26,454)	\$ (19,315)

As of December 31, 2018 and March 31, 2018, no amounts were reclassified from accumulated other comprehensive income into earnings.

12. Earnings Per Share

Basic earnings per share is computed based on income available to common stockholders and the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed based on income available to common stockholders and the weighted average number of shares of common stock outstanding plus the effect of potentially dilutive common shares outstanding during the period using the treasury stock method, which includes stock options and restricted stock units ("RSUs"). Potential common shares, composed of the incremental common shares issuable upon the exercise of outstanding stock options and nonvested RSUs, are included in the diluted earnings per share calculation to the extent that they are dilutive. In loss periods, the assumed exercise of in-the-money stock options and RSUs has an anti-dilutive effect, and therefore these instruments are excluded from the computation of diluted earnings per share.

The following table sets forth the computation of basic and diluted earnings per share:

<i>(In thousands, except per share data)</i>	Three Months Ended December 31,		Nine Months Ended December 31,	
	2018	2017	2018	2017
Numerator				
Net income	\$ 38,167	\$ 314,793	\$ 103,474	\$ 379,257
Denominator				
Denominator for basic earnings per share — weighted average shares outstanding	51,881	53,129	52,119	53,089
Dilutive effect of nonvested restricted stock units and options issued to employees and directors	321	414	312	442
Denominator for diluted earnings per share	52,202	53,543	52,431	53,531
Earnings per Common Share:				
Basic earnings per share	\$ 0.74	\$ 5.93	\$ 1.99	\$ 7.14
Diluted earnings per share	\$ 0.73	\$ 5.88	\$ 1.97	\$ 7.08

For the three months ended December 31, 2018 and 2017, there were 0.4 million and 0.5 million shares, respectively, attributable to outstanding stock-based awards that were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive. For the nine months ended December 31, 2018 and 2017, there were 0.5 million and 0.4 million shares, respectively, attributable to outstanding stock-based awards that were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive.

13. Share-Based Compensation

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

During the three and nine months ended December 31, 2018, pre-tax share-based compensation costs charged against income were \$1.9 million and \$6.2 million, respectively, and the related income tax benefit recognized was \$0.3 million and \$1.1 million, respectively. During the three and nine months ended December 31, 2017, pre-tax share-based compensation costs charged against income were \$2.2 million and \$6.9 million, respectively, and the related income tax recognized was an expense of \$0.1 million and a benefit of \$1.4 million, respectively.

At December 31, 2018, there were \$7.6 million of unrecognized compensation costs related to nonvested share-based compensation arrangements under the Plan, based on management's estimate of the shares that will ultimately vest. We expect to recognize such costs over a weighted average period of 1.0 year. The total fair value of options and RSUs vested during the nine months ended December 31, 2018 and 2017 was \$12.0 million and \$6.8 million, respectively. For the nine months ended December 31, 2018 and 2017, we received cash from the exercise of stock options of \$2.9 million and \$1.5 million, respectively. For the nine months ended December 31, 2018 and 2017, we realized \$1.3 million and \$1.1 million, respectively, in tax benefits from the tax deductions resulting from RSU issuances and stock option exercises. At December 31, 2018, there were 1.8 million shares available for issuance under the Plan.

On May 7, 2018, the Compensation and Talent Management Committee of our Board of Directors granted 103,406 performance stock units, 100,399 RSUs and stock options to acquire 294,484 shares of our common stock to certain executive officers and employees under the Plan. The stock options were granted at an exercise price of \$29.46 per share, which was equal to the closing price for our common stock on the date of the grant.

Each of the independent members of the Board of Directors received a grant under the Plan of 3,779 RSUs on July 31, 2018.

Restricted Stock Units

RSUs granted to employees under the Plan generally vest in three years, primarily upon the attainment of certain time vesting thresholds, and, in the case of performance share units, may also be contingent on the attainment of certain performance goals of the Company, including revenue and earnings before income taxes, depreciation and amortization targets. The RSUs provide for accelerated vesting if there is a change of control, as defined in the Plan. The RSUs granted to employees generally vest either ratably over three years or in their entirety on the three-year anniversary of the date of the grant. Upon vesting, the units will be settled in shares of our common stock. Termination of employment prior to vesting will result in forfeiture of the RSUs, unless otherwise accelerated by the Compensation and Talent Management Committee or, in the case of RSUs granted in May 2017 and 2018, subject to pro-rata vesting in the event of death, disability or retirement. The RSUs granted to directors vest immediately upon grant, and will be settled by delivery to the director of one share of our common stock for each vested RSU promptly following the earliest of the (i) director's death, (ii) director's disability or (iii) six-month anniversary of the date on which the director's Board membership ceases for reasons other than death or disability.

The fair value of the RSUs is determined using the closing price of our common stock on the date of the grant.

A summary of the RSUs granted under the Plan is presented below:

RSUs	Shares (in thousands)	Weighted Average Grant-Date Fair Value
<u>Nine Months Ended December 31, 2017</u>		
Vested and nonvested at March 31, 2017	350.1	\$ 39.29
Granted	105.8	55.61
Vested and issued	(53.3)	34.30
Forfeited	(8.8)	48.49
Vested and nonvested at December 31, 2017	393.8	44.14
Vested at December 31, 2017	90.5	29.88
<u>Nine Months Ended December 31, 2018</u>		
Vested and nonvested at March 31, 2018	393.5	\$ 44.13
Granted	226.4	30.09
Vested and issued	(175.8)	43.05
Forfeited	(31.1)	48.32
Vested and nonvested at December 31, 2018	413.0	36.58
Vested at December 31, 2018	113.2	31.05

Options

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

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

The weighted average grant-date fair values of the options granted during the nine months ended December 31, 2018 and 2017 were \$10.22 and \$21.20, respectively.

	Nine Months Ended December 31,	
	2018	2017
Expected volatility	29.6%	35.2%
Expected dividends	\$ —	\$ —
Expected term in years	6.0	6.0
Risk-free rate	2.9%	2.2%

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

Options	Shares (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
<u>Nine Months Ended December 31, 2017</u>				
Outstanding at March 31, 2017	772.3	\$ 37.70		
Granted	182.8	56.11		
Exercised	(51.0)	28.76		
Forfeited or expired	(22.1)	48.15		
Outstanding at December 31, 2017	<u>882.0</u>	41.77	7.2	\$ 7,019
Exercisable at December 31, 2017	<u>502.9</u>	32.50	6.1	\$ 6,884
<u>Nine Months Ended December 31, 2018</u>				
Outstanding at March 31, 2018	873.2	\$ 41.79		
Granted	294.5	29.46		
Exercised	(97.7)	30.02		
Forfeited or expired	(125.4)	47.16		
Outstanding at December 31, 2018	<u>944.6</u>	38.45	7.2	\$ 2,477
Exercisable at December 31, 2018	<u>499.4</u>	37.87	5.8	\$ 2,076

The aggregate intrinsic value of options exercised during the nine months ended December 31, 2018 was \$0.8 million.

14. Income Taxes

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Act. The Tax Act represents significant U.S. federal tax reform legislation that includes a permanent reduction to the U.S. federal corporate income tax rate. The permanent reduction to the federal corporate income tax rate resulted in a one-time gain of \$267.0 million related to the value of our deferred tax liabilities and a gain of \$3.2 million related to the lower blended tax rate on our earnings, in the year ended March 31, 2018, resulting in a net gain of \$270.2 million. Additionally, the Tax Act subjects certain of our cumulative foreign earnings and profits to U.S. income taxes through a deemed repatriation, which resulted in a charge of \$1.9 million in the year ended March 31, 2018.

Income taxes are recorded in our quarterly financial statements based on our estimated annual effective income tax rate, subject to adjustments for discrete events, should they occur. The effective rates used in the calculation of income taxes were 25.2% and (446.1)% for the three months ended December 31, 2018 and 2017, respectively. The effective rates used in the calculation of income taxes were 26.6% and (137.6)% for the nine months ended December 31, 2018 and 2017, respectively. The increases in the effective tax rates for the three and nine months ended December 31, 2018 versus the respective prior year periods were primarily related to the Tax Act being enacted in the prior year periods, which included a one-time gain as discussed above.

The balance in our uncertain tax liability was \$9.8 million at December 31, 2018 and \$10.8 million at March 31, 2018. We recognize interest and penalties related to uncertain tax positions as a component of income tax expense. We did not incur any material interest or penalties related to income taxes in any of the periods presented.

15. Employee Retirement Plans

The primary components of Net Periodic Benefits consist of the following:

<i>(In thousands)</i>	Three Months Ended December 31,		Nine Months Ended December 31,	
	2018	2017	2018	2017
Interest cost	\$ 599	\$ 631	\$ 1,819	\$ 1,894
Expected return on assets	(767)	(725)	(2,303)	(2,176)
Net periodic benefit income	\$ (168)	\$ (94)	\$ (484)	\$ (282)

During the nine months ended December 31, 2018, we contributed \$0.3 million to our non-qualified defined benefit plan and \$1.0 million to the qualified defined benefit plan. During the remainder of fiscal 2019, we expect to contribute an additional \$0.1 million to our non-qualified plan and make no contributions to the qualified plan.

16. Commitments and Contingencies

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

17. Concentrations of Risk

Our revenues are concentrated in the areas of OTC Healthcare and Household Cleaning products (prior to the sale of our Household Cleaning segment, as discussed in Note 3). We sell our products to mass merchandisers and drug, food, dollar, convenience and club stores and e-commerce channels. During the three and nine months ended December 31, 2018, approximately 41.7% and 42.8%, respectively, of our gross revenues were derived from our five top selling brands. During the three and nine months ended December 31, 2017, approximately 39.9% and 41.2%, respectively, of our gross revenues were derived from our five top selling brands. One customer, Walmart accounted for more than 10% of our gross revenues for each of the periods presented. Walmart accounted for approximately 22.3% and 23.5%, respectively, of our gross revenues for the three and nine months ended December 31, 2018. For the three and nine months ended December 31, 2017, Walmart accounted for approximately 21.4% and 24.0%, respectively, of our gross revenues. The gross revenues for Walmart are included in our North American OTC Healthcare segment and Household Cleaning segment (prior to the sale of our Household Cleaning segment on July 2, 2018).

Our product distribution in the United States is managed by a third party through one primary distribution center near St. Louis, Missouri, and we operate one manufacturing facility for certain of our products located in Lynchburg, Virginia. A serious disruption, caused by performance or contractual issues with the third party distribution manager or by earthquake, flood, or fire, could damage our inventory and/or materially impair our ability to distribute our products to customers in a timely manner or at a reasonable cost. Any disruption as a result of third party performance at our distribution center could result in increased costs, expense, shipping times, customer fees and penalties. In addition, any serious disruption to our Lynchburg manufacturing facility could materially impair our ability to manufacture many of our products, which would also limit our ability to provide products to customers in a timely manner or at a reasonable cost. We could also incur significantly higher costs and experience longer lead times if we need to replace our primary distribution center, the third party distribution manager or the manufacturing facility. As a result, any serious disruption could have a material adverse effect on our business, financial condition and results of operations.

At December 31, 2018, we had relationships with 112 third-party manufacturers. Of those, we had long-term contracts with 33 manufacturers that produced items that accounted for approximately 60.4% of gross sales for the nine months ended December 31, 2018. At December 31, 2017, we had relationships with 114 third-party manufacturers. Of those, we had long-term contracts with 46 manufacturers that produced items that accounted for approximately 74.2% of gross sales for the nine months ended December 31, 2017. The fact that we do not have long-term contracts with certain manufacturers means that they could cease manufacturing our products at any time and for any reason or initiate arbitrary and costly price increases, which could have a

material adverse effect on our business and results of operations. Although we are continually in the process of negotiating long-term contracts with certain key manufacturers, we may not be able to reach a timely agreement, which could have a material adverse effect on our business and results of operations.

