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

FORM 10-Q

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

For the quarterly period ended September 30, 2010

OR

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

For the transition period from ____ to _____

Commission File Number: 001-32433

PRESTIGE BRANDS HOLDINGS, INC.

(Exact name of Registrant as specified in its charter)

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

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

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

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

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

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

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

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

As of November 2, 2010, there were 50,044,891 shares of common stock outstanding.

Prestige Brands Holdings, Inc.
Form 10-Q
Index

Trademarks and Trade Names

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

PART I FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

Prestige Brands Holdings, Inc.

Consolidated Statements of Operations

(Unaudited)

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	Three Months Ended September 30		Six Months Ended September 30	
(In thousands, except share data)	**2010**	**2009**	**2010**	**2009**
R evenues				
Net sales	$ 77,488	$ 80,308	$ 148,009	$ 147,805
Other revenues	815	421	1,529	1,037< div style="text-align:left;">
Total revenues	78,303	80,729	149,538	148,842
Cost of Sales				
Cost of sales (exclusive of depreciation shown below)	35,713	37,936	68,977	69,526
Gross profit	42,590	42,793	80,561	79,316
Operating Expenses				
Advertising and promotion	8,240	9,675	15,726	18,343
General and administrative	8,101	10,481	15,514	18,675
Depreciation and amortization	< 2,413/font>	2,703	4,823< /font>	4,911
Total operating expenses	18,754	22,859	36,063	41,929
Operating income	23,836	19,934	44,498	37,387
Other expense				
Interest expense, net	5,373	5,642	10,835	11,295
Loss on extinguishment of debt	—	—	300	—
Total other expense	5,373	5,64 2	11,135	11,295
Income from continuing operations before income taxes	18,463	14,292	33,363	26,092
Provision for income taxes	7,053	&nb 5,417sp;	12,745	9,889
Income from continuing operations	11, 410	8,875	20,618	16,203
Discontinued Operations				
Income from discontinued operations, net of income tax	162	1,048	560	2,045
Loss on sale of discontinued operations, net of income tax benefit	(550)	—	(550)	—
Net income	$ 11,022	$ 9,923	$ 20,628	$ 18,248
Basic earnings per share:	;		&nb sp;	
Income from continuing operations	$ 0.23	$ 0.18	$ 0.41	$ 0.32
Net income	$ 0.22	$ 0.20	$ 0.41	$ 0.36
Diluted earnings per share:				
Income from continuing operations	$ 0.23	$ 0.18	$ 0.41	$ 0.32
Net income	$ 0.22	$ 0.20	$ 0.41	$ 0.36
Weighted average shares outstanding:				
Basic	50,053	50,012	50,045	49,997
Diluted	50,141	50,055	50,123	50,080

See accompanying notes.

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

(In thousands) **Assets**	**September 30, 2010**	**March 31, 2010**
Current assets		
Cash and cash equivalents	$ 55,032	$ 41,097
Accounts receivable	32,256	30,621
Inventories	24,997	27,676
Deferred income tax assets	6,663	6,353
Prepaid expenses and other current assets	3,203	4,917
Current assets of discontinued operations	14	1,486
Total current assets	122,165	112,150
Property and equipment	1,207	1,396
Goodwill	111,489	111,489
		554,359
Intangible assets	549,855	< /td>
Other long-term assets	6,456	7,148
Long-term assets of discontinued operations	—	4,870
Total Assets	$ 791,172	$ 791,412
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 13,980	$ 12,771
Accrued interest payable	6,428	1,561
Other accrued liabilities	9,912	11,733
Current portion of long-term debt	1,500	29,587
Total current liabilities	31,820	55,652
Long-term debt		
Principal amount	294,000	298,500
Less unamortized discount	(3,658)	(3,943)
Long-term debt, net of unamortized discount	290,342	294,557
Deferred income tax liabilities	117,630	112,144
Total Liabilities	439,792	462,353
Commitments and Contingencies — **Note 17**		
Stockholders' Equity		
Preferred stock - $0.01 par value		
Authorized - 5,000 shares		
Issued and outstanding - None	—	—
Common stock - $0.01 par value		
Authorized - 250,000 shares		
Issued - 50,175 shares at September 30, 2010 and 50,154 shares at March 31, 2010	502	502
Additional paid-in capital	385,771	384,027
Treasury stock, at cost - 131 shares at September 30, 2010 and 124 shares at March 31, 2010	(114)	(63)
Retained earnings (accumulated deficit)	(34,779)	(55,407)
Total Stockholders' Equity	351,380	329,059
Total Liabilities and Stockholders' Equity	$ 791,172	$ 791,412

See accompanying notes.

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

(In thousands)	Six Months Ended September 30 2010	2009
Operating Activities		
Net income	$ 20,628	$ 18,248
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,052	6,084
Loss on sale of discontinued operations	890	—
Deferred income taxes	5,176	3,687
Amortization of deferred financing costs	504	956
Stock-based compensation costs	1,744	848
Loss on extinguishment of debt	300	—
Amortization of debt discount	285	—
Loss on disposition of equipment	125	—
Changes in operating assets and liabilities		
Accounts receivable	(1,635)	(3,127)
Inventories	2,679	405
Inventories held for sale	1,100	82
Prepaid expenses and other current assets	1,714	(1,102)
Accounts payable	1,209	5,546
Accrued liabilities	3,046	8,253
Net cash provided by operating activities	42,817	39,880
Investing Activities		
Purchas es of equipment	(254)	(232)
Proceeds from sale of discontinued operations	4,122	—
Net cash provided by (used for) investing activities	3,868	(232)
Financing Activities		
Payment of deferred financing costs	(112)	—
Repayment of long-term debt	(32,587)	(40,000)
Purchase of treasury stock	(51)	—
Net cash used for financing activities	(32,750)	(40,000)
Increase (decrease) in cash	13,935	(352)
Cash - beginning of period	41,097	35,181
Cash - end of period	$ 55,032	$ 34,829
Interest paid	$ 5,179	$ 10,350
Income taxes paid	$ 5,103	$ 6,307

See accompanying notes.

1. Business and Basis of Presentation

Nature of Business
Prestige Brands Holdings, Inc. (referred to herein as the “Company” which reference shall, unless the context requires otherwise, be deemed to refer to Prestige Brands Holdings, Inc. and all of its direct or indirect wholly-owned subsidiaries on a consolidated basis) is engaged in the marketing, sales and distribution of over-the-counter healthcare and household cleaning brands to mass merchandisers, drug stores, supermarkets and dollar and club stores primarily in the United States, Canada and certain other international markets. Prestige Brands Holdings, Inc. is a holding company with no operations and is also the parent guarantor of the senior credit facility and the senior notes more fully described in Note 10 to the consolidated financial statements.

Basis of Presentation
The unaudited 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 with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. All significant intercompany transactions and balances have been eliminated in the consolidated financial statements. In the opinion of management, the financial statements include all adjustments, consisting of normal recurring adj ustments that are considered necessary for a fair presentation of the Company's consolidated financial position, results of operations and cash flows for the interim periods. Operating results for the three and six month periods ended September 30, 2010 are not necessarily indicative of results that may be expected for the fiscal year ending March 31, 2011. This financial information should be read in conjunction with the Company's financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2010.
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Use of Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Company's knowledge of current events and the Company's expectations, actual results could differ from those estimates. As discussed below, the Company's most significant estimates include those made in connection with the valuation of goodwill and intangible assets, sales returns and allowances, trade promot ional allowances and inventory obsolescence.

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

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

Inventories
Inventories are stated at the lower of cost or fair value, with cost determined by using the first-in, first-out method. The Company provides an allowance for slow moving and obsolete inventory, whereby it reduces inventories for the diminution of value resulting from product obsolescence, damage or other issues affecting marketability, equal to the difference between the cost of the inventory and its estimated market value. Factors utilized in the determination of estimated market value include (i) cu rrent sales data and historical return rates, (ii) estimates of future demand, (iii) competitive pricing pressures, (iv) new product introductions, (v) product expiration dates, and (vi) component and packaging obsolescence.

Property and Equipment
Property and equipment are stated at cost and are depreciated using the straight-line method based on the following estimated useful lives:

	Years
Machinery	5
Computer equipment	3
Furniture and fixtures	7

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

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

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. An impairment loss is recognized if the carrying amount of the asset exceeds its fair value.

Goodwill
The excess of the purchase price over the fair market value of assets acquired and liabilities assumed in purchase business combinations is classified as goodwill. The Company does not amortize goodwill, but performs impairment tests of the carrying value at least annually in the fourth fiscal quarter of each year, or more frequently if events or changes in circumstances indicate that the asset may be impaired. The Company tests goodwill for impairment at the reporting unit “brand” level which is one level below the operating segment level.

Intangible Assets
Intangible assets, which are composed primarily of trademarks, are stated at cost less accumulated amortization. For intangible assets with finite lives, amortization is computed on the straight-line method over estimated useful lives ranging from 3 to 30 years.

Indefinite-lived intangible assets are tested for impairment at leas t annually in the fourth fiscal quarter of each year; however, at each reporting period an evaluation is made to determine whether events and circumstances continue to support an indefinite useful life. Intangible assets with finite lives are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their fair values and may not be recoverable. An impairment loss is recognized if the carrying amount of the asset exceeds its fair value.

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

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

As is customary in the consumer products industry, the Company participates in the promotional programs of its customers to enhance the sale of its products. The cost of these promotional programs varies based on the actual number of units sold during a finite period of time. These promotional programs consist of direct to consumer incentives such as coupons and temporary price reductio ns, as well as incentives to the Company's customers, such as allowances for new distribution, including slotting fees, and cooperative advertising. Estimates of the costs of these promotional programs are based on (i) historical sales experience, (ii) the current offering, (iii) forecasted data, (iv) current market conditions, and (v) communication with customer purchasing/marketing personnel. At the completion of a promotional program, the estimated amounts are adjusted to actual results.

Due to the nature of the consumer products industry, the Company is required to estimate future product returns. Accordingly, the Company records an estimate of product returns concurrent with recording sales which is made after analyzing (i) historical return rates, (ii) current economic trends, (iii) changes in customer demand, (iv) product acceptance, (v) seasonality of the Company's product offerings, and (vi) the impact of changes in product formulation, packaging and advertising.

Cost of Sales
Cost of sales includes product costs, warehousing costs, inbound and outbound shipping costs, and handling and storage costs. Shipping, warehousing and handling costs were $5.7 million and $10.6 million, respectively, for the three and six month periods ended September 30, 2010. During the three and six month periods ended September 30, 2009, such costs were $5.3 million and $9.6 million, respectively.