18. Business Segments

Segment information has been prepared in accordance with the Segment Reporting topic of the FASB ASC 280. Our current reportable segments consist of (i) North American OTC Healthcare and (ii) International OTC Healthcare. We sold our Household Cleaning segment on July 2, 2018; see Note 3 for further information. We evaluate the performance of our operating segments and allocate resources to these segments based primarily on contribution margin, which we define as gross profit less advertising and promotional expenses.

The tables below summarize information about our reportable segments.

<i>(In thousands)</i>	Three Months Ended December 31, 2018			
	North American OTC Healthcare	International OTC Healthcare	Household Cleaning	Consolidated
Total segment revenues*	\$ 216,776	\$ 24,638	\$ —	\$ 241,414
Cost of sales	91,594	10,585	—	102,179
Gross profit	125,182	14,053	—	139,235
Advertising and promotion	30,316	4,188	—	34,504
Contribution margin	<u>\$ 94,866</u>	<u>\$ 9,865</u>	<u>\$ —</u>	104,731
Other operating expenses				27,190
Operating income				77,541
Other expense				26,545
Income before income taxes				50,996
Provision for income taxes				12,829
Net income				<u>\$ 38,167</u>

* Intersegment revenues of \$1.3 million were eliminated from the North American OTC Healthcare segment.

<i>(In thousands)</i>	Nine Months Ended December 31, 2018			
	North American OTC Healthcare	International OTC Healthcare	Household Cleaning	Consolidated
Total segment revenues*	\$ 647,501	\$ 67,439	\$ 19,811	\$ 734,751
Cost of sales	272,754	28,079	16,588	317,421
Gross profit	374,747	39,360	3,223	417,330
Advertising and promotion	96,899	11,328	430	108,657
Contribution margin	<u>\$ 277,848</u>	<u>\$ 28,032</u>	<u>\$ 2,793</u>	308,673
Other operating expenses				87,721
Operating income				220,952
Other expense				79,977
Income before income taxes				140,975
Provision for income taxes				37,501
Net income				<u>\$ 103,474</u>

* Intersegment revenues of \$5.6 million were eliminated from the North American OTC Healthcare segment.

Three Months Ended December 31, 2017

<i>(In thousands)</i>	North American OTC Healthcare	International OTC Healthcare	Household Cleaning	Consolidated
Total segment revenues*	\$ 225,695	\$ 25,717	\$ 19,203	\$ 270,615
Cost of sales	95,164	10,511	17,266	122,941
Gross profit	130,531	15,206	1,937	147,674
Advertising and promotion	30,794	4,544	497	35,835
Contribution margin	<u>\$ 99,737</u>	<u>\$ 10,662</u>	<u>\$ 1,440</u>	111,839
Other operating expenses				27,949
Operating income				83,890
Other expense				26,251
Income before income taxes				57,639
Benefit for income taxes				(257,154)
Net income				<u>\$ 314,793</u>

* Intersegment revenues of \$1.9 million were eliminated from the North American OTC Healthcare segment.

Nine Months Ended December 31, 2017

<i>(In thousands)</i>	North American OTC Healthcare	International OTC Healthcare	Household Cleaning	Consolidated
Total segment revenues*	\$ 656,812	\$ 67,572	\$ 60,830	\$ 785,214
Cost of sales	268,849	29,757	51,360	349,966
Gross profit	387,963	37,815	9,470	435,248
Advertising and promotion	98,666	11,827	1,474	111,967
Contribution margin	<u>\$ 289,297</u>	<u>\$ 25,988</u>	<u>\$ 7,996</u>	323,281
Other operating expenses				84,711
Operating income				238,570
Other expense				78,922
Income before income taxes				159,648
Benefit for income taxes				(219,609)
Net income				<u>\$ 379,257</u>

* Intersegment revenues of \$5.6 million were eliminated from the North American OTC Healthcare segment.

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

Three Months Ended December 31, 2018

<i>(In thousands)</i>	North American OTC Healthcare	International OTC Healthcare	Household Cleaning	Consolidated
Analgesics	\$ 29,325	\$ 136	\$ —	\$ 29,461
Cough & Cold	27,137	4,584	—	31,721
Women's Health	60,946	3,306	—	64,252
Gastrointestinal	30,737	10,321	—	41,058
Eye & Ear Care	23,352	3,164	—	26,516
Dermatologicals	21,508	470	—	21,978
Oral Care	22,177	2,656	—	24,833
Other OTC	1,594	1	—	1,595
Household Cleaning	—	—	—	—
Total segment revenues	\$ 216,776	\$ 24,638	\$ —	\$ 241,414

Nine Months Ended December 31, 2018

<i>(In thousands)</i>	North American OTC Healthcare	International OTC Healthcare	Household Cleaning	Consolidated
Analgesics	\$ 86,221	\$ 418	\$ —	\$ 86,639
Cough & Cold	63,843	15,489	—	79,332
Women's Health	186,037	8,833	—	194,870
Gastrointestinal	94,065	24,261	—	118,326
Eye & Ear Care	73,669	8,778	—	82,447
Dermatologicals	71,968	1,607	—	73,575
Oral Care	67,516	8,050	—	75,566
Other OTC	4,182	3	—	4,185
Household Cleaning	—	—	19,811	19,811
Total segment revenues	\$ 647,501	\$ 67,439	\$ 19,811	\$ 734,751

Three Months Ended December 31, 2017

<i>(In thousands)</i>	North American OTC Healthcare	International OTC Healthcare	Household Cleaning	Consolidated
Analgesics	\$ 31,293	\$ 160	\$ —	\$ 31,453
Cough & Cold	28,761	4,331	—	33,092
Women's Health	63,107	2,940	—	66,047
Gastrointestinal	29,392	11,251	—	40,643
Eye & Ear Care	21,631	3,205	—	24,836
Dermatologicals	22,736	562	—	23,298
Oral Care	27,144	3,267	—	30,411
Other OTC	1,631	1	—	1,632
Household Cleaning	—	—	19,203	19,203
Total segment revenues	\$ 225,695	\$ 25,717	\$ 19,203	\$ 270,615

Nine Months Ended December 31, 2017

<i>(In thousands)</i>	North American OTC Healthcare	International OTC Healthcare	Household Cleaning	Consolidated
Analgesics	\$ 89,931	\$ 709	\$ —	\$ 90,640
Cough & Cold	67,738	13,603	—	81,341
Women's Health	187,688	8,440	—	196,128
Gastrointestinal	88,145	25,123	—	113,268
Eye & Ear Care	69,437	8,850	—	78,287
Dermatologicals	72,688	1,587	—	74,275
Oral Care	77,026	9,256	—	86,282
Other OTC	4,159	4	—	4,163
Household Cleaning	—	—	60,830	60,830
Total segment revenues	<u>\$ 656,812</u>	<u>\$ 67,572</u>	<u>\$ 60,830</u>	<u>\$ 785,214</u>

Our total segment revenues by geographic area are as follows:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2018	2017	2018	2017
United States	\$ 204,943	\$ 232,583	\$ 632,183	\$ 682,928
Rest of world	36,471	38,032	102,568	102,286
Total	<u>\$ 241,414</u>	<u>\$ 270,615</u>	<u>\$ 734,751</u>	<u>\$ 785,214</u>

Our consolidated goodwill and intangible assets have been allocated to the reportable segments as follows:

December 31, 2018	North American OTC Healthcare	International OTC Healthcare	Household Cleaning	Consolidated
<i>(In thousands)</i>				
Goodwill	\$ 580,934	\$ 31,022	\$ —	\$ 611,956
Intangible assets				
Indefinite-lived	2,375,735	77,085	—	2,452,820
Finite-lived, net	249,637	5,368	—	255,005
Intangible assets, net	2,625,372	82,453	—	2,707,825
Total	<u>\$ 3,206,306</u>	<u>\$ 113,475</u>	<u>\$ —</u>	<u>\$ 3,319,781</u>

March 31, 2018	North American OTC Healthcare	International OTC Healthcare	Household Cleaning	Consolidated
<i>(In thousands)</i>				
Goodwill	\$ 580,934	\$ 32,919	\$ 6,245	\$ 620,098
Intangible assets				
Indefinite-lived	2,375,736	84,006	30,561	2,490,303
Finite-lived, net	265,356	6,068	19,189	290,613
Intangible assets, net	2,641,092	90,074	49,750	2,780,916
Total	<u>\$ 3,222,026</u>	<u>\$ 122,993</u>	<u>\$ 55,995</u>	<u>\$ 3,401,014</u>

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 Condensed 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, 2018. 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, 2018 and in future reports filed with the U.S. Securities and Exchange Commission ("SEC").

See also "Cautionary Statement Regarding Forward-Looking Statements" on page 32 of this Quarterly Report on Form 10-Q.

Unless otherwise indicated by the context, all references in this Quarterly Report on Form 10-Q to "we," "us," "our," the "Company" or "Prestige" refer to Prestige Consumer Healthcare Inc. and our subsidiaries. Similarly, reference to a year (e.g., 2019) refers to our fiscal year ended March 31 of that year.

General

We are engaged in the development, manufacturing, marketing, sales and distribution of well-recognized, brand name over-the-counter ("OTC") healthcare and household cleaning products (prior to the sale of our Household Cleaning segment on July 2, 2018) to mass merchandisers and drug, food, dollar, convenience, and club stores and e-commerce channels in North America (the United States and Canada) and in Australia and certain other international markets. We use the strength of our brands, our established retail distribution network, a low-cost operating model and our experienced management team to our competitive advantage.

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

Divestiture

On July 2, 2018, we entered into an Asset Purchase Agreement with KIK International LLC, pursuant to which we sold certain assets, including certain intellectual property rights, that represented our Household Cleaning segment. We received proceeds from the sale of \$65.9 million and used the net proceeds to repay long-term debt in July 2018. As a condition of the agreement, we entered into a Transitional Services Agreement on July 2, 2018, under which we will provide certain services to KIK International LLC related to the transition of the business for a specified period of time.

Tax Reform

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act ("Tax Act"). The Tax Act represents significant U.S. federal tax reform legislation that includes a permanent reduction to the U.S. federal corporate income tax rate. The permanent reduction to the federal corporate income tax rate resulted in a one-time gain of \$267.0 million related to the value of our deferred tax liabilities and a gain of \$3.2 million related to the lower blended tax rate on our earnings, in the year ended March 31, 2018, resulting in a net gain of \$270.2 million. Additionally, the Tax Act subjects certain of our cumulative foreign earnings and profits to U.S. income taxes through a deemed repatriation, which resulted in a charge of \$1.9 million in the year ended March 31, 2018.

Results of Operations

Three Months Ended December 31, 2018 compared to the Three Months Ended December 31, 2017

Total Segment Revenues

The following table represents total revenue by segment, including product groups, for the three months ended December 31, 2018 and 2017.

<i>(In thousands)</i>	Three Months Ended December 31,					
	2018		2017		Increase (Decrease)	
		%		%	Amount	%
North American OTC Healthcare						
Analgesics	\$ 29,325	12.1	\$ 31,293	11.6	\$ (1,968)	(6.3)
Cough & Cold	27,137	11.2	28,761	10.6	(1,624)	(5.6)
Women's Health	60,946	25.2	63,107	23.3	(2,161)	(3.4)
Gastrointestinal	30,737	12.7	29,392	10.9	1,345	4.6
Eye & Ear Care	23,352	9.7	21,631	8.0	1,721	8.0
Dermatologicals	21,508	8.9	22,736	8.4	(1,228)	(5.4)
Oral Care	22,177	9.2	27,144	10.0	(4,967)	(18.3)
Other OTC	1,594	0.7	1,631	0.6	(37)	(2.3)
Total North American OTC Healthcare	216,776	89.8	225,695	83.4	(8,919)	(4.0)
International OTC Healthcare						
Analgesics	136	0.1	160	0.1	(24)	(15.0)
Cough & Cold	4,584	1.9	4,331	1.6	253	5.8
Women's Health	3,306	1.4	2,940	1.1	366	12.4
Gastrointestinal	10,321	4.3	11,251	4.1	(930)	(8.3)
Eye & Ear Care	3,164	1.3	3,205	1.2	(41)	(1.3)
Dermatologicals	470	0.2	562	0.2	(92)	(16.4)
Oral Care	2,656	1.1	3,267	1.2	(611)	(18.7)
Other OTC	1	—	1	—	—	—
Total International OTC Healthcare	24,638	10.2	25,717	9.5	(1,079)	(4.2)
Total OTC Healthcare	241,414	100.0	251,412	92.9	(9,998)	(4.0)
Household Cleaning	—	—	19,203	7.1	(19,203)	(100.0)
Total Consolidated	\$ 241,414	100.0	\$ 270,615	100.0	\$ (29,201)	(10.8)

Total segment revenues for the three months ended December 31, 2018 were \$241.4 million, a decrease of \$29.2 million, or 10.8%, versus the three months ended December 31, 2017. The \$29.2 million decrease was primarily related to the sale of our Household Cleaning segment on July 2, 2018.

North American OTC Healthcare Segment

Revenues for the North American OTC Healthcare segment decreased \$8.9 million, or 4.0%, during the three months ended December 31, 2018 versus the three months ended December 31, 2017. This decrease was primarily attributable to inventory reductions at certain key retailers.

International OTC Healthcare Segment

Revenues for the International OTC Healthcare segment decreased \$1.1 million, or 4.2%, during the three months ended December 31, 2018 versus the three months ended December 31, 2017. The decrease was primarily attributable to the effects of foreign currency exchange rates.

Household Cleaning Segment

Due to the sale of our Household Cleaning segment on July 2, 2018, there were no related revenues for the current period.

Gross Profit

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

<i>(In thousands)</i>	Three Months Ended December 31,					
	2018		2017		Increase (Decrease)	
	2018	%	2017	%	Amount	%
Gross Profit						
North American OTC Healthcare	\$ 125,182	57.7	\$ 130,531	57.8	\$ (5,349)	(4.1)
International OTC Healthcare	14,053	57.0	15,206	59.1	(1,153)	(7.6)
Household Cleaning	—	—	1,937	10.1	(1,937)	(100.0)
	<u>\$ 139,235</u>	<u>57.7</u>	<u>\$ 147,674</u>	<u>54.6</u>	<u>\$ (8,439)</u>	<u>(5.7)</u>

Gross profit for the three months ended December 31, 2018 decreased \$8.4 million, or 5.7%, when compared with the three months ended December 31, 2017. The decrease in gross profit was primarily due to the sale of our Household Cleaning segment and decreases in gross profit within the North American OTC Healthcare segment. As a percentage of total revenues, gross profit increased to 57.7% during the three months ended December 31, 2018, compared to 54.6% during the three months ended December 31, 2017. The increase in gross profit as a percentage of revenues was primarily a result of lower gross margins associated with our divested Household Cleaning segment.

North American OTC Healthcare Segment

Gross profit for the North American OTC Healthcare segment decreased \$5.3 million, or 4.1%, during the three months ended December 31, 2018 versus the three months ended December 31, 2017. As a percentage of North American OTC Healthcare revenues, gross profit decreased to 57.7% during the three months ended December 31, 2018 from 57.8% during the three months ended December 31, 2017, primarily due to increased costs related to the BC and Goody's packaging change.

International OTC Healthcare Segment

Gross profit for the International OTC Healthcare segment decreased \$1.2 million, or 7.6%, during the three months ended December 31, 2018 versus the three months ended December 31, 2017. As a percentage of International OTC Healthcare revenues, gross profit decreased to 57.0% during the three months ended December 31, 2018 from 59.1% during the three months ended December 31, 2017, primarily due to product mix.

Household Cleaning Segment

Due to the sale of our Household Cleaning segment on July 2, 2018, there was no related gross profit for the current period.

Contribution Margin

Contribution margin is our segment measure of profitability. It is defined as gross profit less advertising and promotional expenses.

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

<i>(In thousands)</i>	Three Months Ended December 31,					
	2018		2017		Increase (Decrease)	
	2018	%	2017	%	Amount	%
Contribution Margin						
North American OTC Healthcare	\$ 94,866	43.8	\$ 99,737	44.2	\$ (4,871)	(4.9)
International OTC Healthcare	9,865	40.0	10,662	41.5	(797)	(7.5)
Household Cleaning	—	—	1,440	7.5	(1,440)	(100.0)
	<u>\$ 104,731</u>	<u>43.4</u>	<u>\$ 111,839</u>	<u>41.3</u>	<u>\$ (7,108)</u>	<u>(6.4)</u>

North American OTC Healthcare Segment

Contribution margin for the North American OTC Healthcare segment decreased \$4.9 million, or 4.9%, during the three months ended December 31, 2018 versus the three months ended December 31, 2017. As a percentage of North American OTC Healthcare revenues, contribution margin decreased marginally to 43.8% during the three months ended December 31, 2018 from 44.2% during the three months ended December 31, 2017.

International OTC Healthcare Segment

Contribution margin for the International OTC Healthcare segment decreased \$0.8 million, or 7.5%, during the three months ended December 31, 2018 versus the three months ended December 31, 2017. As a percentage of International OTC Healthcare revenues, contribution margin decreased to 40.0% during the three months ended December 31, 2018 from 41.5% during the three months ended December 31, 2017. The contribution margin decrease as a percentage of revenues was primarily due to the gross profit decrease as a percentage of revenues in the International OTC Healthcare segment discussed above.

Household Cleaning Segment

Due to the sale of our Household Cleaning segment on July 2, 2018, there was no related contribution margin for the current period.

General and Administrative

General and administrative expenses were \$20.5 million for the three months ended December 31, 2018 versus \$20.8 million for the three months ended December 31, 2017. The decrease in general and administrative expenses was primarily due to decreases in acquisition costs, partly offset by increases in professional fees and franchise taxes.

Depreciation and Amortization

Depreciation and amortization expenses were \$6.7 million for the three months ended December 31, 2018 versus \$7.1 million for the three months ended December 31, 2017. The decrease in depreciation and amortization expenses was primarily due to the sale of our Household Cleaning segment.

Interest Expense

Interest expense was \$26.4 million during the three months ended December 31, 2018, versus \$26.0 million during the three months ended December 31, 2017. The average indebtedness decreased to \$1.9 billion during the three months ended December 31, 2018 from \$2.1 billion during the three months ended December 31, 2017. The average cost of borrowing increased to 5.6% for the three months ended December 31, 2018 from 4.9% for the three months ended December 31, 2017.

Income Taxes

The provision/benefit for income taxes during the three months ended December 31, 2018 was a provision of \$12.8 million versus a benefit of \$257.2 million during the three months ended December 31, 2017. The effective tax rate during the three months ended December 31, 2018 was 25.2% versus (446.1)% during the three months ended December 31, 2017. The increase in the effective tax rate for the three months ended December 31, 2018 was primarily due to the Tax Act being enacted in the prior year period, which included a one-time gain as discussed above.

Results of Operations Nine Months Ended December 31, 2018 compared to the Nine Months Ended December 31, 2017

Total Segment Revenues

The following table represents total revenue by segment, including product groups, for the nine months ended December 31, 2018 and 2017.

<i>(In thousands)</i>	Nine Months Ended December 31,					
	2018		2017		Increase (Decrease)	
		%		%	Amount	%
North American OTC Healthcare						
Analgesics	\$ 86,221	11.7	\$ 89,931	11.5	\$ (3,710)	(4.1)
Cough & Cold	63,843	8.7	67,738	8.6	(3,895)	(5.8)
Women's Health	186,037	25.3	187,688	23.9	(1,651)	(0.9)
Gastrointestinal	94,065	12.8	88,145	11.2	5,920	6.7
Eye & Ear Care	73,669	10.0	69,437	8.9	4,232	6.1
Dermatologicals	71,968	9.8	72,688	9.3	(720)	(1.0)
Oral Care	67,516	9.2	77,026	9.8	(9,510)	(12.3)
Other OTC	4,182	0.6	4,159	0.5	23	0.6
Total North American OTC Healthcare	647,501	88.1	656,812	83.7	(9,311)	(1.4)
International OTC Healthcare						
Analgesics	418	0.1	709	0.1	(291)	(41.0)
Cough & Cold	15,489	2.1	13,603	1.7	1,886	13.9
Women's Health	8,833	1.2	8,440	1.1	393	4.7
Gastrointestinal	24,261	3.3	25,123	3.2	(862)	(3.4)
Eye & Ear Care	8,778	1.2	8,850	1.1	(72)	(0.8)
Dermatologicals	1,607	0.2	1,587	0.2	20	1.3
Oral Care	8,050	1.1	9,256	1.2	(1,206)	(13.0)
Other OTC	3	—	4	—	(1)	(25.0)
Total International OTC Healthcare	67,439	9.2	67,572	8.6	(133)	(0.2)
Total OTC Healthcare	714,940	97.3	724,384	92.3	(9,444)	(1.3)
Household Cleaning	19,811	2.7	60,830	7.7	(41,019)	(67.4)
Total Consolidated	\$ 734,751	100.0	\$ 785,214	100.0	\$ (50,463)	(6.4)

Total segment revenues for the nine months ended December 31, 2018 were \$734.8 million, a decrease of \$50.5 million, or 6.4%, versus the nine months ended December 31, 2017. The \$50.5 million decrease was primarily related to the sale of our Household Cleaning segment on July 2, 2018.

North American OTC Healthcare Segment

Revenues for the North American OTC Healthcare segment decreased \$9.3 million, or 1.4%, during the nine months ended December 31, 2018 versus the nine months ended December 31, 2017. The decrease was primarily attributable to inventory reductions at certain key retailers.

International OTC Healthcare Segment

Revenues for the International OTC Healthcare segment were approximately flat, decreasing \$0.1 million, or 0.2%, during the nine months ended December 31, 2018 versus the nine months ended December 31, 2017 and were impacted negatively by the effects of foreign currency exchange rates.

Household Cleaning Segment

Revenues for the Household Cleaning segment decreased \$41.0 million, or 67.4%, during the nine months ended December 31, 2018 versus the nine months ended December 31, 2017. The decrease was attributable to the sale of our Household Cleaning segment on July 2, 2018.