Advertising and Promotion Costs
Advertising and promotion costs are expensed as incurred. Allowances for new distribution, including slotting fees, associated with products are recognized as a reduction of sales. Under allowances for new distribution arrangements, the retailers allow the Company's products to be placed on the stores' shelves in exchange for such fees.

Stock-based Compensation
The Company recognizes employee stock-based compensation by measuring the cost of services to be rendered based on the grant-date fair value of the equity award. Compensation expense is to be recognized over the period an employee is required to provide service in exchange for the award, generally referred to as the requisite service period.

Income Taxes
Deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established when necessary to reduce deferred tax assets to the amounts expected to be realized.

The Taxes Topic of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) prescribes a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. As a result, and under the prescribed FAS B guidance, the Company has applied a more-likely-than-not recognition threshold for all tax uncertainties. The guidance only allows the recognition of those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the various taxing authorities.

The Company is subject to taxation in the United States and various state and foreign jurisdictions. The Company remains subject to examination by tax authorities for the year ended March 31, 2007.

The Company classifies penalties and inte rest related to unrecognized tax benefits as income tax expense in the Statements of Operations.

Derivative Instruments
Companies are required to recognize derivative instruments as either assets or liabilities in the consolidated Balance Sheets at fair value. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, a company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, a cash flow hedge or a hedge of a net investment in a foreign operation.

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

Earnings Per Share
Basic earnings per share is calculated based on income available to common stockholders and the weighted-average number of shares outstanding during the reporting period. Diluted earnings per share is calculated based on income available to common stockholders and the weighted-average number of common and potential common shares outstanding during the reporting period. Potential common shares, composed of the incremental common shares issuable upon the exercise of stock options and unvested restricted shares, are included in the earnings per share calculation to the extent that they are dilutive.

Reclassifications
Certain prior period financial statement amounts have been reclassified to conform to the current period presentation.

Recently Issued Accounting Standards

In May 2009, the FASB issued guidance regarding subsequent events, which was subsequently updated in February 2010. This guidance established general standards of accounting for and disclosure of events tha t occur after the balance sheet date but before financial statements are issued or are available to be issued. In particular, this guidance set forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. This guidance was effective for financial statements issued for fiscal years and interim periods ending after June 15, 2009, and was therefore adopted by the Company for the second quarter 2009 reporting. The adoption did not have a significant impact on the subsequent events that the Company reports, either through recognition or disclosure, in the consolidated financial statements. In Februa ry 2010, the FASB amended its guidance on subsequent events to remove the requirement to disclose the date through which an entity has evaluated subsequent events, alleviating conflicts with current SEC guidance. This amendment was effective immediately and accordingly, the Company has not presented that disclosure in this Quarterly Report.

In January 2010, the FASB issued authoritative guidance requiring new disclosures and clarifying some existing disclosure requirements about fair value measurement. Under the new guidance, a reporting entity should (a) disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers, and (b) present separately information about purcha ses, sales, issuances, and settlements in the reconciliation for fair value measurements using significant unobservable inputs. This guidance is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The Company does not expect this guidance to have a material impact on its consolidated financial statements.

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

2. Acquisition of Blacksmith Brands Holdings, Inc.

On November 1, 2010, the Company acquired 100% of the capital stock of Blacksmith Brands Holdings, Inc. (“Blacksmith”) for $190 million in cash, plus a working capital closing adjustment of $13.4 million. In connection with this acquisition, the Company acquired five Over-the-Counter brands: Efferdent®, Effergrip®, PediaCare®, Luden's®, and NasalCrom®. These brands are complementary to the Company's existing Over-the-Counter brands. The purchase price was funded by cash provided by the issuance of long term debt and additional bank borrowings, which are discussed further in Note 10. As of the date of this Form 10-Q filing, the Company has not yet completed the initial accounting for the acquisition, and the acquisition-date fair values of the acquired assets and assumed liabilities have not yet been determined.

3. Discontinued Operations and Sale of Certain Assets

On September 1, 2010, the Company sold certain assets related to the nail polish remover brand previously included in its Personal Care products segment to an unrelated third party. In accordance with the Discontinued Operations Topic of the ASC, the Company reclassified the related assets as assets of discontinued operations in the consolidated balance sheets as of September 30, 2010 and March 31, 2010, and reclassified the related operating results as discontinued operations in the consolidated financial statements and related notes for all periods presented. The Company recognized a loss of $890,000 on a pre-tax basis and $550,000 net of tax effects on the sale in the quarter ended September 30, 2010. The total sales price for the assets was $4.1 million, the proceeds for which were received upon closing. As the sold assets comprised a substantial majority of the assets in the Personal Care segment, the Company reclassified the remaining assets to the Over-the-Counter Healthcare segment for all periods presented.

In October 2009, the Company sold certain assets related to the shampoo brands previously included in its Personal Care products segment to an unrelated third party. In accordance with the Discontinued Operations Topic of the ASC, the Company reclassified the related operating results as discontinued in the consolidated financial statements and related notes for all periods presented. The Company recognized a gain of $253,000 on a pre-tax basis and $157,000 net of tax effects on the sale in the quarter ended December 31, 2009. The total sales price for the assets was $9 million, subject to adjustments for inventory, as defined, with $8 m illion received upon closing. The remaining $1 million was received by the Company in October 2010.

The following table presents the assets related to the discontinued operations as of September 30, 2010 and March 31, 2010 (in thousands):

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	September 30, 2010	M arch 31, 2010
Inventory	$ 14	$ 1,486
Intangible assets	—	4,870
Total assets of discontinued operations	$ 14	$ 6,356

The following table summarizes the results of discontinued operations (in thousands):

	Three Months Ended September 30		Six Months Ended September 30	
	2010	2009	2010	2009
Components of Income				
Revenues	$ 1,769	$ 5,587	$ 3,943	$ 10,698
Income before income taxes	263	1,687	906	3,293

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4. Accounts Receivable

Accounts receivable consist of the following (in thousands):

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	September 30, 2010	March 31, 2010
Trade accounts receivable	$ 36,568	$ 35,527
Other receivables	1,644	1,588
	38,212	37,115
Less allowances for discounts, returns and uncollectible accounts	(5,956)	(6,494)
	$ 32,256	$ 30,621

5. Inventories

Inventories consist of the following (in thousands):

	September 30, 2010	March 31, 2010

Packaging and raw materials	$ 1,090	$ 1,818
Finished goods	23,907	25,858
	$ 24,997	$ 27,676

Inventories are shown net of allowances for obsolete and slow moving inventory of $2.2 million and $2.0 million at September 30, 2010 and March 31, 2010, respectively.

6. Property and Equipment

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

	September 30, 2010	March 31, 2010
Machinery	$ 1,173	$ 1,620
Computer equipment	1,803	1,570
Furniture and fixtures	239	239
Leasehold improvements	418	418
	3,633	3,847
Less accumulated depreciation	(2,426)	(2,451)
	&nbs p;	
	$ 1,207	$ 1,396

The Company recorded depreciation expense of $160,000 and $156,000 for the three months ended Septembe r 30, 2010 and 2009, respectively, and of $318,000 and $308,000 for the six months ended September 30, 2010 and 2009, respectively.

7. Goodwill

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

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	Over-the-Counter Healthcare	Household Cleaning	Consolidated
Balance — March 31, 2010			
Goodwill	$ 240,432	$ 72,549	$ 312,981
Accumulated purchase price adjustments	(6,162)	—	(6,162)
Accumulated impairment losses	(130,170)	(65,160)	(195,330)
	104,100	7,389	111,489
Net adjustments			
Goodwill	(4,643)	—	(4,643)
Accumulated impairment losses	4,643	—	4,643
	—	—	—
Balance — September 30, 2010		;	
Goodwill	235,789	72,549	308,338
Accumulated purchase price adjustments	(6,162)	—	(6,162)
Accumulated impairment losses	(125,527)	(65,160)	(190,687)
	$ 104,100	$ 7,389	$ 111,489

As fully described in Note 3, on September 1, 2010, the Company sold certain assets related to its nail polish remover brand previously included in its Personal Care segment to an unrelated third party. In connection with this divestiture, the Company reversed the gross goodwill asset balance of $4.6 million, which was fully impaired as of March 31, 2010, and the related accumulated impairment charges of $4.6 millio n, which had been recorded for the nail polish remover brand. As described in Note 19, the Company's operating and reportable segments now consist of Over-the-Counter Healthcare and Household Cleaning, and any assets remaining in the Personal Care segment after the divestiture have been reclassified to the Over-the-Counter Healthcare segment. As such, the reversal of goodwill for Personal Care is included in the Over-the-Counter Healthcare in the table above.

At March 31, 2010, in conjunction with the annual test for goodwill impairment, the Company recorded an impairment charge aggregating $2.8 million to adjust the carrying amounts of goodwill related to its nail polish remover brand to its fair value of $0, as determined by use of a discounted cash flow metho dology. The impairment was a result of distribution losses and increased competition from private label store brands.

The discounted cash flow methodology is a widely-accepted valuation technique utilized by market participants in the transaction evaluation process and has been applied consistently. However, the Company considered its market capitalization at March 31, 2010, as compared to the aggregate fair values of the Company's reporting units to assess the reasonableness of our estimates pursuant to the discounted cash flow methodology. Although the impairment charges represent management’s best estimate, the estimates and ass umptions made in assessing the fair value of the Company’s reporting units and the valuation of the underlying assets and liabilities are inherently subject to significant uncertainties. Consequently, changing rates of interest and inflation, declining sales or margins, increases in competition, changing consumer preferences, technical advances or reductions in advertising and promotion may require additional impairments in the future.

8. Intangible Assets

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

	Indefinite< /div> Lived Trademarks	Finite Lived Trademarks	Non Compete Agreement	Totals
Carrying Amounts				
Balance — March 31, 2010	$ 454,571	$ 142,994	$ 158	$ 597,723
Additions	—	—	—	—
			< /td>	
Balance — September 30, 2010	$ 454,571	$ 142,994	$ 158	$ 597,723
Accumulated Amortization				
Balance — March 31, 2010	$ — &nbs p;	$ 43,206	$ 158	$ 43,364
Additions	— ;	4,504	—	4,504
Balance — September 30, 2010	$ —	$ 47,710	$ 158	$ 47,868
Intangibles , net — September 30, 2010	$ 454,571	$ 95,284	$ —	$ 549,855

The table above represents intangible assets related to continuing operations. As fully described in Note 3, on September 1, 2010, the Company sold certain assets related to its nail polish remover brand previously in cluded in its Personal Care segment to an unrelated third party. In connection with this divestiture, the Company excluded gross intangible assets of $8.3 million and the related accumulated amortization of $3.4 million as of March 31, 2010 from the table above. The net intangible assets of $4.9 million as of March 31, 2010 are presented separately on the Consolidated Balance Sheets.