Gross Profit

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

<i>(In thousands)</i>	Nine Months Ended December 31,					
	2018		2017		Increase (Decrease)	
Gross Profit	2018	%	2017	%	Amount	%
North American OTC Healthcare	\$ 374,747	57.9	\$ 387,963	59.1	\$ (13,216)	(3.4)
International OTC Healthcare	39,360	58.4	37,815	56.0	1,545	4.1
Household Cleaning	3,223	16.3	9,470	15.6	(6,247)	(66.0)
	<u>\$ 417,330</u>	<u>56.8</u>	<u>\$ 435,248</u>	<u>55.4</u>	<u>\$ (17,918)</u>	<u>(4.1)</u>

Gross profit for the nine months ended December 31, 2018 decreased \$17.9 million, or 4.1%, when compared with the nine months ended December 31, 2017. The decrease in gross profit was primarily due to decreases in gross profit within the North American OTC Healthcare segment and the sale of our Household Cleaning segment. As a percentage of total revenues, gross profit increased to 56.8% during the nine months ended December 31, 2018, from 55.4% during the nine months ended December 31, 2017. The increase in gross profit as a percentage of revenues was primarily a result of lower gross margins associated with our divested Household Cleaning segment.

North American OTC Healthcare Segment

Gross profit for the North American OTC Healthcare segment decreased \$13.2 million, or 3.4%, during the nine months ended December 31, 2018 versus the nine months ended December 31, 2017. As a percentage of North American OTC Healthcare revenues, gross profit decreased to 57.9% during the nine months ended December 31, 2018 from 59.1% during the nine months ended December 31, 2017, primarily due to higher distribution costs and increased costs related to the BC and Goody's packaging change.

International OTC Healthcare Segment

Gross profit for the International OTC Healthcare segment increased \$1.5 million, or 4.1%, during the nine months ended December 31, 2018 versus the nine months ended December 31, 2017. As a percentage of International OTC Healthcare revenues, gross profit increased to 58.4% during the nine months ended December 31, 2018 from 56.0% during the nine months ended December 31, 2017, primarily due to product mix.

Household Cleaning Segment

Gross profit for the Household Cleaning segment decreased \$6.2 million, or 66.0%, during the nine months ended December 31, 2018 versus the nine months ended December 31, 2017. The decrease was attributable to the sale of our Household Cleaning segment on July 2, 2018.

Contribution Margin

Contribution margin is our segment measure of profitability. It is defined as gross profit less advertising and promotional expenses.

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

<i>(In thousands)</i>	Nine Months Ended December 31,								
	2018		2017		Increase (Decrease)				
Contribution Margin	\$	%	\$	%	Amount	%			
North American OTC Healthcare	\$	277,848	42.9	\$	289,297	44.0	\$	(11,449)	(4.0)
International OTC Healthcare		28,032	41.6		25,988	38.5		2,044	7.9
Household Cleaning		2,793	14.1		7,996	13.1		(5,203)	(65.1)
	\$	308,673	42.0	\$	323,281	41.2	\$	(14,608)	(4.5)

North American OTC Healthcare Segment

Contribution margin for the North American OTC Healthcare segment decreased \$11.4 million, or 4.0%, during the nine months ended December 31, 2018 versus the nine months ended December 31, 2017. As a percentage of North American OTC Healthcare revenues, contribution margin decreased to 42.9% during the nine months ended December 31, 2018 from 44.0% during the nine months ended December 31, 2017. The contribution margin decrease as a percentage of revenues was primarily due to the gross profit decrease as a percentage of revenues in the North American OTC Healthcare segment discussed above.

International OTC Healthcare Segment

Contribution margin for the International OTC Healthcare segment increased \$2.0 million, or 7.9%, during the nine months ended December 31, 2018 versus the nine months ended December 31, 2017. As a percentage of International OTC Healthcare revenues, contribution margin increased to 41.6% during the nine months ended December 31, 2018 from 38.5% during the nine months ended December 31, 2017. The contribution margin increase as a percentage of revenues was primarily due to the gross profit increase as a percentage of revenues in the International OTC Healthcare segment discussed above.

Household Cleaning Segment

Contribution margin for the Household Cleaning segment decreased \$5.2 million, or 65.1%, during the nine months ended December 31, 2018 versus the nine months ended December 31, 2017. The decrease was attributable to the sale of our Household Cleaning segment on July 2, 2018.

General and Administrative

General and administrative expenses were \$68.5 million for the nine months ended December 31, 2018 versus \$63.2 million for the nine months ended December 31, 2017. The increase in general and administrative expenses was primarily due to increased professional fees and increased costs in the current period associated with the sale of the Household Cleaning segment.

Depreciation and Amortization

Depreciation and amortization expenses were \$20.5 million for the nine months ended December 31, 2018 and \$21.5 million for the nine months ended December 31, 2017. The decrease in depreciation and amortization expenses was primarily due to the sale of our Household Cleaning segment.

Interest Expense

Interest expense was \$79.5 million during the nine months ended December 31, 2018, versus \$79.3 million during the nine months ended December 31, 2017. The average indebtedness decreased to \$2.0 billion during the nine months ended December 31, 2018 from \$2.2 billion during the nine months ended December 31, 2017. The average cost of borrowing increased to 5.4% for the nine months ended December 31, 2018 from 4.9% for the nine months ended December 31, 2017.

Income Taxes

The provision/benefit for income taxes during the nine months ended December 31, 2018 was a provision of \$37.5 million versus a benefit of \$219.6 million during the nine months ended December 31, 2017. The effective tax rate during the nine months ended December 31, 2018 was 26.6% versus (137.6)% during the nine months ended December 31, 2017. The increase in the effective tax rate for the nine months ended December 31, 2018 was primarily due to the Tax Act being enacted in the prior year period, which included a one-time gain as discussed above.

Liquidity and Capital Resources

Liquidity

Our primary source of cash comes from our cash flow from operations. In the past, we have supplemented this source of cash with various debt facilities, primarily in connection with acquisitions. We have financed our operations, and expect to continue to finance our operations over the next twelve months, with a combination of funds generated from operations and borrowings. Our principal uses of cash are for operating expenses, debt service, share repurchases and acquisitions. Based on our current levels of operations and anticipated growth, excluding acquisitions, we believe that our cash generated from operations and our existing credit facilities will be adequate to finance our working capital and capital expenditures through the next twelve months.

As of December 31, 2018, we had cash and cash equivalents of \$24.7 million, a decrease of \$7.9 million from March 31, 2018. The following table summarizes the change:

<i>(In thousands)</i>	Nine Months Ended December 31,		
	2018	2017	\$ Change
Cash provided by (used in):			
Operating Activities	\$ 138,437	\$ 155,672	\$ (17,235)
Investing Activities	58,773	(8,686)	67,459
Financing Activities	(204,328)	(144,609)	(59,719)
Effects of exchange rate changes on cash and cash equivalents	(758)	1,144	(1,902)
Net change in cash and cash equivalents	\$ (7,876)	\$ 3,521	\$ (11,397)

Operating Activities

Net cash provided by operating activities was \$138.4 million for the nine months ended December 31, 2018 compared to \$155.7 million for the nine months ended December 31, 2017. The \$17.2 million decrease was primarily due to the sale of our Household Cleaning segment.

Investing Activities

Net cash provided by investing activities was \$58.8 million for the nine months ended December 31, 2018 compared to a use of cash of \$8.7 million for the nine months ended December 31, 2017. The change was primarily due to proceeds from the divestiture of our Household Cleaning segment in the current period.

Financing Activities

Net cash used in financing activities was \$204.3 million for the nine months ended December 31, 2018 compared to \$144.6 million for the nine months ended December 31, 2017. The change was primarily due to repayments of our Term Loan and the repurchase of shares of our common stock in conjunction with our share repurchase program in the current period.

Capital Resources

As of December 31, 2018, we had an aggregate of \$1.9 billion of outstanding indebtedness, which consisted of the following:

- \$400.0 million of 5.375% 2013 Senior Notes, which mature on December 15, 2021;
- \$600.0 million of 6.375% 2016 Senior Notes, which mature on March 1, 2024;
- \$783.0 million of borrowings under the 2012 Term B-5 Loans due January 26, 2024; and
- \$75.0 million of borrowings under the 2012 ABL Revolver due January 26, 2022.

As of December 31, 2018, we had \$89.6 million of an additional borrowing capacity under the 2012 ABL Revolver.

During the years ended March 31, 2018 and 2017, we made voluntary principal payments against outstanding indebtedness of \$444.0 million and \$175.5 million, respectively, under the 2012 Term Loan. During the nine months ended December 31, 2018, we made voluntary principal payments of \$155.0 million under the 2012 Term Loan. Under the Term Loan Amendment No. 5, we are required to make quarterly payments each equal to 0.25% of the aggregate principal amount, which, as of December 31, 2018, was \$783.0 million. Since we have made optional payments that exceed a significant portion of our required quarterly payments, we will not be required to make another payment on the 2012 Term Loan until the fiscal year ending March 31, 2024.

Maturities:**(In thousands)****Year Ending March 31,**

	Amount
2019 (remaining three months ending March 31, 2019)	\$ —
2020	—
2021	—
2022	475,000
2023	—
Thereafter	1,383,000
	<u>\$ 1,858,000</u>

Covenants:

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

- Have a leverage ratio of less than 6.50 to 1.0 for the quarter ended December 31, 2018 and thereafter (defined as, with certain adjustments, the ratio of our consolidated total net debt as of the last day of the fiscal quarter to our trailing twelve month consolidated net income before interest, taxes, depreciation, amortization, non-cash charges and certain other items ("EBITDA"));
- Have an interest coverage ratio of greater than 2.25 to 1.0 for the quarter ended December 31, 2018 and thereafter (defined as, with certain adjustments, the ratio of our consolidated EBITDA to our trailing twelve month consolidated cash interest expense); and
- Have a fixed charge ratio of greater than 1.0 to 1.0 for the quarter ended December 31, 2018 (defined as, with certain adjustments, the ratio of our consolidated EBITDA minus capital expenditures to our trailing twelve month consolidated interest paid, taxes paid and other specified payments). Our fixed charge requirement remains level throughout the term of the credit agreement.

At December 31, 2018, we were in compliance with the applicable financial and restrictive covenants under the 2012 Term Loan and the 2012 ABL Revolver and the indentures governing the 2013 Senior Notes and the 2016 Senior Notes. Additionally, management anticipates that in the normal course of operations, we will be in compliance with the financial and restrictive covenants during the remainder of 2019.

As we deem appropriate, we may from time to time utilize derivative financial instruments to mitigate the impact of changing interest rates associated with our long-term debt obligations or other derivative financial instruments. While we have utilized derivative financial instruments in the past, we did not have any significant derivative financial instruments outstanding at either December 31, 2018 or March 31, 2018 or during any of the periods presented. We have not entered into derivative financial instruments for trading purposes; all of our derivatives have been over-the-counter instruments with liquid markets.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on our knowledge of current events and actions that we may undertake in the future, actual results could differ from those estimates. A summary of our critical accounting policies is presented in our Annual Report on Form 10-K for the fiscal year ended March 31, 2018. There were no material changes to our critical accounting policies during the nine months ended December 31, 2018, except as described in Note 2 of this Quarterly Report on Form 10-Q.

Recent Accounting Pronouncements

A description of recently issued and recently adopted accounting pronouncements is included in the notes to the unaudited Condensed Consolidated Financial Statements in Part I, Item I, Note 1 of this Quarterly Report on Form 10-Q.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

For more information, see Part I, Item 1A., “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended March 31, 2018.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We are exposed to changes in interest rates because our 2012 Term Loan and 2012 ABL Revolver are variable rate debt instruments. Interest rate changes generally do not significantly affect the market value of the 2012 Term Loan and the 2012 ABL Revolver but do affect the amount of our interest payments and, therefore, our future earnings and cash flows, assuming other factors are held constant. At December 31, 2018, we had variable rate debt of approximately \$858.0 million.

Holding other variables constant, including levels of indebtedness, a 1.0% increase in interest rates on our variable rate debt would have an adverse impact on pre-tax earnings and cash flows for the three and nine months ended December 31, 2018 of approximately \$2.2 million and \$7.2 million, respectively.

Foreign Currency Exchange Rate Risk

During the three and nine months ended December 31, 2018, approximately 12.0% and 11.0%, respectively, of our revenues were denominated in currencies other than the U.S. Dollar. During the three and nine months ended December 31, 2017, approximately 11.2% and 10.5%, respectively, of our revenues were denominated in currencies other than the U.S. Dollar. As such, we are exposed to transactions that are sensitive to foreign currency exchange rates. These transactions are primarily with respect to the Canadian and Australian Dollar.

We performed a sensitivity analysis with respect to exchange rates for the three and nine months ended December 31, 2018 and 2017. Holding all other variables constant, and assuming a hypothetical 10.0% adverse change in foreign currency exchange rates, this analysis resulted in a less than 5.0% impact on pre-tax income of approximately \$1.6 million for the three months ended December 31, 2018 and approximately \$3.8 million for the nine months ended December 31, 2018. It represented a less than 5% impact on pre-tax income of approximately \$1.3 million for the three months ended December 31, 2017 and approximately \$3.4 million for the nine months ended December 31, 2017.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act"), as of December 31, 2018. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2018, 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 was no change in our internal control over financial reporting that occurred during the quarter ended December 31, 2018 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1A. RISK FACTORS

You should carefully consider the risk factors discussed in Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended March 31, 2018, which could materially affect our business, financial condition or future results of operations. The risk factors described in our Annual Report on Form 10-K have not materially changed in the period covered by this Quarterly Report on Form 10-Q, but such risks are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and results of operations.

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

ITEM 6. EXHIBITS

See Exhibit Index immediately following the signature page.

SIGNATURES

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

PRESTIGE CONSUMER HEALTHCARE INC.

Date: February 7, 2019

By:

/s/ Christine Sacco

Christine Sacco
Chief Financial Officer
(Principal Financial Officer and Duly
Authorized Officer)

Exhibit Index

- 3.1 [Amended and Restated Certificate of Incorporation of Prestige Consumer Healthcare Inc. \(filed as Exhibit 3.1 to the Company's Form S-1/A filed with the SEC on February 8, 2005\).](#) *
- 3.1.1 [Amendment to Amended and Restated Certificate of Incorporation of Prestige Consumer Healthcare Inc. \(filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on August 2, 2018\).](#) *
- 3.2 [Amended and Restated Bylaws of Prestige Consumer Healthcare Inc., as amended, effective October 29, 2018.](#)
- 10.1 [Amended and Restated Executive Severance Plan adopted as of October 29, 2018. \(filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 1, 2018\).](#) *
- 31.1 [Certification of Principal Executive Officer of Prestige Consumer Healthcare Inc. pursuant to Rule 13a-14\(a\) of the Securities Exchange Act of 1934.](#)
- 31.2 [Certification of Principal Financial Officer of Prestige Consumer Healthcare Inc. pursuant to Rule 13a-14\(a\) of the Securities Exchange Act of 1934.](#)
- 32.1 [Certification of Principal Executive Officer of Prestige Consumer Healthcare 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 Consumer Healthcare Inc. pursuant to Rule 13a-14\(b\) and Section 1350 of Chapter 63 of Title 18 of the United States Code.](#)

* Incorporated herein by reference.

101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document

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

AMENDED AND RESTATED BYLAWS

OF

PRESTIGE CONSUMER HEALTHCARE INC.

A DELAWARE CORPORATION

(Adopted as of June 24, 2004; Amended and Restated as of ~~August 17~~ October 29, 2018)

ARTICLE I

OFFICES

SECTION 1. REGISTERED OFFICE. The registered office of Prestige Consumer Healthcare Inc. (the "CORPORATION") in the State of Delaware shall be located at 160 Greentree Drive, Suite 101, in the City of Dover, County of Kent, 19904. The name of the Corporation's registered agent at such address shall be National Registered Agents, Inc. The registered office and/or registered agent of the Corporation may be changed from time to time by action of the Board of Directors of the Corporation (the "BOARD OF DIRECTORS").

SECTION 2. OTHER OFFICES. The Corporation may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

SECTION 1. PLACE OF MEETINGS. The Board of Directors may designate any place, either within or without the State of Delaware, as the place of meeting for any annual meeting or for any special meeting.

SECTION 2. ANNUAL MEETING. An annual meeting of stockholders shall be held each year at such date, time and place as determined by the Board of Directors. At such annual meeting, the stockholders shall elect, by a plurality vote, a Board of Directors and transact such other business as may properly be brought before the meeting.

SECTION 3. SPECIAL MEETINGS. Special meetings of the stockholders may only be called in the manner provided in the Corporation's certificate of incorporation as then in effect (the "CERTIFICATE OF INCORPORATION").

SECTION 4. NOTICE OF MEETINGS. Whenever stockholders are required or permitted to take action at a meeting, written notice of each annual and special meeting of stockholders stating the date, time and place of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each stockholder of record entitled to vote thereat not less than 10 nor more than 60 days before the date of the meeting. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice. Notice shall be given personally or by mail and, if by mail, shall be sent in a postage prepaid envelope, addressed to the stockholder at his, her or its address as the same appears on the records of the Corporation. Notice by mail shall be deemed given at the time when the same shall be deposited in the United States mail, postage prepaid. Notice shall be deemed to have been given to all stockholders of record who share an address if notice is given in accordance with the "householding" rules set forth in Rule 14a-3(e) under the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT"), and Section 233 of the Delaware General Corporation Law. Any previously scheduled meeting of stockholders may be postponed by resolution of the Board of Directors upon public notice given prior to the time previously scheduled for such meeting of stockholders. Notice of any meeting shall not be required to be given to any person who attends such meeting, except when such person attends the meeting in person or by proxy for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, or who, either before or after the meeting, submits a

signed written waiver of notice, in person or by proxy. Neither the business to be transacted at, nor the purpose of, an annual or special meeting of stockholders need be specified in any written waiver of notice.

SECTION 5. LIST OF STOCKHOLDERS. The officer having charge of the stock ledger of the Corporation shall prepare and make, at least 10 days before each meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, showing the address of and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least 10 days prior to the meeting: (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (b) during ordinary business hours, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 6. QUORUM; ADJOURNMENTS. The holders of a majority of the voting power of the issued and outstanding stock of the Corporation entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of stockholders, except as otherwise provided by statute or by the Certificate of Incorporation. If, however, such quorum shall not be present or represented by proxy at any meeting of stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented by proxy. At such adjourned meeting at which a quorum shall be present or represented by proxy, any business may be transacted which might have been transacted at the meeting as originally called. Unless otherwise provided by statute, no notice of an adjourned meeting need be given.

SECTION 7. ORGANIZATION. At each meeting of stockholders, the Chairman of the Board, if one shall have been elected, or, in his absence or if one shall not have been elected, the chief executive officer shall act as chairman of the meeting. The secretary or, in his absence or inability to act, the person whom the chairman of the meeting shall appoint secretary of the meeting shall act as secretary of the meeting and keep the minutes thereof. Except to the extent inconsistent with any rules, regulations and procedures for the conduct of any meeting of stockholders as may be adopted by the Board of Directors, the chairman of any meeting of stockholders shall have the right and authority to convene and (for any or no reason) to adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such, rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

SECTION 8. ORDER OF BUSINESS. The order of business at all meetings of the stockholders shall be as determined by the chairman of the meeting.

SECTION 9. VOTING. Except as otherwise provided by the Certificate of Incorporation, the General Corporation Law of the State of Delaware or the certificate of designation relating to any outstanding class or series of preferred stock, each stockholder of the Corporation shall be entitled at each meeting of stockholders to one vote for each share of capital stock of the Corporation standing in his name on the record of stockholders of the Corporation:

(a) on the date fixed pursuant to the provisions of Section 13 of Article II of these Bylaws as the record date for the determination of the stockholders who shall be entitled to notice of and to vote at such meeting;
or

(b) if no such record date shall have been so fixed, then at the close of business on the day next preceding the day on which notice thereof shall be given, or, if notice is waived, at the close of business on the date next preceding the day on which the meeting is held.

Each stockholder entitled to vote at any meeting of stockholders may authorize another person or persons to act for him by a proxy which is in writing or transmitted as permitted by law, including, without limitation, electronically, via telegram, internet, interactive voice response system, or other means of electronic transmission executed or authorized by such stockholder or his attorney-in-fact, but no proxy shall be voted after three years from its date, unless the proxy provides for a longer period. Any such proxy shall be delivered to the secretary of the meeting at or prior to the time designated in the order of business for so delivering such proxies. Any proxy transmitted electronically shall set forth information from which it can be determined by the secretary of the meeting that such electronic transmission was authorized by the stockholder. When a quorum is present at any meeting, the vote of the holders of a majority of the voting power of the issued and outstanding stock of the Corporation entitled to vote thereon, present and voting, in person or represented by proxy, shall decide any question brought before such meeting, unless the question is one upon which by express provision of statute or of the Certificate of Incorporation or of these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such question. Unless required by statute, or determined by the chairman of the meeting to be advisable, the vote on any question need not be by ballot. On a vote by ballot, each ballot shall be signed by the stockholder voting, or by his proxy, if there be such proxy, and shall state the number of shares voted and the number of votes to which each share is entitled.

SECTION 10. INSPECTORS. The Board of Directors ~~may~~shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at such meeting or any adjournment thereof. If any of the inspectors so appointed shall fail to appear or act, the chairman of the meeting shall, or if inspectors shall not have been appointed, the chairman of the meeting may, appoint one or more inspectors. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspectors shall determine the number of shares of capital stock of the Corporation outstanding and the voting power of each, the number of shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the results, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. On request of the chairman of the meeting, the inspectors shall make a report in writing of any challenge, request or matter determined by them and shall execute a certificate of any fact found by them. No director or candidate for the office of director shall act as an inspector of an election of directors. Inspectors need not be stockholders.

SECTION 11. ADVANCE NOTICE PROVISIONS FOR ELECTION OF DIRECTORS.

(a) Only persons who are nominated in accordance with the procedures set forth in these Bylaws shall be eligible ~~to serve for election~~ as directors. Nominations of persons for election to the Board of Directors of the Corporation may be made at an annual meeting of stockholders (i) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (ii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice provided for in this Bylaw and at on the time of the record date for the determination of stockholders entitled to notice of and to vote at such meeting, who is entitled to vote generally in the election of directors at the annual meeting, and who shall have complied with the notice procedures set forth below in Section 11(b). Nominations of persons for election to the Board of Directors of the Corporation may be made at a special meeting of stockholders (i) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (ii) provided that the Board of Directors has determined that directors shall be elected at such special meeting, by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice provided for in this Bylaw and at on the time of the record date for the determination of stockholders entitled to notice of and to vote at such meeting, who is entitled to vote generally in the election of directors at the special meeting, and who shall have complied with the notice procedures set forth below in Section 11(b).