In a manner similar to goodwill, the Company completed a test for impairment of its intangible assets during the fourth quarter of 2010. The Company recorded no impairment charge as facts and circumstances indicated that the fair values of the intangible assets for such segments exceeded their carrying values. Additionally, for the indefinite-lived intangible assets, an evalu ation of the facts and circumstances as of September 30, 2010 continues to support an indefinite useful life for these assets.

At September 30, 2010, intangible assets are expected to be amortized over a period of 3 to 30 years as follows (in thousands):

Year Ending September 30	
2011	$ 8,878
2012	8,466
2013	7,615
2014	6,256
2015	5,596
Thereafter	58,473
	$ 95,284

9. Other Accrued Liabilities

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

	September 30, 2010	March 31, 2010
Accrued marketing costs	$ 4,900	$ 3,823
Accrued payroll	3,051	5,233
Accrued commissions	362	285
Accrued income taxes	—	372
Ac crued professional fees	1,193	1,089
Accrued severance	404	929
Other	2	2
	$ 9,912	$ 11,733

10. Long-Term Debt

Long-term debt consists of the following (in thousands), as of the dates indicated:

	September 30, 2010	March 31, 2010
Senior secured term loan facility ("2010 Senior Term Loan") that bears interest at the Company's option at either the prime rate plus a margin of 2.25% or LIBOR plus 3.25% wit h a LIBOR floor of 1.5%. At September 30, 2010, the average interest rate on the 2010 Senior Term Loan was 4.75%. Principal payments of $375,000 plus accrued interest are payable quarterly, with the remaining principal due on the 2010 Senior Term Loan maturity date. The 2010 Senior Term Loan matures on March 24, 2016 and is collateralized by substantially all of the Company's assets. The 2010 Senior Term Loan is unconditionally guaranteed by Prestige Brands Holdings, Inc. and its domestic wholly-owned subsidiaries, other than Prestige Brands, Inc., the borrower. Each of these guarantees is joint and several. There are no significant restrictions on the ability of any of the guarantors to obtain funds from their subsidiaries.	$ 145,500	$ 150,000
Senior unsecured notes ("2010 Senior Notes") that bear interest at 8.25% which are payable on April 1st and October 1st of each year. The 2010 Senior Notes mature on April 1, 2018; however, the Company may earlier redeem some or all of the 2010 Senior Notes at redemption prices set forth in the indenture governing the 2010 Senior Notes. The 2010 Senior Notes are unconditionally guaranteed by Prestige Brands Holdings, Inc. and its domestic wholly-owned subsidiaries other than Prestige Brands, Inc., the issuer. Each of these guarantees is joint and several. There are no significant restrictions on the ability of any of the guarantors to obtain funds from their subsidiaries.	150,000	150,000
Senior subordinated notes ("Senior Subordinated Notes") that bore interest of 9.25% which was payable on April 15th and October 15th of each year. The balanc e outstanding on the Senior Subordinated Notes as of March 31, 2010 was repaid in full, on April 15, 2010. The Senior Subordinated Notes were unconditionally guaranteed by Prestige Brands Holdings, Inc., and its domestic wholly-owned subsidiaries other than Prestige Brands, Inc., the issuer.	—	28,087
	295,500	328,087
Current portion of long-term debt	(1,500)	(29,587)
	$ 294,000	$ 298,500
Less: unamortized discount on the 2010 Senior Term Loan and the 2010 Senior Notes	(3,658)	(3,943)
Long-term debt, net of unamortized discount	$ 290,342	$ 294,557

On March 24, 2010, Prestige Brands, Inc. issued the 2010 Senior Notes for $150.0 million, with an interest rate of 8.25% and a maturity date of April 1, 2018; and entered into a senior secured term loan facility for $150.0 million, with an interest rate at LIBOR plus 3.25% with a LIBOR floor of 1.5% and a maturity date of March 24, 2016; and entered into a non-amortizing senior secured revolving credit facility ("2010 Revolving Credit Facility") in an aggregate principal amount of up to $30.0 million. The Company's 2010 Revolving Credit Facility was available for maximum borrowings of $30.0 million at September 30, 2010.

The $150.0 million 2010 Senior Term Loan was entered into with a discount to lenders of $1.8 million and net proceeds to the Company of $148.2 million, yielding a 5.0% effective interest rate. The 2010 Senior Notes were issued at an aggregate face value of $150.0 million with a discount to the initial purchasers of $2.2 million and net proceeds to the Company of $147.8 million, yielding an 8.5% effective interest rate.

In connection with entering into the 2010 Senior Term Loan, the 2010 Revolving Credit Facility and the 2010 Senior Notes, the Company incurred $7.3 million in issuance costs , of which $6.6 million was capitalized as deferred financing costs and $0.7 million expensed. The deferred financing costs are being amortized over the terms of the related loan and notes.

In connection with the acquisition of Blacksmith, as discussed in Note 2, subsequent to September 30, 2010, the Company amended its existing debt agreements and increased the amount borrowed and the amount available thereunder as follows.

On October 22, 2010, Presti ge Brands, Inc. (the "Issuer" or "Borrower") issued senior notes in an aggregate principal amount of $100.0 million (the "New 2010 Senior Notes"). The New 2010 Senior Notes have the same terms and are part of the same series as the 2010 Senior Notes, and will mature on April 1, 2018. Delivery of, and payment for, the New 2010 Senior Notes occurred on November 1, 2010.

On November 1, 2010, the Company, together with the Borrower and certain other subsidiaries of the Company, executed an Increase Joinder to the Company's Credit Agreement dated March 24, 2010 pursuant to which the Borrower borrowed an incremental term loan in the amount of $115.0 million. The incremental term loan will mature on March 24, 2016 and otherwise has the same terms as the 2010 Senior Term Loan.

On November 1, 2010, pursuant to the Increase Joinder, the amount of the Borrower's 2010 Revolving Credit Facility was increased by $10.0 million and the Borrower had borrowing capacity under the revolving credit facility in an aggregate principal amount of up to $40.0 million. Except for the increase in the amount of the revolving credit facility, no other changes were made to the 2010 Revolving Credit Facility.

In March and April 2010, the Company retired its Tranche B Term Loan facility with an original maturity date of April 6, 2011 and Senior Subordinated Notes that bore interest at 9.25% with a maturity date of April 15, 2012. The Company recognized a $0.3 million loss on the extinguishment of debt for the six months ended September 30, 2010.

The 2010 Senior Notes and the New 2010 Senior Notes are senior unsecured obligations of the Company and are guaranteed on a senior unsecured basis. The 2010 Senior Notes and the New 2010 Senior Notes are effectively junior in right of payment to all existing and future secured obligations of the Company, equal in right of payment with all existing and future senior unsecured indebtedness of the Company, and senior in right of payment to all future subordinated debt of the Company.

< font style="font-family:inherit;font-size:10pt;">At any time prior to April 1, 2014, the Company may redeem the 2010 Senior Notes and the New 2010 Senior Notes in whole or in part at a redemption price equal to 100% of the principal amount of the notes redeemed, plus a "make-whole premium" calculated as set forth in the Indenture, together with accrued and unpaid interest, if any, to the date of redemption. The Company may redeem the 2010 Senior Notes and the New 2010 Senior Notes in whole or in part at any time on or after the 12-month period beginning April 1, 2014 at a redemption price of 104.125% of the principal amount thereof, at a redemption price of 102.063% of the principal amount thereof if the redemption occurs during the 12-month period beginning on April 1, 2015, and at a redemption price of 100% of the principal amount thereof if the redemption occurs on and after April 1, 2016, in each case, plus accrued and unpaid interest, if any, to the redemption date. In addition, prior to Apr il 1, 2013, with the net cash proceeds from certain equity offerings, the Company may redeem up to 35% in aggregate principal amount of the 2010 Senior Notes and the New 2010 Senior Notes at a redemption price of 108.250% of the principal amount of the 2010 Senior Notes and the New 2010 Senior Notes to be redeemed, plus accrued and unpaid interest to the redemption date.

The Company's Credit Agreement contains various financial covenants, including provisions that require the Company to maintain certain leverage and interest coverage ratios and not to exceed annual capital expenditures of $3.0 million. The Credit Agreement, together with the Indenture governing the 2010 Senior Notes and the New 2010 Senior Notes also contain provisions that restrict the Company from unde rtaking specified corporate actions, such as asset dispositions, acquisitions, dividend payments, repurchases of common shares outstanding, changes of control, incurrences of indebtedness, creation of liens, making of loans and transactions with affiliates. Additionally, the Credit Agreement and the Indenture contain cross-default provisions whereby a default pursuant to the terms and conditions of certain indebtedness will cause a de fault on the remaining indebtedness under the Credit Agreement, the Indenture and the Indenture governing the Senior Subordinated Notes. At September 30, 2010, the Company was in compliance with the applicable financial covenants under its long-term indebtedness.

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

Year Ending September 30		
2011	$	1,500
2012		1,500
2013		1,500
2014		1,500
2015		1,500
Thereafter		288,000
	$	295,500

11. &n bsp; **Fair Value Measurements**

As deemed appropriate, the Company uses derivative financial instruments to mitigate the impact of changing interest rates associated with its long-term debt obligations. At September 30, 2010, the Company had no open financial derivative financial obligations. While the Company has not historically entered into derivative financial instruments for trading purposes, all of the Company’s derivatives were over-the-counter instruments with liquid markets. The no tional, or contractual, amount of the Company’s derivative financial instruments was used to measure the amount of interest to be paid or received and did not represent an actual liability. The Company accounted for the interest rate cap and swap agreements as cash flow hedges.

The Company entered into an interest rate swap agreement, effective March 26, 2008, in the notional amount of $175.0 million, decreasing to $125.0 million at March 26, 2009 to replace and supplement the interest rate cap agreement that expired on May 30, 2008. The Company agreed to pay a fixed rate of 2.88% while receiving a variable rate based on LIBOR. The agreement terminated on March 26, 2010, and was neither renewed nor replaced.

The Fair Value Measurements and Disclosures Topic of the FASB ASC requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market assuming an orderly transaction between market participants. The Fair Value Measurements and Disclosures Topic established market (observable inputs) as the preferred source of fair value to be followed by the Company’s assumptions of fair value based on hypothetical transactions (unobservable inputs) in the absence of observable market inputs.