(b) In order for a stockholder to nominate a person for election to the Board of Directors of the Corporation at a meeting of stockholders, such stockholder shall have delivered timely notice of such stockholder's intent to make such nomination in writing to the secretary of the Corporation. To be timely, a stockholder's notice to the secretary must be delivered to or mailed and received at the principal executive offices of the Corporation (i) in the case of an annual meeting, not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the date of the first anniversary of the previous year's annual meeting; PROVIDED, HOWEVER, that in the event the annual meeting is scheduled to be held on a date more than 30 days prior to or delayed by more than 60 days after such anniversary date, notice by the stockholder in order to be timely must be so received not earlier than the close of business on the 120th day prior to such annual meeting or later than the close of business on the later of the 90th day prior to such annual meeting and the 10th day following the day on which public disclosure of the date of such annual meeting was first made by the Corporation and (ii) in the case of a special meeting at which directors are to be elected, not later than the close of business on the 10th day following the day on which the public disclosure of the date of such special meeting was first made by the Corporation; PROVIDED FURTHER, that notwithstanding anything in the forgoing clause (i) to the contrary, in the event that the number of directors to be elected to the Board of Directors at the annual meeting of stockholders is increased effective after the time period for which nominations would otherwise be due under such clause (i) and there is no public disclosure by the Corporation naming all of the nominees for the additional directorships at least 100 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Bylaw shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public disclosure is first made by the Corporation. In no event shall the adjournment or postponement of an annual meeting or a special meeting of stockholders (or any public announcement thereof) commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

For purposes of these Bylaws, "Associated Person" shall mean, with respect to any person, (i) any beneficial owner of any stock of the Corporation owned by such person, (ii) such person's and any such beneficial owner's respective affiliates and associates and (iii) any person acting, directly or indirectly, in concert with such person or any such beneficial owner.

To be in proper form, a stockholder's notice shall set forth:

(i) as to each person whom the stockholder proposes to nominate for election or reelection as a director at such meeting (A) all information relating to such person that would be required to be disclosed, whether in a proxy statement, other filings required to be made in connection with solicitations of proxies for election of directors in a contested election, or otherwise, in each case pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, (B) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected and a statement whether such person, if elected, intends to tender, promptly following such person's election or reelection, an irrevocable resignation effective upon such person's failure to receive the required vote for reelection at the next meeting at which such person would face reelection and upon acceptance of such resignation by the Board of Directors, (C) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three (3) years, and any other material relationships, between or among such stockholder ~~and beneficial owner, if any, and their respective affiliates and associates, or any other person or persons (including their names) acting in concert therewith~~ or any Associated Persons of such stockholder, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or any other person or persons (including their names) acting in concert therewith, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 promulgated under Regulation S-K if the stockholder making the nomination ~~and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith~~ or any Associated Person of such stockholder were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant, (D) any information that such person would be required to disclose pursuant to clause (ii) of this sentence if such person were a stockholder purporting to make a nomination, and (E) an undertaking to notify the Corporation in writing of any change in the information called for by the foregoing clauses (A), (B), (C) and (D) as of the record date for such meeting, by notice received

by the Secretary at the principal executive offices of the Corporation not later than the 10th day following such record date;

(ii) as to the stockholder giving the notice and ~~the beneficial owner, if any, on whose behalf the nomination is made~~ any Associated Person of such stockholder (A) the name and record address of such ~~stockholder~~ person, as they appear on the Corporation's books, ~~and of such beneficial owner, if any~~, (B) the class or series and number of shares of capital stock of the Corporation which are, directly or indirectly, owned beneficially or of record by such ~~stockholder and such beneficial owner, if any~~ person, (C) a description of any option, warrant, convertible security, stock appreciation right, ~~hedge, swap, derivative interest~~, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of shares of the Corporation or otherwise (a "Derivative Instrument"), directly or indirectly owned beneficially by such ~~stockholder and such beneficial owner, if any~~ person and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation, (D) a description of any proxy, contract, arrangement, understanding, or relationship pursuant to which such ~~stockholder and such beneficial owner, if any~~ person has a right to vote any shares of any security of the Corporation, (E) any short interest in any security of the Corporation held by such person (for purposes of this Bylaw a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security) or any borrowing or lending by such person of any security of the Corporation, (F) any rights to dividends on the shares of the Corporation owned beneficially by such ~~stockholder and such beneficial owner, if any~~ person that are separated or separable from the underlying shares of the Corporation, (G) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such ~~stockholder and such beneficial owner, if any~~ person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner, ~~and~~ (H) any performance-related fees (other than an asset-based fee) to which such ~~stockholder and such beneficial owner, if any~~ person is entitled based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, and (I) a description of any material interest of such person in such nomination, including any anticipated benefit therefrom to such person, all such information to be provided as of the date of such notice, including, without limitation, any such interests held by members of such ~~stockholder's and such beneficial owner's, if any~~ person's immediate family sharing the same household (which information set forth in this clause (ii) shall be supplemented by such stockholder ~~and such beneficial owner, if any~~, not later than ten (10) days after the record date for the meeting to disclose such ownership as of the record date);

(iii) with respect to each nominee for election or reelection to the Board of Directors, a written consent of such nominee to being named as a nominee and to serve as a director if elected, together with the completed and signed questionnaire, representation and agreement required by Section 11(c);

(iv) any other information relating to such nominee, stockholder and ~~beneficial owner, if any~~, any Associated Person of such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder;

(v) a representation (A) that the stockholder is a holder of record of stock of the Corporation entitled to vote at such annual meeting and intends to appear in person or by proxy at the annual meeting to propose such business or nomination and (B) whether the stockholder or ~~the beneficial owner, if any~~, any Associated Person of such stockholder intends or is part of a group which intends (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (y) otherwise to solicit proxies or votes from stockholders in support of such proposal or nomination; and

(vi) an undertaking by the stockholder ~~and beneficial owner, if any~~, to notify the Corporation in writing of any change in the information called for by clauses (i), (ii), (iii), and (iv) as of the record

date for such meeting, by notice received by the Secretary at the principal executive offices of the Corporation not later than the tenth (10th) day following such record date.

The Corporation may also, as a condition of any such nomination being deemed properly brought before a meeting, require any proposed nominee to furnish (i) any information required pursuant to any undertaking delivered pursuant to this Section 11(b) and (ii) such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation (consistent with the rules of the Securities and Exchange Commission and with any director independence standards set forth in the Corporation's Corporate Governance Principles) or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee.

For purposes of this section, "PUBLIC DISCLOSURE" shall mean disclosure in a Current Report on Form 8-K (or any successor form) or in a press release reported by Dow Jones News Service, Associated Press or a comparable national news service.

(c) To be eligible to be a nominee for election or reelection as a director of the Corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under Section 11(b)) to the Secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request), that such person (i) is not and will not become a party to (x) any agreement, arrangement, or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question or issues or questions generally (a "Voting Commitment") that has not been disclosed to the Corporation or (y) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law; (ii) is not and will not become a party to any agreement, arrangement, or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement, or indemnification in connection with service or action as a director that has not been disclosed therein; ~~and~~ (iii) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable law and with the Corporation's Corporate Governance Guidelines and Code of Conduct applicable to members of the Board of Directors, as well as all other applicable publicly disclosed corporate governance, ethics, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation; and (iv) intends to serve as a director of the Corporation for the full term for which such person is standing for election.

(d) No person shall be eligible ~~to serve for election~~ as a director of the Corporation unless nominated in accordance with the procedures set forth in this section. If the nominating stockholder does not appear or send a qualified representative to present the nomination proposal at the relevant meeting, the Corporation need not present such proposal for a vote at such meeting, notwithstanding that proxies in respect of such vote may have been received by the Corporation. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by this section (including by reason of such stockholder or ~~beneficial owner, if any, any~~ Associated Person of such stockholder soliciting proxies in support of such stockholder's nominee without such stockholder having made the representation required by clause (b)(v)(B) above), and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded. A stockholder seeking to nominate a person to serve as a director must also comply with all applicable requirements of the Exchange Act, and the rules and regulations thereunder with respect to the matters set forth in this section. Nothing in this Bylaw shall be deemed to affect any rights of the holders of any series of preferred stock if and to the extent provided for under law, the Certificate of Incorporation, or these Bylaws.

SECTION 12. ADVANCE NOTICE PROVISIONS FOR OTHER BUSINESS TO BE CONDUCTED AT AN ANNUAL MEETING. At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of

Directors (or any duly authorized committee thereof), (ii) brought before the meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (iii) otherwise properly brought before the meeting by a stockholder who (a) was a stockholder of record at the time of giving of notice provided for in this Bylaw and on the record date for the determination of stockholders entitled to notice of and to vote at such meeting and (b) complies with the notice procedures set forth in this Section 12. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the secretary of the Corporation and such business must otherwise be appropriate for stockholder action under the Delaware General Corporation Law. To be timely, a stockholder's notice to the secretary must be delivered to or mailed and received at the principal executive offices of the Corporation not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the date of the first anniversary of the previous year's annual meeting; PROVIDED, HOWEVER, that in the event the annual meeting is scheduled to be held on a date more than 30 days prior to or delayed by more than 60 days after such anniversary date, notice by the stockholder in order to be timely must be so received not earlier than the close of business on the 120th day prior to such annual meeting or later than the close of business on the later of the 90th day prior to such annual meeting and the 10th day following the day on which public disclosure of the date of such annual meeting was first made by the Corporation. In no event shall the adjournment or postponement of an annual meeting (or any public announcement thereof) commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

To be in proper form, a stockholder's notice to the secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting:

(a) a brief description of the business desired to be brought before the annual meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend these Bylaws, the language of the proposed amendment), the reasons for conducting such business at the annual meeting and any material interest in such business of such stockholder and each beneficial owner, if any, on whose behalf the proposal is made any Associated Person of such stockholder, including any anticipated benefit therefrom to such persons;

(b) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business and any Associated Person of such beneficial owner, if any stockholder;

(c) the class and number of shares of the Corporation which are, directly or indirectly, beneficially owned by the stockholder and such beneficial owner, if any or any Associated Person of such stockholder;

(d) a description of any Derivative Instrument directly or indirectly owned beneficially by such stockholder and such beneficial owner, if any, or any Associated Person of such stockholder and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation;

(e) a description of any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder and such beneficial owner, if any, or any Associated Person of such stockholder has a right to vote any shares of any security of the Corporation;

(f) a description of any short interest in any security of the Corporation held by such stockholder or any Associated Person of such stockholder (for purposes of this Bylaw a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security) or any borrowing or lending by such stockholder or any Associated Person of such stockholder of any security of the Corporation;

(g) a description of any rights to dividends on the shares of the Corporation owned beneficially by such stockholder and such beneficial owner, if any, or any Associated Person of such stockholder that are separated or separable from the underlying shares of the Corporation;

(h) a description of any proportionate interest in shares of the Corporation or Derivative

Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder ~~and such beneficial owner, if any,~~ or any Associated Person of such stockholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner; ~~and~~

(i) a description of any performance-related fees (other than an asset-based fee) to which such stockholder ~~and such beneficial owner, if any,~~ or any Associated Person of such stockholder is entitled based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any; ~~and~~

(j) any other information relating to such stockholder and any Associated Persons of such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies with respect to the proposed business to be brought by such stockholder before the annual meeting pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder;

all such information to be provided as of the date of such notice, including, without limitation, any such interests held by members of such stockholder's and ~~such beneficial owner's, if any,~~ any of such stockholder's Associated Persons' immediate family sharing the same household (which information set forth in this sentence shall be supplemented by such stockholder ~~and such beneficial owner, if any,~~ not later than ten (10) days after the record date for the meeting to disclose such ownership as of the record date).

Such notice also shall include a representation (A) that such stockholder is a holder of record of capital stock of the Corporation entitled to vote at such meeting, (B) that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting, (C) that such stockholder will notify the Corporation in writing of the number of shares of capital stock of the Corporation owned of record and beneficially by such stockholder ~~and beneficial owner, if any,~~ or any Associated Person of such stockholder as of the record date for the meeting within ten (10) days following the record date, and (D) as to whether such stockholder or ~~beneficial owner, if any,~~ any Associated Person of such stockholder intends or is part of a group which intends (1) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to adopt or approve the proposal and/or (2) otherwise to solicit proxies from stockholders in support of such proposal.

Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this section. The ~~presiding officer of an annual chairman of the~~ meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting and in accordance with the provisions of this section (including by reason of the stockholder or ~~beneficial owner, if any,~~ any Associated Person of such stockholder soliciting proxies in support of such stockholder's proposal without such stockholder having made the representation required by clause (D) of the preceding paragraph); if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted. A stockholder proposing to bring business before an annual meeting must also comply with all applicable requirements of the Exchange Act, and the rules and regulations thereunder, with respect to the matters set forth in this section. For purposes of this section, "PUBLIC DISCLOSURE" shall mean disclosure in a Current Report on Form 8-K (or any successor form) or in a press release reported by Dow Jones News Service, Associated Press or a comparable national news service. Nothing in this section shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

SECTION 13. ~~NO ACTION BY WRITTEN CONSENT.~~ Subject to the rights of the holders of any series of preferred stock, any action required or permitted to be taken by stockholders of the Corporation must be effected at an annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing. Whenever the vote of stockholders at a meeting thereof is required or permitted to be taken for or in connection with any corporate action by any provision of the General Corporation Law of the State of Delaware, the Certificate of Incorporation or these Bylaws, the meeting and vote of stockholders may be dispensed with, and the action taken without such meeting and vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of the outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of stock of the Corporation entitled to vote thereon were present and voted. The consent shall be delivered to the Corporation by delivery to its registered office in the

State of Delaware, or the Corporation's principal place of business, or an officer or agent of the Corporation having custody of the book or books in which the proceedings of meetings of the stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested; PROVIDED, HOWEVER, that no consent delivered by certified or registered mail shall be deemed delivered until such consent is actually received at the Corporation's registered office. All consents properly delivered in accordance with this Section 13 shall be deemed to be recorded when so delivered. Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within 60 days of the earliest dated consent delivered to the Corporation as required by this Section 13, written consents signed by the holders of a sufficient number of shares to take such corporate action are so recorded. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by the holders of a sufficient number of shares to take such corporate action were delivered to the Corporation as provided above in this Section 13. Any action taken pursuant to such written consent of the stockholders shall have the same force and effect as if taken by the stockholders at a meeting thereof.

SECTION 14. FIXING A RECORD DATE. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be the close of business on the day next preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; PROVIDED, HOWEVER, that the Board of Directors may fix a new record date for the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the secretary, request the Board of Directors to fix a record date. Such notice shall specify the action proposed to be consented to by stockholders. The Board of Directors shall promptly, but in all events within 10 days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within 10 days after the date on which such a request is received, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation. Such delivery to the Corporation shall be made to its registered office in the State of Delaware, its principal place of business, or any officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded, to the attention of the secretary of the Corporation. Such delivery shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

In the event of delivery to the Corporation of a written consent or written consents purporting to authorize or take corporate action, and/or related revocation or revocations, (each such written consent and related revocation, individually and collectively, a "CONSENT"), the secretary of the Corporation shall provide for the safekeeping of such Consent and shall as soon as practicable thereafter conduct such reasonable investigation as the secretary deems necessary or appropriate for the purpose of ascertaining the validity of such Consent and all matters incident thereto, including, without limitation, whether holders of shares having the requisite voting power to

authorize or take the action specified in the Consent have given consent. If after such investigation the secretary shall determine that the Consent is sufficient and valid, that fact shall be certified on the records of the Corporation kept for the purpose of recording the proceedings of meetings of the stockholders, and the Consent shall be filed in such records, at which time the Consent shall become effective as stockholder action.

ARTICLE III

DIRECTORS

SECTION 1. GENERAL POWERS. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. The Board of Directors may exercise all such authority and powers of the Corporation and do all such lawful acts and things as are not by statute or the Certificate of Incorporation directed or required to be exercised or done by the stockholders.

SECTION 2. ANNUAL MEETINGS. The annual meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of stockholders.

SECTION 3. REGULAR MEETINGS AND SPECIAL MEETINGS. Regular meetings, other than the annual meeting, of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by resolution of the Board of Directors or by the chairman of the board. Special meetings of the Board of Directors may be called by the chairman of the board (if one shall have been elected), the lead director (if one shall have been elected), the president (if the president is a director) or upon the request of at least a majority of the directors then in office.

SECTION 4. NOTICE OF MEETINGS. Notice of regular meetings of the Board of Directors need not be given except as otherwise required by law or these Bylaws. Notice of each special meeting of the Board of Directors, and of each regular and annual meeting of the Board of Directors for which notice shall be required, shall be given by the secretary as hereinafter provided in this Section 4, in which notice shall be stated the time and place of the meeting. Notice of any special meeting, and of any regular or annual meeting for which notice is required, shall be given to each director at least (a) twenty-four (24) hours before the meeting, or such shorter period as the person or persons calling such meeting may deem necessary or appropriate in the circumstances, if by telephone or by being personally delivered or sent by telex, telecopy, email or similar means or (b) five (5) days before the meeting if delivered by mail to the director's residence or usual place of business. Such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage prepaid, or when transmitted if sent by telex, telecopy, email or similar means. Neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors need be specified in any notice or waiver of notice of such meeting. Any director may waive notice of any meeting by a writing signed by the director entitled to the notice and filed with the minutes or corporate records.

SECTION 5. WAIVER OF NOTICE AND PRESUMPTION OF ASSENT. Any member of the Board of Directors or any committee thereof who is present at a meeting shall be conclusively presumed to have waived notice of such meeting except when such member attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Such member shall be conclusively presumed to have assented to any action taken unless his or her dissent shall be entered in the minutes of the meeting or unless his or her written dissent to such action shall be filed with the person acting as the secretary of the meeting before the adjournment thereof or shall be forwarded by registered mail to the secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to any member who voted in favor of such action.

SECTION 6. QUORUM, REQUIRED VOTE AND ADJOURNMENT. The chairman of the board, if one shall have been elected, or in his absence or if one shall not have been elected, the lead director, if one shall have been designated, or if a lead director shall not have been designated or in the absence of the lead director, the president (if the president is a director and is not also the chairman of the board) shall preside at such meetings, and, if the president is not present at such meeting, a majority of the directors present at such meeting shall elect one of their members to so preside. A majority of the total number of directors then in office shall constitute a quorum for

the transaction of business. Unless by express provision of an applicable law, the Certificate of Incorporation or these Bylaws a different vote is required, the vote of a majority of directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

SECTION 7. COMMITTEES. The Board of Directors (i) may, by resolution passed by a majority of the entire Board of Directors, designate one or more committees, including an executive committee, consisting of one or more of the directors of the Corporation, and (ii) shall during such period of time as any securities of the Corporation are listed on the New York Stock Exchange (the "NYSE"), by resolution passed by a majority of the entire Board of Directors, designate all committees required by the rules and regulations of the NYSE. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Except to the extent restricted by applicable law or the Certificate of Incorporation, each such committee, to the extent provided in the resolution creating it, shall have and may exercise all the powers and authority of the Board of Directors. Each such committee shall serve at the pleasure of the Board of Directors as may be determined from time to time by resolution adopted by the Board of Directors or as required by the rules and regulations of the NYSE, if applicable. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors upon request.

SECTION 8. COMMITTEE RULES. Each committee of the Board of Directors may fix its own rules of procedure and shall hold its meetings as provided by such rules, except as may otherwise be provided by a resolution of the Board of Directors designating such committee. Unless otherwise provided in such a resolution, the presence of at least a majority of the members of the committee shall be necessary to constitute a quorum. Unless otherwise provided in such a resolution, in the event that a member and that member's alternate, if alternates are designated by the Board of Directors, of such committee is or are absent or disqualified, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member.

SECTION 9. COMMUNICATIONS EQUIPMENT. Members of the Board of Directors or any committee thereof may participate in and act at any meeting of such board or committee through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear and speak with each other, and participation in the meeting pursuant to this section shall constitute presence in person at the meeting.

SECTION 10. ACTION BY WRITTEN CONSENT. Unless otherwise restricted by the Certificate of Incorporation, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of such board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

SECTION 11. COMPENSATION. The Board of Directors shall have the authority to fix the compensation, including fees and reimbursement of expenses, of directors for services to the Corporation in any capacity.

SECTION 12. RELIANCE ON BOOKS AND RECORDS. A member of the Board of Directors or a member of any committee designated by the Board of Directors shall, in the performance of such person's duties, be fully protected in relying in good faith upon records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board of Directors, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

ARTICLE IV

OFFICERS

SECTION 1. NUMBER. The officers of the Corporation shall be elected by the Board of Directors and shall consist of a chairman of the board (which shall be an optional office), a chief executive officer, a president, one or more vice-presidents, a secretary, a chief financial officer and such other officers and assistant officers as may be deemed necessary or desirable by the Board of Directors. Any number of offices may be held by the same person, except that neither the chief executive officer nor the president shall also hold the office of secretary. In its discretion, the Board of Directors may choose not to fill any office for any period as it may deem advisable, except that the offices of president and secretary shall be filled as expeditiously as possible.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers of the Corporation shall be elected annually by the Board of Directors at its first meeting held after each annual meeting of stockholders or as soon thereafter as convenient. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors. Each officer shall hold office until a successor is duly elected and qualified or until his or her earlier death, resignation or removal as hereinafter provided.

SECTION 3. REMOVAL. Any officer or agent elected by the Board of Directors may be removed by the Board of Directors at its discretion, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

SECTION 4. VACANCIES. Any vacancy occurring in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors.

SECTION 5. COMPENSATION. Compensation of all executive officers shall be approved by the Board of Directors, and no officer shall be prevented from receiving such compensation by virtue of his or her also being a director of the Corporation; PROVIDED HOWEVER, that compensation of some or all executive officers may be determined by a committee established for that purpose if so authorized by the unanimous vote of the Board of Directors or as required by applicable law or regulation, including any exchange or market upon which the Corporation's securities are then listed for trading or quotation.

SECTION 6. CHAIRMAN OF THE BOARD. The chairman of the board, if one shall have been elected, shall preside at all meetings of the stockholders and of the Board of Directors and shall have such other powers and perform such other duties as may be prescribed to him or her by the Board of Directors or provided in these Bylaws.

SECTION 7. CHIEF EXECUTIVE OFFICER. The chief executive officer shall have the powers and perform the duties incident to that position. Subject to the powers of the Board of Directors and the chairman of the board (if one shall have been elected), the chief executive officer shall be in the general and active charge of the entire business and affairs of the Corporation, and shall be its chief policy making officer. The chief executive officer shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or provided in these Bylaws. The chief executive officer is authorized to execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation. Whenever the president is unable to serve, by reason of sickness, absence or otherwise, the chief executive officer shall perform all the duties and responsibilities and exercise all the powers of the president.

SECTION 8. THE PRESIDENT. The president of the Corporation shall, subject to the powers of the Board of Directors, the chairman of the board (if one shall have been elected) and the chief executive officer, have general charge of the business, affairs and property of the Corporation, and control over its officers, agents and employees. The president shall see that all orders and resolutions of the Board of Directors are carried into effect. The president is authorized to execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation. The president shall have such other powers and perform such other duties as may be prescribed by the chairman of the board (if one shall have been elected), the chief executive officer, the Board of Directors or

as may be provided in these Bylaws.