Based upon the above, the following fair value hierarchy was created:

Level 1 — Quoted market prices for identical instruments in active markets,

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

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

A summary of the fair value of the Company's derivative instruments, their impact on t he consolidated statements of operations and comprehensive income and the amounts reclassified from other comprehensive income is as follows (in thousands):

Cash Flow Hedging Instruments	September 30, 2010			For the Three Months Ended September 30, 2010		
	Balance Sheet Location	Notional Amount	Fair Value Asset/ (Liability)	Income Statement Account Gains/ Losses Charged	Amount Income (Expense) Recognized In Income	Amount Gains (Losses) Recognized In OCI
Interest Rate Swap	n/a	$ —	$ —	n/a	$ —	$ —

Cash Flow Hedging Instruments	September 30, 2010			For the Six Months Ended September 30, 2010		
	Balance Sheet Location	Notional Amount	Fair Value Asset/ (Liability)	Income Statement Account Gains/ Losses Charged	Amount Income (Expense) Recognized In Income	Amount Gains (Losses) Recognized In OCI
Interest Rate Swap	n/a	$ —	$ —	n/a	$ —	$ —

Cash Flow Hedging Instruments	September 30, 2009			For the Three Months Ended September 30, 2009		
	Balance Sheet Location	Notional Amount	Fair Value Asset/ (Liability)	Income Statement Account Gains/ Losses Charged	Amount Income (Expense) Recognized In Income	Amount Gains (Losses) Recognized In OCI
Interest Rate Swap	Other Accrued Liabilities	$ 125,000	$ (1,572)	Interest Expense	$ (729)	$ 444

Cash Flow Hedging Instruments	September 30, 2009			For the Six Months Ended September 30, 2009		
	Balance Sheet Location	Notional Amount	Fair Value Asset/ (Liability)	Income Statement Account Gains/ Losses Charged	Amount Income (Expense) Recognized In Income	Amount Gains (Losses) Recognized In OCI
Interest Rate Swap	Other Accrued Liabilities	$ 125,000	$ (1,572)	Interest Expense	$ (1,260)	$ 580

The determination of fair value is based on closing prices for similar instruments traded in liquid over-the-counter markets. The changes in the fair value of this interest rate swap were recorded in Accumulated Other Comprehensive Income in the balance sheet due to its designation as a cash flow hedge. As the interest swap agreement terminated on March 26, 2010, the ending balance in Accumulated Other Comprehensive Income on the Consolidated Balance Sheet as of March 31, 2010 is $0.

At September 30, 2010 and March 31, 2010, the Company was not a party to any outstanding interest rate swap agreements.

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 r elatively short maturity of these amounts.

At September 30, 2010 and March 31, 2010, the carrying value of the 2010 Senior Term Loan was $145.5 million and $150.0 million, respe ctively. The terms of the facility provide that the interest rate is adjusted, at the Company's option, on either a monthly or quarterly basis, to the prime rate plus a margin of 2.25% or LIBOR, with a floor of 1.50%, plus a margin of 3.25%. The market value of the Company's 2010 Senior Term Loan was approximately $145.7 million and $150.8 million at September 30, 2010 and March 31, 2010, respectively.

At September 30, 2010 and March 31, 2010, the carrying value of the Company's 2010 Senior Notes was $150.0 million. The market value of these notes was approximately $155.3 million and $152.3 million at September 30, 2010 and March 31, 2010, respectively. The market values have been determined from market transactions in the Company's debt securities. Also at March 31, 2010, the Company maintained a residual balance of $28.1 million relating to the Senior Subordinated Notes, all of which was redeemed on April 15, 2010 at par value.

12. Stockholders' Equity

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

Each share of common stock has the right to one vote on all matters submitted to a vote of stockholders. The holders of common stock are also entitled to receive dividends whenever funds are legally available and when declared by the Board of Directors, subject to prior rights of holders of all classes of stock outstanding having priority rights as to dividends. No dividends have been declared or paid on the Company's common stock through September 30, 2010.

There were no share repurchases during the year ended March 31, 2010. During the three and six month periods ended September 30, 2010, the Company received 7,000 shares of common stock from employees in satisfaction of applicable withholding taxes payable upon vesting of restricted common stock on May 25, 2010. The average price of the shares used to satisfy these withholding obligations was $7.51 per share. All of such shares have been recorded as treasury stock.

13. Comprehensive Income

The following table describes the components of comprehensive income for the three and six month periods ended September 30, 2010 and 2009 (in thousands):

	Three Mont hs Ended September 30	
	2010	**2009**
Components of Comprehensive Income		
Net income	$ 11,022	$ 9,923
Unrealized gain on interest rate swaps, net of income tax of $168 (2009)	—	276
Comprehensive Income	$ 11,022	$ 10,199

	Six Months Ended September 30	
	2010	**2009**
Components of Comprehensive Income		
Net income	$ 20,628	$ 18,248
Unrealized gain on interest rate swaps, net of income tax of $220 (2009)	—	360
Comprehensive Income	$ 20,628	$ 18,608

14. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share (i n thousands, except per share data):

	2009			
	Three Months Ended September 30		Six Months Ended September ;30	
	2010	2010	2009	
Numerator				
Income from continuing operations	$ 11,410	$ 8,875	$ 20,618	$ 16,203
Income from discontinued operations and loss on sale of discontinued operations	(388)	1,048	10	2,045
Net income	$ 11,022	$ 9,923	$ 20,628	$ 18,248
Denominator				
Denominator for basic earnings per share — weighted average shares	50,053	50,012	50,045	49,997
Dilutive effect of unvested restricted common stock (including restricted st ock units) and options issued to employees and directors	88	43	78	83
Denominator for diluted earnings per share	50,141	50,055	50,123	50,080
				&n bsp;
Earnings per Common Share:				
Basic earnings per share from continuing operations	$ 0.23	$ 0.18	$ 0.41	$ 0.32
Basic earnings per share from discontinued operations	(0.01)	0.02	—	0.04
Basic net earnings per share	$ 0.22	$ 0.20	$ 0.41	$ 0.36
Diluted earnings per share from continuing operations	$ 0.23	$ 0.18	$ 0.41	$0.32
Diluted earnings per share from discontinued operations	(0.01)	0.02	—	0.04
Diluted net earnings per share	$ 0.22	$ 0.20	$ 0.41	$ 0.36

At September 30, 2010, 280,492 shares of restricted stock granted to employees and directors, including restricted stock units, subject only to time vesting, were unvested and excluded from the calculation of basic earnings per share; however, such shares were included in the calculation of diluted earnings per share. Additionally, 73,266 shares of restricted stock granted to employees have be en excluded from the calculation of both basic and diluted earnings per share because vesting of such shares is subject to contingencies that were not met as of September 30, 2010. Lastly, at September 30, 2010, there were options to purchase 1,508,592 shares of common stock outstanding that were not included in the computation of diluted earnings per share because their exercise price was greater than the average market price of the common stock over the three month period ended September 30, 2010, and therefore, their inclusion would be antidilutive.

At September 30, 2009, 209,952 shares of restricted stock granted to employees and directors, subject only to time-vesting, were unvested and excluded from the calculation of basic earnings per share; however, such shares were included in the calculation of diluted earnings per share. Additionally, 101,802 shares of restricted stock granted to employees have been excluded from the calculation of both basic and diluted earnings per share because vesting of such shares is subject to contingencies that were not met as of September 30, 2009. Lastly, at September 30, 2009, there were options to purchase 1,391,172 shares of common stock outstanding that were not included in the computation of diluted earnings because their exercise price was greater than the average market price of the common stock over the three month period ended September 30, 2009, and therefore, their inclusion would be antidilutive.

15. Share-Based Compensation

In connection with the Company's initial public offering, the Board of Directors adopted the 2005 Long-Term Equity Incentive Plan (the “Plan”) which provides for the grant, up to a m aximum of 5.0 million shares, of restricted stock, stock options, restricted stock units, deferred stock units and other equity-based awards. Directors, officers and other employees of the Company and its subsidiaries, as well as others performing services for the Company, are eligible for grants under the Plan. The Company believes that such awards better align the interests of its employees with those of its stockholders.

During the six month period ended September 30, 2010, net compensation costs charged against income and the related income tax benefit recognized were $1.7 million and $666,000, r espectively. During the six month period ended September 30, 2009, net compensation costs charged against income and the related income tax benefit recognized were $848,000 and $321,000, respectively.

Restricted Shares
Restricted shares granted to employees under the Plan generally vest in 3 to 5 years, contingent on attainment by the Company of revenue and earnings before income taxes, depreciation and amortization growth targets, or the attainment of certain time vesting thr esholds. The restricted share awards provide for accelerated vesting if there is a change of control, as defined in the the Plan or agreement pursuant to which the awards were made. The fair value of nonvested restricted shares is determined as the closing price of the Company's common stock on the day preceding the grant date. The weighted-average fair value of restricted shares granted during the six month periods ended September 30, 2010 and 2009 were $8.85 and $7.16, respectively.

A summary of the Company's restricted shares (including restricted stock units) granted under the Plan is presented below:

Restricted Shares	**Shares (in thousands)**		**Weighted-Average Grant-Date Fair Value**
Nonvested at March 31, 2010< /font>	287.1	< div style="text-align:left;font-size:10pt;">$	8.86
Granted	130.2		8.85
Vested	(48.5)		9.23
Forfeited	(15.0)		10.45
Nonvested at September 30, 2010	353.8		8.74
Nonvested at March 31, 2009	342.4		11.31
Granted	171.6	7.16	
Vested	(47.8)		10.97
Forfeited	(152.2)	11.54	
Nonvested at September 30, 2009	314.0		8.94

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

The fair value of each option award is estimated on the date of grant using the Black-Scholes Option Pricing Model that uses the assumptions noted in the following table. Expected volatilities are based on the historical volatility of the Company's common stock and other factors, including the historical volatilities of comparable companies. The Company uses appropriate historical, 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 valua tion. The expected terms of the options granted are derived from management's estimates and consideration of information derived from the public filings of companies similar to the Company and represent the period of time that options granted are expected to be outstanding. The risk-free rate represents the yield on U.S. Treasury bonds with a maturity equal to the expected term of the granted option. T he weighted-average grant-date fair value of the options granted during the six month periods ended September 30, 2010 and 2009 were $4.81 and $3.64, respectively.

	Six Months Ended September 30	
	2010	2009
Expected volatility	52.7%	45.6%
Expected dividends	$ —	$ —
Expected term in years	6.5	7.0
Risk-free rate	3.4%	2.8%

A summary of option activity un der the Plan is as follows:

Options	Shares (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual< /div> Term	Aggregate Intrinsic Value (in thousands)
Outstanding at March 31, 2009	662.6	$ 11.65	8.8	$ —
Granted	1,125.0< font style="font-family:inherit;font-size:10pt;">	7.16	10.0	—
Exercise d	—	—	—	—
Forfeited or expired	(142.6)	11.26	1.5	—
Outstanding at September 30, 2009	1,645.0	8.61	9.4	—
Outstanding at March 31, 2010	1,584.2	8.50	8.9	—
Granted	362.1	9.03	9.5	311.4
Exercised	—	—	—	—
Forfeited or expired	(26.8)	10.44	7.1	—
Outstanding at September 30, 2010	1,919.5	8.57	8.6	2,533.7
Exercisable at September 30, 2010	616.4	10.18	7.8	—

Since the Company's closing stock price of $9.89 at September 30, 2010 exceeded the weighted-average exercise price of the outstanding options, the aggregate intrinsic value of the outstanding options was $2.5 million at September 30, 2010. Since the weighte d-average exercise price of the outstanding options exceeded the Company's closing stock price of $7.04 at September 30, 2009, the aggregate intrinsic value of outstanding options was $0 at September 30, 2009.