SECTION 9. VICE-PRESIDENTS. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the Board of Directors or the chairman of the board (if one shall have been elected), shall, in the absence or disability of the president, act with all of the powers and be subject to all the restrictions of the president. The vice-presidents shall also perform such other duties and have such other powers as the Board of Directors, the chairman of the board (if one shall have been elected), the chief executive officer, the president or these Bylaws may, from time to time, prescribe. The vice-presidents may also be designated as executive vice-presidents or senior vice-presidents, as the Board of Directors may from time to time prescribe.

SECTION 10. THE SECRETARY AND ASSISTANT SECRETARIES. The secretary shall attend all meetings of the Board of Directors (other than executive sessions thereof) and all meetings of the stockholders and record all the proceedings of the meetings in a book or books to be kept for that purpose or shall ensure that his or her designee attends each such meeting to act in such capacity. Under the supervision of the chairman of the board or, if one has not been elected, the chief executive officer, the secretary shall give, or cause to be given, all notices required to be given by these Bylaws or by law; shall have such powers and perform such duties as the Board of Directors, the chairman of the board (if one shall have been elected), the chief executive officer, the president or these Bylaws may, from time to time, prescribe; and shall have custody of the corporate seal of the Corporation. The secretary, or an assistant secretary, shall have authority to affix the corporate seal to any instrument requiring it and when so affixed, it may be attested by his or her signature or by the signature of such assistant secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his or her signature. The assistant secretary, or if there be more than one, any of the assistant secretaries, shall in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the Board of Directors, the chairman of the board (if one shall have been elected), the chief executive officer, the president, or secretary may, from time to time, prescribe.

SECTION 11. THE CHIEF FINANCIAL OFFICER. The chief financial officer shall have the custody of the corporate funds and securities; shall keep full and accurate all books and accounts of the Corporation as shall be necessary or desirable in accordance with applicable law or generally accepted accounting principles; shall deposit all monies and other valuable effects in the name and to the credit of the Corporation as may be ordered by the chairman of the board or, if one has not been elected, the chief executive officer or the Board of Directors; shall cause the funds of the Corporation to be disbursed when such disbursements have been duly authorized, taking proper vouchers for such disbursements; and shall render to the Board of Directors, at its regular meeting or when the Board of Directors so requires, an account of the Corporation; shall have such powers and perform such duties as the Board of Directors, the chairman of the board (if one shall have been elected), the chief executive officer, the president or these Bylaws may, from time to time, prescribe.

SECTION 12. OTHER OFFICERS, ASSISTANT OFFICERS AND AGENTS. Officers, assistant officers and agents, if any, other than those whose duties are provided for in these Bylaws, shall have such authority and perform such duties as may from time to time be prescribed by resolution of the Board of Directors.

SECTION 13. ABSENCE OR DISABILITY OF OFFICERS. In the case of the absence or disability of any officer of the Corporation and of any person hereby authorized to act in such officer's place during such officer's absence or disability, the Board of Directors may by resolution delegate the powers and duties of such officer to any other officer or to any director, or to any other person selected by it.

ARTICLE V

CERTIFICATES OF STOCK

SECTION 1. FORM. The shares of stock of the Corporation shall be represented by certificates, PROVIDED that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of stock of the Corporation shall be uncertificated shares of stock. Notwithstanding the adoption of such a resolution by the Board of Directors, every holder of stock represented by a certificate and, upon request,

every holder of uncertificated shares shall be entitled to have a certificate, signed by, or in the name of the Corporation by the chairman of the board (if one shall have been elected), the chief executive officer or the president and the secretary or an assistant secretary of the Corporation, certifying the number of shares owned by such holder in the Corporation. If such a certificate is countersigned (i) by a transfer agent or an assistant transfer agent other than the Corporation or its employee or (ii) by a registrar, other than the Corporation or its employee, the signature of any such chairman of the board (if one shall have been elected), chief executive officer, president, secretary or assistant secretary may be facsimiles. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on, any such certificate or certificates shall cease to be such officer or officers of the Corporation whether because of death, resignation or otherwise before such certificate or certificates have been delivered by the Corporation, such certificate or certificates may nevertheless be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the Corporation. All certificates for shares shall be consecutively numbered or otherwise identified. The name of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the books of the Corporation. Shares of stock of the Corporation shall only be transferred on the books of the Corporation by the holder of record thereof or by such holder's attorney duly authorized in writing, and in the case of certificated shares upon surrender to the Corporation of the certificate or certificates for such shares endorsed by the appropriate person or persons, with such evidence of the authenticity of such endorsement, transfer, authorization and other matters as the Corporation may reasonably require, and accompanied by all necessary stock transfer stamps. In that event, it shall be the duty of the Corporation to cancel the old certificate or certificates and record the transaction on its books. The Board of Directors may appoint a bank or trust company organized under the laws of the United States or any state thereof to act as its transfer agent or registrar, or both in connection with the transfer of any class or series of securities of the Corporation. The Board of Directors may make such additional rules and regulations, not inconsistent with these Bylaws, as it may deem expedient concerning the issue, transfer and registration of certificates for shares of stock of the Corporation.

SECTION 2. LOST CERTIFICATES. The Corporation may issue or direct a new certificate or certificates to be issued in place of any certificate or certificates previously issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Corporation may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his or her legal representative, to give the Corporation a bond sufficient to indemnify the Corporation against any claim that may be made against the Corporation on account of the loss, theft or destruction of any such certificate or the issuance of such new certificate.

SECTION 3. REGISTERED STOCKHOLDERS. Prior to a request to record the transfer of any share or shares, together in the case of certificated shares with the surrender to the Corporation of the certificate or certificates for such share or shares of stock, the Corporation may treat the registered owner as the person entitled to receive dividends, to vote, to receive notifications and otherwise to exercise all the rights and powers of an owner. The Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof.

ARTICLE VI

GENERAL PROVISIONS

SECTION 1. DIVIDENDS. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, in accordance with applicable law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to the provisions of applicable law and the Certificate of Incorporation. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or any other purpose and the directors may modify or abolish any such reserve in the manner in which it was created.

SECTION 2. CHECKS, NOTES, DRAFTS, ETC. All checks, notes, drafts or other orders for the payment of money of the Corporation shall be signed, endorsed or accepted in the name of the Corporation by such officer, officers, person or persons as from time to time may be designated by the Board of Directors or by an officer or officers authorized by the Board of Directors to make such designation.

SECTION 3. CONTRACTS. In addition to the powers otherwise granted to officers pursuant to ARTICLE IV hereof, the Board of Directors may authorize any officer or officers, or any agent or agents, of the Corporation to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

SECTION 4. LOANS. Subject to compliance with applicable law (including the Sarbanes-Oxley Act of 2002, as amended), the Corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the Corporation or of its subsidiaries, including any officer or employee who is a director of the Corporation or its subsidiaries, whenever, in the judgment of the directors, such loan, guaranty or assistance may reasonably be expected to benefit the Corporation. The loan, guaranty or other assistance may be with or without interest, and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the Corporation. Nothing in this section shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the Corporation at common law or under any statute.

SECTION 5. FISCAL YEAR. The fiscal year of the Corporation shall end on March 31 of each fiscal year and may thereafter be changed by resolution of the Board of Directors.

SECTION 6. CORPORATE SEAL. The Board of Directors may provide a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the Corporation and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. Notwithstanding the foregoing, no seal shall be required by virtue of this Section.

SECTION 7. VOTING SECURITIES OWNED BY CORPORATION. Voting securities in any other Corporation held by the Corporation shall be voted by the chief executive officer, the president or a vice-president, unless the Board of Directors specifically confers authority to vote with respect thereto, which authority may be general or confined to specific instances, upon some other person or officer. Any person authorized to vote securities shall have the power to appoint proxies, with general power of substitution.

SECTION 8. INSPECTION OF BOOKS AND RECORDS. The Board of Directors shall have power from time to time to determine to what extent and at what times and places and under what conditions and regulations the accounts and books of the Corporation, or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any right to inspect any account or book or document of the Corporation, except as conferred by the laws of the State of Delaware, unless and until authorized so to do by resolution of the Board of Directors or of the stockholders of the Corporation.

SECTION 9. SECTION HEADINGS. Section headings in these Bylaws are for convenience of reference only and shall not be given any substantive effect in limiting or otherwise construing any provision herein.

SECTION 10. INCONSISTENT PROVISIONS. In the event that any provision of these Bylaws is or becomes inconsistent with any provision of the Certificate of Incorporation, the General Corporation Law of the State of Delaware or any other applicable law, the provision of these Bylaws shall not be given any effect to the extent of such inconsistency but shall otherwise be given full force and effect.

SECTION 11. FORUM FOR ADJUDICATION OF CERTAIN DISPUTES. Unless the Corporation consents in writing to the selection of an alternative forum (an "Alternative Forum Consent"), the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, stockholder, employee or agent of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation or any director, officer, stockholder, employee or agent of the Corporation arising out of or relating to any provision of the General Corporation Law of the State of Delaware or

the Corporation's Certificate of Incorporation or Bylaws, or (iv) any action asserting a claim against the Corporation or any director, officer, stockholder, employee or agent of the Corporation governed by the internal affairs doctrine of the State of Delaware; PROVIDED, HOWEVER, that, in the event that the Court of Chancery of the State of Delaware lacks subject matter jurisdiction over any such action or proceeding, the sole and exclusive forum for such action or proceeding shall be another state or federal court located within the State of Delaware, in each such case, unless the Court of Chancery (or such other state or federal court located within the State of Delaware, as applicable) has dismissed a prior action by the same plaintiff asserting the same claims because such court lacked personal jurisdiction over an indispensable party named as a defendant therein. If any action the subject matter of which is within the scope of the preceding sentence is filed in a court other than a court located within the State of Delaware (a "Foreign Action") in the name of any stockholder, such stockholder shall be deemed to have consented to (i) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce the preceding sentence and (ii) having service of process made upon such stockholder in any such action by service upon such stockholder's counsel in the Foreign Action as agent for such stockholder. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 11 of Article VI. The existence of any prior Alternative Forum Consent shall not act as a waiver of the Corporation's ongoing consent right as set forth above in this Section 11 of Article VI with respect to any current or future actions or claims.

ARTICLE VII

AMENDMENTS

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors of the Corporation is expressly authorized to make, alter, amend, change, add to or repeal these Bylaws by the affirmative vote of a majority of the total number of directors then in office. Any alteration or repeal of these Bylaws by the stockholders of the Corporation shall be done solely in accordance with the terms of the Corporation's Certificate of Incorporation.

CERTIFICATIONS

I, Ronald M. Lombardi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Prestige Consumer Healthcare Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 7, 2019

/s/ Ronald M. Lombardi

Ronald M. Lombardi

Chief Executive Officer

(Principal Executive Officer)

CERTIFICATIONS

I, Christine Sacco, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Prestige Consumer Healthcare Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 7, 2019

/s/ Christine Sacco

Christine Sacco
Chief Financial Officer
(Principal Financial Officer)

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

I, Ronald M. Lombardi, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Prestige Consumer Healthcare Inc. on Form 10-Q for the quarter ended December 31, 2018, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of Prestige Consumer Healthcare Inc.

/s/ Ronald M. Lombardi

Name: Ronald M. Lombardi

Title: *Chief Executive Officer*

(Principal Executive Officer)

Date: February 7, 2019

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

I, Christine Sacco, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Prestige Consumer Healthcare Inc. on Form 10-Q for the quarter ended December 31, 2018, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of Prestige Consumer Healthcare Inc.

/s/ Christine Sacco

Name: Christine Sacco

Title: *Chief Financial Officer*

(Principal Financial Officer)

Date: February 7, 2019