At September 30, 2010, there were $4.8 million of unrecognized compensation costs related to nonvested share-based compensation arrangements under the Plan based on management's estimate of the shares that will ultimately vest. The Company expects to recognize such costs over a weighted average period of 3.2 years. However, certain of the restricted shares vest upon the attainment of Company p erformance goals and if such goals are not met, no compensation costs would ultimately be recognized and any previously recognized compensation cost would be reversed. The total fair value of shares vested during the six months ended September 30, 2010 and 2009 was $448,000 and $525,000, respectively. There were no options exercised during either of the six month periods ended September 30, 2010 and 2009; hence, there were no tax benefits realized during these periods. At September 30, 2010, there were 2.6 million shares available for issuance under the Plan.

16. Income Taxes

Income taxes are recorded in the Company's quarterly financial statements based on the Company's estimated annual effective income tax rate subject to adjustments for discrete events should they occur. The effective tax rates used in the calculation of income taxes were 38.2% and 37.9%, respectively, for the three and six month periods ended September 30, 2010 and 2009.
& nbsp;
At September 30, 2010, Medtech Products Inc., a wholly-owned subsidiary of the Company, had a net operating loss

carryforward of approximately $1.9 millio n which may be used to offset future taxable income of the consolidated group and which begins to expire in 2020. The net operating loss carryforward is subject to an annual limitation as to usage pursuant to Internal Revenue Code Section 382 of approximately $240,000.

Uncertain tax liability activity is as follows:

(In thousands)		2010		2009
Balance — March 31	$	315	$	225
Adjustments based on tax positions related to the curre nt year		—		—
Balance — September 30	$	315	$	225

The Company recognizes interest and penalties related to uncertain tax positions as a component of income tax expense. The Company does not anticipate any significant events or circumstances that would cause a change to these uncertainties during the ensuing year. For the three and six months ended September 30, 2010 and 2009, the Company did not incur or recognize any material interest or penalties related to income taxes.

17. Commitments and Contingencies

San Francisco Technology Inc. Litigation

On April 5, 2010, Medtech Products Inc. ("Medtech"), a wholly-owned subsidiary of the Company, was served with a Complaint filed by San Francisco Technology Inc. (“SFT”) in the U.S. District Court for the Northern District of California, San Jose Division (the "California Court"). In the Complaint, SFT asserted a qui tam action against Medtech alleging false patent markings with the intent to deceive the public regarding Medtech's two *Dermoplast*® products. Medtech filed a Motion to Dismiss or Stay and a Motion to Sever and Transfer Venue to the U.S. District Court for the Southern District of New York (the "New York Court").

On July 19, 2010, the California Court issued an Order in which it severed the action as to each and every separate defendant (including Medtech). In addition, in the Order the California Court transferred the action against Medtech to the New York Court.

On October 25, 2010, Medtech filed with the New York Court a Motion to Dismiss, or in the Alternative, to Stay, the action brought by SFT which, on August 11, 2010, was transferred to the New York Court from the California Court. Medtech intends to vigorously defend against the action.

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

Lease Commitments

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

The following summarizes future minimum lease payments for the Company's operating leases (in thousands) as of September 30, 2010:

Year Ending September 30	Facilities	Equipment	Tota l
2011	$ 715	$ 81	$ 796
2012	610	54	664
2013	587	37	624
2014	348	—	348
Thereafter	—	—	—
	$ 2,260	$ 172	$ 2,432

Rent expense for the three months ended September 30, 2010 and 2009 was $201,000 and $158,000, respectively, while rent expense for the six months ended September 30, 2010 and 2009 was $406,000 and $348,000, respectively.

Purchase Commitments

The Company has entered into a 10 year supply agreement for the exclusive manufacture of a portion of one of its household cleaning brands. Although the Company is committed under the supply agreement to pay the minimum amounts set forth in the table below, the total commitment is less than 10 percent of the estimated purchases that are expected to be made during the course of the agreement.

(In thousands)

Year Ending September 30	
2011	$ 10,687
2012	1,971
2013	1,151
2014	1,120
2015	1,090
Thereafter	4,131
	$ 20,150

18. Concentrations of Risk

The Company's sales are concentrated in the areas of over-the-counter healthcare and household cleaning products. The Company sells its products to mass merchandisers, food and drug accounts, and dollar and club stores. During the three and six month periods ended September 30, 2010, approximately 65.3% and 66.7%, respectively, of the Company's total sales were derived from its four major brands, while during the thre e and six month periods ended September 30, 2009 approximately 65.9% and 65.8%, respectively, of the Company's total sales were derived from its four major brands. During the three and six month periods ended September 30, 2010, approximately 21.5% and 22.5%, respectively, of the Company's sales were made to one customer, while during the three and six month periods ended September 30, 2009, approximately 24.6% and 25.3%, respectively, of sales were to this customer. At September 30, 2010, approximately 17.9% of accounts receivable were owed by the same customer.

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

At September 30, 2010, the Company had relationships with over 37 third party manufacturers. Of those, the Company had long-term contracts with 18 manufacturers that produced items that accounted for approximately 58.9% of gross sales for the six months ended September 30, 2010. At September 30, 2009, the Company had relationships with over 38 third party manufacturers. Of those, the Company had long-term contracts with 19 manufacturers that produced items that accounted for approximately 58.9% of gross sales for the six months ended September 30, 2009. The fact that the Company does not have long term contracts with certain manufacturers means they could cease producing these products at any time and for any reason, or initiate arbitrary and costly price increases which could have a material adverse effect on the Company's business, financial condition and results from operations.

19. Business Segments

Segment information has been prepared in accordance with the Segment Topic of the FASB ASC. As fully described in Note 3, on September 1, 2010, the Company sold certain assets related to its nail polish remover brand previously included in its Personal Care segment to an unrelated third party. The sold assets comprised a substantial majority of the assets in the Personal Care segment. The remaining assets and revenue generated do not constitute a reportable segment under the Segment Reporting topic of the FASB ASC. The Company reclassified the remaining assets and results to the Over-the-Counter Healthcare segment for all periods presented. The Company's operating and reportable segments now consist of (i) Over-the-Counter Healthcare and (ii) Household Cleaning.

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

The tables below summarize information about the Company's operating and reportable segments.

	For the Three Months End ed September 30, 2010		
	Over-the-Counter Healthcare	**Household Cleaning**	**Consolidated**
(In thousands)			
Net sales	$ 50,658	$ 26,830	$ 77,488
Other revenues	181	634	815
Total revenues	50,839	27,464	78,303
Cost of sales	17,798	17,915	35,713
Gross profit	33,041	9,549	42,590
Advertising and promotion	6,912	1,328	< font style="font-family:inherit;font-size:10pt;">8,240
Contribution margin	$ 26,129	$ 8,221	34,350
Other operating expenses			10,514
Operating income			23,836
Other expense			5,373
Provision for income taxes			7,053
Income from continuing operations			11,410
Income from discontinued operations, net of income tax			162
Loss on sale of discontinued operations, net of income tax benefit			(550)
Net income			$ 11,022

	For the Six Months Ended September 30, 2010		
	Over-the-Counter Healthcare	**Household Cleaning**	**Consolidated**
(In thousands)			
Net sales	$ 95,364	$52,645	$ 148,009
Other revenues	195	1,334	1,529
Total revenues	95,559	53,979	149,538
Cost of sales	33,649	35,328	68,977
&nb sp;			

Gross profit	61,910	18,651	80,561
Advertising and promotion	12,075	3,651	15,726
	&n bsp;		
Contribution margin	$ 49,835	$ 15,000	64,835
Other operating expenses			20,337
	&n bsp;		
Operating income			44,498
Other expense			11,135
Provision for income taxes			12,745
Income from continuing operations			20,618
Income from discontinued operations, net of income tax			560
Loss on sale of discontinued operations, net of income tax benefit			(550)
Net income			$ 20,628

< /tr>

	For the Three Months Ended September 30, 2009		
(In thousands)	Over-the-Counter Healthcare	Household Cleaning	Consolidated
Net sales	$ 51,706	$ 28,602	$ 80,308
Other revenues	10	411	421
Total revenues	51,716	29,013	80,729
Cost of sales	19,453	18,483	37,936
Gross profit	32,263	10,530	42,793
Advertising and promotion	7,390	2,285	9,675
Contribution margin	$ 24,873	$ 8,245	33,118
Other operating expenses			13,184
Operating income			19,934
Other expense		< /font>	5,642
Provision for income taxes			5,417
Income from continuing operations			8,875
Income from discontinued operations, net of income tax			1,048
Net income			$ 9,923

	For the Six Months Ended September 30, 2009		
(In thousands)	**Over-the-Counter Healthcare**	**Household Cleaning**	**Consolidated**
Net sales	$ 92,362	$ 55,443	$ 147,805
Other revenues	20	1,017	1,037
Total revenues	92,382	56,460	148,842
Cost of sales	33,242	36,284	69,526
Gross profit	59,140	20,176	79,316
Advertising and promotion< /font>	14,139	4,204	18,343
Contribution margin	$ 45,001	$ 15,972	60,973
Other operating expenses			23,586
Operating income	< div style="text-align:right;font-size:10pt;">		37,387
Other expense	< /div>		11,295
Provision for income taxes			9,889
Income from continuing operations			16,203
Income from discontinued operations, net of income tax			2,045
Net income			$ 18,248

During the three and six month periods ended September 30, 2010, approximately 95.6% and 95.8%, respectively, of the Company's sales were made to custome rs in the United States and Canada, while during the three and six month periods ended September 30, 2009, approximately 94.7% and 95.7%, respectively, of sales were made to customers in the United States and Canada. Other than the United States, no individual geographical area accounted for more than 10% of net sales in any of the periods presented.

At September 30, 2010, substantially all of the Company's long-term assets were located in the United States and have been allocated to the operating segments as follows:

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549,855

(In thousands)	**Over-the-Counter Healthcare**	**Hou sehold Cleaning**	**Consolidated**
Goodwill	$ 104,100	$ 7,389	$ 111,489
Intangible assets			
Indefinite-lived	334,750	119,821	454,571
Finite-lived	63,013	32,271	95,284
	397,763	152,092	
	$ 501,863	$ 159,481	$ 661,344

20. Condensed Consolidating Financial Statements

As described in Note 10, the Company, together with certain of its wholly-owned subsidiaries, have fully and unconditionally guaranteed, on a joint and several basis, the obligations of Prestige Brands, Inc. (a wholly-owned subsidiary of the Company) set forth in that certain Indenture dated March 24, 2010, including, without limitation, the obligation to pay principal and interest with respect to the 2010 Senior Notes . The wholly-owned subsidiaries of the Company which have guaranteed the 2010 Senior Notes are as follows: Prestige Personal Care Holdings, Inc., Prestige Personal Care, Inc., Prestige Services Corp., Prestige Brands Holdings, Inc. (a Virginia corporation), Prestige Brands International, Inc., Medtech Holdings, Inc., Medtech Products Inc., The Cutex Company, The Denorex Company and The Spic and Span Company (collectively, the "Subsidi ary Guarantors"). A significant portion of the Company's operating income and cash flow is generated by its subsidiaries. As a result, funds necessary to meet Prestige Brands, Inc.'s debt service obligations are provided in part by distributions or advances from the Company's subsidiaries. Under certain circumstances, contractual and legal restrictions, as well as the financial condition and operating requirements of the Company's subsidiaries, could limit Prestige Brands, Inc.'s ability to obtain cash from the Company's subsidiaries for the purpose of meeting its debt service obligations, including the payment of principal and interest on the 2010 Senior Notes. Although holders of the 2010 Senior Notes will be direct creditors of the guarantors of the 2010 Senior Notes by virtue of the guarantees, the Company has indirect subsidiaries located primarily in the United Kingdom and in the Netherlands (collectively, the "Non-Guarantor Subsidiaries") that have not guaranteed the 2010 Senior Notes, and such subsid iaries will not be obligated with respect to the 2010 Senior Notes. As a result, the claims of creditors of the Non-Guarantor Subsidiaries will effectively have priority with respect to the assets and earnings of such companies over the claims of the holders of the 2010 Senior Notes.

Presented below are supplemental condensed consolidating balance sheets as of September 30, 2010 and March 31, 2010 and condensed consolidating statements of operations for the three and si x month periods ended September 30, 2010 and 2009, and condensed consolidating statements of cash flows for the six month periods ended September 30, 2010 and 2009. Such consolidating information includes separate columns for:

a) Prestige Brands Holdings, Inc., the parent,
b) Prestige Brands, Inc., the issuer,
c) Combined Subsidiary Guarantors,
d) Combined Non-Guarantor Subsidiaries,
e) Elimination entries necessary to consolidate the Company and all of its subsidiaries.

The condensed consolidating financial statements are presented using the equity method of accounting for investments in wholly-owned subsidiaries. Under the equity method, the investments in subsidiaries are recorded at cost and adjusted for our share o f the subsidiaries' cumulative results of operations, capital contributions, distributions and other equity changes. The elimination entries principally eliminate investments in subsidiaries and intercompany balances and transactions. The financial information in this footnote should be read in conjunction with the consolidated financial statements presented and other notes related thereto.

Condensed Consolidating Statement of Operations
Three Months Ended September 30, 2010

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17,767

(In thousands)	**Prestige Brands Holdings, Inc.**	**Prestige Brands, Inc., the issuer**	**Combined** Subsidiary **Guarantors**	**Combined Non-guarantor Subsidiaries**	**Eliminations**	**Consolidated**
Revenues	$ —	$ 49,713	$ 26,830	$ 945	$ —	$ 77,488
Other Revenue	—	181 < /td>	634	513	(513)	815
Total Revenue	—	49,894	27,464	1,458	(513)	78,303
Cost of Sales						
Cost of Sales (exclusive of depreciation)	—	17,980	17,915	331	(513)	35,713
Gross Profit	—	31,914	9,549	1,127	—	42,590
Advertising and promotion	—	6,651	1,328	261	—	8,240
General and administrative	(25)	5,677	2,811	(362)	—	8,101
Depreciation and amortization	115	1,819	463	16	—	2,413
Total operating expenses	90	14,147	4,602	(85)	—	18,754
Operating income (loss)	(90)	4,947	1,212	—	23,836	
& nbsp;						
Other (income) expense						
Interest income	(13,095)	(2,322)	—	(25)	15,442< /font>	—
Interest expense	—	17,254	3,561	—	(15,442)	5,373
Equity in income of subsidiaries	(3,026)	—	—	—	3,026	—
Total other (income) expense < div style="overflow:hidden;font-size:10pt;">	(16,121)	14,932	3,561	(25)	3,026	5,373
Income (loss) from continuing operations before income taxes	16,031	2,835	1,386	1,237	(3,026)	18,463
Provision for income taxes	5,009	1,302	529	213	—	7,053
Income (loss) from continuing operations	11,022	1,533	857	1,024	(3,026)	11,410
Discontinued operations						
Income from discontinued operations, net of income tax	—	161	1	—	—	162
Loss on sale of discontinued operations, net of income tax benefit	—	(550)	—	—	—	(550)
Net income (loss)	$ 11,022	$ 1,144	$ 858	$ 1,024	$ (3,026)	$ 11,022

Condensed Consolidating Statement of Operations
Three Months Ended September 30, 2009

3,586

(In thousands)	**Prestige Brands Holdings, Inc.**	**Prestige Brands, Inc., the issuer**	**Combined Subsidiary Guarantors**	**Combined Non-guarantor Subsidiaries**	**Eliminations**	**Consolidated**
Revenues	$ —	$ 50,417	$ 28,601	$ 1,290	$ —	$ 80,308
Other Revenue	—	9	412	491	(491)	421
Total Revenue	—	50,426	29,013	1,781	(491)	80,729
< /td>						
Cost of Sales						
Cost of Sales (exclusive of depreciation)	— < /div>	19,418	18,483	526	(491)	37,936
Gross Profit	—	31,008	10,530	1,255	—	42,793
Advertising and promotion	—	6,998	2,285	392	—	9,675
General and administrative	(86)	6,492	4,043	32	&mdash ;	10,481
Depreciation and amortization	91	2,122	472	18	—	2,703
Total operating expenses	5	15,612	6,800	442	—	22,859
Operating income (loss)	(5)	15,396	3,730	813	—	19,934
Other (income) expense						
Interest income	(13,185)	(2,330)	—	(33)	15,548	—
Interest expense	—	17,604	3,586	—	(15,548)	5,642
Equity in income of subsidiaries	< font style="font-family:inherit;font-(1,742size:8pt;">)	—	—	—	1,742	—
Total other (income) expense	(14,927)	15,274		(33)	1,742	5,642
Income (loss) from continuing operations before income taxes	14,922	122	144	846	(1,742)	14,292
			<			
Provision for income taxes	4,999	151	55	212	—	5,417
Income (loss) from continuing operations	9,923	(29)	89	634	(1,742)	8,875
Discontinued operations						
Income from discontinued operations, net of income tax	—	939	109	—	—	1,048
Net income (loss)	$ 9,923	$ 910	$ 198	$ 634	$ (1,742)	$ 9,923

Condensed Consolidating Statement of Operations
Six Months Ended September 30, 2010

(In thousands)	Prestige Brands Holdings, Inc.	Prestige Brands, Inc., the issuer	Combined Subsidiary Guarantors	Combined Non-guarantor Subsidiaries	Eliminations	Consolidated
Revenues	$ —	$ 93,682	$ 52,645	$ 1,682	$ —	$ 148,009
Other Revenue	—	195	1,334	990	(990)	1,529
Total Revenue	—	93,877	53,979	2,672	(990)	149,538
Cost of Sales						
Cost of Sales (exclusive of depreciation)	—	34,017	35,328< /div>	622	(990)	68,977
Gross Profit	—	59,860	18,651	2,050	—	80,561
Advertising and promotion	—	11,632	3,651	443	—	15,726
General and administrative	(151)	10,205	5,399	61	—	15,514
Depreciation and amortization	226	3,638	926	33	—	4,823
Total operating expenses	75	25,475	9,976	537	—	36,063
Operating income (loss)	(75)	34,385	8,675	1,513 < /td>	—	44,498
Other (income) expense						
Interest income	(26,070)	(4,625)	—	(47)	30,742	—
Interest expense	—	34,487	7,090	—	(30,742)	10,835
Loss on extinguishment of debt	—	300	—	—	—	300
Equity in income of subsidiaries	(4,622)	—	—	—	4,622	—
Total other (income) expense	(30,692)	30,162	7,090	(47)	4,622	11,135
Income (loss) f rom continuing operations before income taxes	30,617	4,223	1,585	1,560	(4,622)	33,363
					< div style="overflow:hidden;height:16px;font-size:10pt;">	
Provision for income taxes	9,989	1,771	605	380	—	12,745
Income (loss) from continuing operations	20,628	2,452	980	1,180	(4,622)	20,618
Discontinued operations						
Income (loss) from discontinued operations, net of income tax	—	563	(3)	—	—	560
Loss on sale of discontinued operations, net on income tax benefit	—	(550)	—	—	—	(550)
Net income (loss)	$ 20,628	$ 2,465	$ 977	$ 1,180	$ (4,622)	$ 20,628

Condensed Consolidating Statement of Operations
Six Months Ended September 30, 2009

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(In thousands)	**Prestige** Brands **Holdings, Inc.**	**Prestige Brands, Inc., the issuer**	**Combined Subsidiary Guarantors**	**Combined Non-guarantor Subsidiaries**	**Eliminations**	**Consolidated**
Revenues	$ —	$ 90,606	$ 55,443	$ 1,756	$ —	$ 147,805
Other Revenue	—	20	1,017	798	(798)	1,037
Total Revenue	< div style="text-align:right;font-size:8pt;">—	90,626	56,460	2,554	(798)	148,842
Cost of Sales						
Cost of Sales (exclusive of depreciation)	—	33,340	36,284	700	(798)	69,526
Gross Profit	—	57,286	20,176	1,854	—	&nbs 79,316p;
Advertising and promotion	—	13,597	4,204	542	—	18,343
General and administrative	(247)	11,770	7,330	(178)	—	18,675
Depreciation and amortization	178	3,754	945	34	—	4,911
Total operating expenses (income)	(69)	29,121	12,479	398	—	41,929
Operating income	69	28,165	7,697	1,456	—	37,387
Other (income) expense						
Interest income	(26,249)	(4,645)	—	(60)	30,954	—
Interest expense	—	35,110	7,139	—	(30,954)	11,295
Equity in income of subsidiaries	(1,971)	—	—	—	1,971	—
Total other (income) expense	(28,220)	30,465	7,139	(60)	1,971	11,295
Income (loss) from continuing operations before income taxes	28,289	(2,300)	558	1,516	(1,971)	26,092
Provision (benefit) for income t axes	10,041	(668)	212	304	—	9,889
Income (loss) from continuing operations	18,248	(1,632)	346	1,212	(1,971)	16,203
Discontinued operations			< font style="font-family:inherit;font-size:10pt;">			
Income from discontinued operations, net of income tax	—	1,823	222	—	—	2,045
Net income (loss)	$ 18,248	$ 191	$ 568	$ 1,212	$ (1,971)	$ 18,248

Condensed Consolidating Balance Sheet
September 30, 2010

< td style="vertical-align:bottom;background-color:#cceeff;padding-left:2px;padding-top:2px;padding-bottom:2px;padding-right:2px;">

(In thousands)	Prestige Brands Holdings, Inc.	Prestige Brands, Inc., the issuer	Combined Subsidiary Guarantors	Combined Non-guarantor Subsidiaries	Eliminations	Consolidated
Assets					&nb sp;	
Current assets						
Cash and cash equivalents	$ 54,323	$ —	$ —	$ 709	$ —	$ 55,032
Accounts receivable	1,013	20,369	9,911	963	—	32,256
Inventories	—	16,397	7,746	854	—	24,997
Deferred income tax assets	2,658	3,577	427	1	—	6,663
Prepaid expenses and other current assets &nb sp;	2,190	854	157	2	—	3,203
Current assets of discontinued operations	—	14	—	—	—	14
Total current assets	60,184	41,211	18,241	2,529	—	122,165
Property and equipment	847	118	224	18	—	1,207
Goodwill	—	104,099	7,390	&m dash;	—	111,489
Intangible assets	—	397,296	152,092	467	—	549,855
Other long-term assets	—	6,456	—	—	—	6,456
Intercompany receivable	716,220	736,784	92,165	4,944	(1,550,113)	—
Investment in subsidiary	456,119	—	—	—	(456,119)	—
Total Assets	$ 1,233,370	$ 1,285,964	$ 270,112	$ 7,958	$ (2,006,232)	$ 791,172
Liabilities and Stockholders' Equity						
Current liabilities						
Accounts payable	$ 1,694	$ 6,701	$ 4,730	$ 855	$ —	$ 13,980
Accrued interest payable	—	6,428	—	—	—	6,428
Other accrued liabilities	(1,129)	15,957	(5,152)	236	—	9,912
Current portion of long-term debt	—	1,500 < /div>	—	—	—	1,500
Total current liabilities	565	30,586	(422)	1,091	—	31,820
Long-term debt						
Principal amount	—	294,000	—	—	—	294,000
Less unamortized discount	—	(3,658)	—	—	—	(3,658)
Long-term debt, net of unamortized discount	—	290,342	—	&mdash ;	—	290,342
< /td>					&n bsp;	
Deferred income tax liabilities	(5)	95,411	22,129	95	—	117,630
Intercompany payable	713,618	661,864	173,906	725	(1,550,113)	—
Intercompany equity in subsidiaries	167,812	—	—	—	(167,812)	—
		&nb				
Total Liabilities	881,990	1,078,203	195,613	1,911	(1,717,925)	439,792
Stockholders' Equity						
Common Stock	502	—	—	—	—	< /div> 502
Additional paid-in capital	385,771	337,458 < /td>	118,637	24	(456,119)	385,771
Treasury stock	(114)	—	—	—	—	(114)
Retained earnings (accumulated deficit)	(34 ,779)	(135,424)	(44,138)	11,750	167,812	(34,779)
Intercompany dividends	—	5,727	—	(5,727)	—	—
Total Stockholders' Equity	351,380	207,761	74,499	6,047	(288,307)	351,380
Total Liabilities and Stockholders' Equity	$ 1,233,370	$ 1,285,964	$ 270,112	$ 7,958	$ (2,006,232)	$ 791,172

Condensed Consolidating Balance Sheet
March 31, 2010

(In thousands)	Prestige Brands Holdings, Inc.	Prestige Brands, Inc., the issuer	Combined Subsidiary Guarantors	Combined Non-guarantor Subsidiaries	Eliminations	Consolidated
Assets		& nbsp;				
Current assets						
Cash and cash equivalents	$ 40,644	$ —	$ —	$ 453	$ —	$ 41,097
Acc ounts receivable	1,054	18,865	10,025	677	< font style="font-family:inherit;font-size:8pt;">—	30,621
Inventories	—	19,798	7,257	621	—	27,676
Deferred income tax assets	2,315	3,639	398	1	< —/td>	6,353
Prepaid expenses and other current assets	4,442	226	248	1	—	4,917
Current assets of discontinued operations	—	1,486	—	—	—	1,486
Total current assets	48,455	44,014< font style="font-family:inherit;font-size:10pt;">	17,928	1,753	—	112,150
Property and equipment	841	236	297	—		1,396
Goodwill	—	104,099	7,390	—	—	111,489
Intangible assets	—	400,900	152,964	495	—	< div style="text-align:right;font-size:8pt;">554,359
Other long-term assets	—< /font>	7,148	—	—	—	7,148
Long-term assets of discontinued operations	—	4,870	—	—	—	4,870
Intercompany receivable	712,224	729,069	90,251	3,989	(1,535,533)	—
Investment in subsidiary	456,119	—	—	—	(456,119)	—
Total Assets	$ 1,217,639	$ 1,290,336	$ 268,830	$ 6,259	$ (1,991,652)	$ 791,412
Liabilities and Stockholders' Equity						
Current liabilities						
Accounts payable	$ 2,526	$ 5,837	$ 4,060	$ 348	$ —	$ 12,771
Accrued interest payable	—	1,561	—	—	—	1,561
Other accrued liabilities	10,234	4,960	(3,476)	15	—	11,733
Current portion of long-term debt	—	29,587	—	—	—	29,587
Total current liabilities	12,760	41,945	584	363	—	55,652
Long-term debt						
Principal amount	—	298,500	—	—	—	298,500
Less unamortized discount	—	(3,943)	—	—	—	(3,943)
Long-term debt, net of unamortized discount	—	294,557	—	—	—	294,557
Deferred income tax liabilities	(4)	91,828	20,224	96	—	112,144
Intercompany payable	703,389	656,711	174,500	933	(1,535,533)	—
Intercompany equity in subsidiaries	172,435	—	—	—	(172,435)	—
Total Liabilities	888,580	1,085,041	195, 308	1,392	(1,707,968)	462,353
Stockholders' Equity						
Common Stock	502	—	—	—	—	502
Additional paid-in capital	384,027	337,458	118,637	24	(456,119)	384,027
Treasury stock	(63)	—	—	—	—	(63)

Retained earnings (accumulated deficit)	(55,407)	(137,890)	(45,115)	10,570	172,435		(55,407)
Intercompany dividends	—	5,727	—	(5,727)	—	& nbsp;	—
Total Stockholders' Equity	329,059	205,295	73,522	4,867	(283,684)		329,059
Total Liabilities and Stockholders' Equity	$ 1,217,639	$ 1,290,336	$ 268,830	$ 6,259	$ (1,991,652)		$ 791,412

Condensed Consolidating Statement of Cash Flows
Six Months Ended September 30, 2010

(In thousands)	Prestige Brands Holdings, Inc.	Prestige Brands, Inc., the issuer	Combined Subsidiary Guarantors	Combined Non-guarantor Subsidiaries	Eliminations	Consolidated
Operating Activities			& nbsp;			
Net income (loss)	$ 20,628	$ 2,465	$ 977	$ 1,180	$ (4,622)	$ 20,628
Adjustments to reconcile net income (loss) to net cash provided by operating activities:						
Depreciation and amortization	226	3,867	926	33	—	5,052
Loss on sale of discontinued operations	—	890	—	—	—	890
Deferred income taxes	(345)	3,645	1,877	(1)	—	5,176
Amortization of deferred financing costs	—	504	—	—	—	504
Stock-based compensation costs	1,744	—	—	—	—	1,744
Loss on extinguishment of debt	—	300	—	—	—	300
Amortization of debt discount	—	285	—	—	—	285
Loss on disposal of equipment	—	105	20	—	—	125
Changes in operating assets and liabilities						
Accounts receivable	41	(1,504)	114	(286)	—	(1,635)
Inventories	—	3,401	(489)	(233)	—	2,679
Inventories held for sale	—	1,100	—	—	—	1,100
Prepaid expenses and other current assets	2,252	(628)	91	(1)	—	1,714
Accounts payable	(832)	864	670	507	—	1,209
Accrued liabilities	(4,178)	8,679	(1,676)	221	—	3,046
Net cash provided by (used for) operating activities	19,536	23,973	2,510	1,420	(4,622)	42,817
Investing Activities						
Purchases of equipment	(230)	(22)	—	(2)	—	(254)
Proceeds from sale of discontinued operations	—	4,122	—	—	—	4,122
Net cash (used for) provided by investing activities	(230)	4,100	—	(2)	—	3,868
Financing Activities						
Payment of deferred financing costs	—	(112)	—	—	—	(112)
Repayment of long-term debt	—	(32,587)	—	—	—	(32,587)
Purchase of treasury stock	(51)	—	—	—	—	(51)
Intercompany activity, net	(5,576)	4,626	(2,510)	(1,162)	4,622	—
Net cash (used for) provided by financing activities	(5,627)	(28,073)	(2,510)	(1,162)	4,622	(32,750)
Increase in cash	13,679	—	—	256	—	13,935
Cash - beginning of year	40,644	—	—	453	—	41,097
Cash - end of year	$ 54,323	$ —	$ —	$ 709	$ —	$ 55,032

Condensed Consolidating Statement of Cash Flows
Six Months Ended September 30, 2009

(I n thousands)	Prestige Brands Holdings, Inc.	Prestige Brands, Inc., the issuer	&nb sp; Combined Subsidiary Guarantors	Combined Non-guarantor Subsidiaries	Eliminations	Consolidated
Operating Activities						
Net income (loss)	$ 18,248	$ 191	$ 568	$ 1,212	$ (1,971)	$ 18,248
Adjustments to reconcile net income (loss) to net cash provided by operating activities:						
Depreciation and amortization	179	4,328	1,543	34	—	6,084
Loss on sale of discontinued operations	—	—	—	—	—	—
Deferred income taxes	(552)	2,409	1,823	7	—	3,687
Amortization of deferred financing costs	—	956	—	—	—	956
Stock-based compensation costs	848	—	—	—	—	848
Loss on extinguishment of debt &nbs p;	—	—	—	—	—	—
Amortization of debt discount	—	—	—	—	—	—
Loss on disposal of equipment	—	—	—	—	—	—
Changes in operating assets and liabilities						
Accounts receivable	505	(3,734)	852	(750)	—	(3,127)
Inventories	< —/div>	713	122	(430)	—	405
Inventories held for sale	—	203	(121)	—	—	82
Prepaid expenses and other current assets	(780)	(236)	(85)	(1)	—	(1,102)
Accounts payable	525	2,199	2,197	625	—	5,546
Accrued liabilities	4,284	4,003	(306)	272	—	8,253
Net cash provided by (used for) operating activities	23,257	11,032	6,593	969	(1,971)	39,880
Investing Activities						
Purchases of equipment	(178)	(24)	—	(30)	—	(232)
Proceeds from sale of discontined operations	—	—	—	—	—	—
Net cash used for investing activities	(178)	(24)	—	(30)	—	(232)
Financing Activities						
Payment of deferred financing costs	—	—	—	—	—	—
Repayment of long-term debt	—	(40,000)	—	—	—	(40,000)
Purchase of treasury stock	—	—	—	—	—	—
Intercompany activity, net	(23,343)	28,992	(6,593)	(1,027)	1,971	—
Net cash (used for) provided by financing activities	(23,343)	(11,008)	(6,593)	(1,027)	1,971	(40,000)
Increase (decrease) in cash	(264)	—	—	(88)	< div style="text-align:right;font-size:8pt;">—	(352)
Cash - beginning of year	34,458	—	—	723	—	35,181
Cash - end of year	$ 34,194	$ —	$ —	$ 635	$ —	$ 34,829

21. Subsequent Events

In October 2010, the Company received the remaining $1 mil lion relating to the sale of certain assets related to its shampoo brands. The sale is more fully described in Note 3.

On November 1, 2010, the Company acquired 100% of the capital stock of Blacksmith for $190 million in cash, plus a working capital adjustment of $13.4 million. The acquisition is more fully described in Note 2.

On November 1, 2010, in connection with the acquisition of Blacksmith, the Company amended its then-existing debt agreements and increased the amounts outstanding thereunder as well as the amount available for borrowing under its revolving credit facility, all as more fully described in Note 10.

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

The following discussion of our financial condition and results of operations should be read together with the consolidated financial statements and the related notes included in this Quarterly Report on Form 10-Q, as well as our Annual Report on Form 10-K for the fiscal year ended March 31, 2010. 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, 2010, as well as those described in future reports filed with the SEC.

See also "Cautionary Statement Regarding Forward-Looking Statements" on page 52 of this Quarterly Report on Form 10-Q.

General

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

We have grown our brand portfolio by acquiring strong and well-recognized brands from larger consumer products and pharmaceutical companies, as well as other brands from smaller private companies. While the brands we have purchased from larger consumer products and pharmaceutical companies generally have had long histories of support and brand development, we believe that at the time we acquired them they were considered "non-core" by their previous owners and did not benefit from the focus of senior level management or strong marketing support. We believe that the brands we have purchased from smaller private companies have been constrained by the limited resources of their prior owners. After acquiring a brand, we seek to increase its sales, market share and distribution in both existing and new channels. We pursue this growth through increased spending on advertising and promotion, new marketing strategies, improved packaging and formulations and innovative new products.

Acquisition of Blacksmith Brands Holdings, Inc.

On November 1, 2010, the Company acquired 100% of the capital stock of Blacksmith Brands Holdings, Inc. ("Blacksmith") for $190 million in cash, plus a working capital adjustment of $13.4 million. In connection with this acquisition, Prestige acquired five leading consumer Over-the-Counter brands: Efferdent®, Effergrip®, PediaCare®, Luden's®, and NasalCrom®. These brands are complementary to the Company's existing Over-the-Counter brands. The Company expects that the acquisition of the five brands will enhance the Company's position in the Over-t he-Counter market. Additionally, the Company believes that these newly acquired brands will benefit from a targeted advertising and marketing program, as well as the Company's business model of outsourcing manufacturing and the elimination of redundant operations. The purchase price was funded by cash provided by the issuance of long term debt and additional bank borrowings, which are discussed further in Note 10 to the Consolidated Financial Statements. As of the date of this Quarterly Report on Form 10-Q, the Company has not yet completed the initial accounting for the acquisition, and the acquisition-date fair values of the acquired assets and assumed liabilities have not yet been determined.

Discontinued Operations and Sale of Certain Assets

On September 1, 2010, the Company sold certain assets related to the nail polish remover brand previously included in its Personal Care products segment to an unrelated third party. In accordance with the Discontinued Operations Topic of the ASC, the Company reclassified the related assets as assets of discontinued operations in the consolidated balance sheets as of September 30, 2010 and March 31, 2010, and reclassified the related operating results as discontinued operations in the consolidated financial statements and related notes for all periods presented. The Company recognized a loss of $890,000 on a pre-tax basis and $550,000 net of tax effects on the sale in the quarter ended September 30, 2010. The total sales price for the assets was $4.1 million, the proceeds for which were received upon closing. As the sold assets comprised a substantial majority of the assets in the Personal Care segment, the Company reclassified the remaining assets to the Over-the-Counter Healthcare segment for all periods presented.

In October 2009, the Company sold certain assets related to the shampoo brands previously included in its Personal Care products segment to an unrelated third party. In accordance with the Discontinued Operations Topic of the ASC, the Company reclassified the related assets as held for sale in the consolidated balance sheets as of March 31, 2009 and the Company

reclassified the related operating results as discontinued in the consolidated financial statements and related notes for all periods presented. The Company recognized a gain of $253,000 on a pre-tax basis and $157,000 net of tax effects on the sale in the quarter ended December 31, 2009. The total sales price for the assets was $9 million, subject to adjustments for inventory, as defined, with $8 million received upon closing. The remaining $1 million was received by the Company in October 2010.

The following table presents the assets related to the discontinued operations as of September 30, 2010 and March 31, 2010 (in thousands):

	September 30, 2010	March 31, 2010
Inventory	$ 14	$ 1,486
Intangible assets	—	4,870
Total assets of discontinued operations	$ 14	$ 6,356

The following table summarizes the results of disconti nued operations (in thousands):

	Three Months Ended September 30		Six Months Ended September 30	
	2010	2009	2010	2009
Components of Income				
Revenues	$ 1,769	$ 5,587	$ 3,943	$ 10,698
Income before income taxes	263	1,687	906	3,293

Three Month Period Ended September 30, 2010 compared to the Three Month Period Ended September 30, 2009

Revenues (in thousands)

< /div>	2010 Revenues	%	2009 Revenues	%	Increase (Decrease)	%
OTC Healthcare	$ 50,839	64.9	$ 51,716	64.1	$ (877)	(1.7)
Household Cleaning	27,464	35.1	29,013	35.9	(1,549)	(5.3)
	$ 78,303	100.0	$ 80,729	100.0	$ (2,426)	(3.0)

Revenues for the three month period ended September 30, 2010 were $78.3 million, a decrease of $2.4 million, or 3.0%, versus the three month period ended September 30, 2009. Revenues for both the Over-the-Counter Healthcare and Household Cleaning segments decreased versus the comparable period in the prior year. Revenues from customers outside of North America, which represent 4.4% of total revenues, decreased by $862,000, or 20.0%, during 2010 compared to 2009, primarily due to reduced shipments of eye care products to our Australian distributor, as well as decreased sales of sore throat relief products by our United Kingdom subsidiary.

Over-the-Counter Healthcare Segment
Revenues for the Over-the-Counter Healthcare segment decreased $877,000, or 1.7%, during 2010 versus 2009. Revenue decreases for *Chloraseptic*, *The Doctor's*, *Allergen Block*, *Murine Ear* and *Murine Tears* were partially offset by revenue increases for *Little Remedies*, *Compound W* and *Clear Eyes*. *Chloraseptic* revenues decreased primarily due to non-recurrence during the current period of heavy retailer buy-in that took place in the comparable prior year period in anticipation of an unusually strong cold and flu season. *The D octor's* revenues decrease was primarily the result of the Company's largest customer discontinuing the sale of *The Doctor's Brushpicks* and reducing the number of stores in which *The Doctor's Nightguard* is sold. *Allergen Block* revenues decreased as a result of a decrease in consumer consumption. *Murine Ear* revenues decreased primarily as the result of slowing consumer consumption and increased returns reserves for *Earigate*. The decrease in revenues for *Murine Tears* was primarily the result of reduced shipments to markets outside of North America. *Little Remedies* revenues increased as the result of the successful sell-in of its new medicated pediatric product and increased consumer consumption of its non-medicated pediatric products. Compound W revenues increased as the result of an increase in consumer consumption for both cryogenic and non-cryogenic products, and the continued sell-in of the new *Compound W Skin Tag Remover* in Canada. *Clear Eyes* revenues increased primarily due to distribution gains for its new multi-symptom relief eye drop product.

Household Cleaning Segment
Revenues for the Household Cleaning segment decreased $1.5 million, or 5.3%, during 2010 versus 2009. Revenue decreases for *Comet* and *Spic and Spa n* were partially offset by a revenue increase for *Chore Boy. Comet* revenues decreased primarily due to lower consumer demand for bathroom spray. *Spic and Span* revenues decreased as a result of weaker consumer consumption of dilutibles. *Chore Boy* revenues increased primarily due to increased customer shipments of metal scrubbers.

Gross Profit (in thousands)

;	2010 Gross Profit	%		2009 Gross Profit	%	Increase (Decrease)	%
			< /font>				
OTC Healthcare	$ 33,041	65.0		$ 32,263	62.4	$ 778	2.4
Household Cleaning	9,549	34.8		10,530	36.3	(981)	(9.3)
	$ 42,590	54.4		$ 42,793	53.0	$ (203)	(0.5)

Gross profit for 2010 decreased $203,000, or 0.5%, when compared with 2009. As a percent of total revenues, gross profit increased from 53.0% in 2009 to 54.4% in 2010. The increase in gross profit as a percent of revenues was primarily due to decreases in returns reserves and inventory obsolescence costs, partially offset by increased product and distribution costs.

Over-the-Counter Healthcare Segment
Gross profit for the Over-the-Counter Healthcare segment increased $778,000, or 2.4%, during 2010 versus 2009. As a percent of Over-the-Counter Healthcare revenues, gross profit increased from 62.4% during 2009 to 65.0% during 2010. The increase in gross profit percentage was primarily the result of decreases in returns reserves and inventory obsolescence costs, partially offset by higher product and distribution costs. The decrease in returns reserves was primarily due to a reduction in anticipated returns of *Allergen Block* products. The decrease in inventory obsolescence costs was primarily due to reductions in short dated and slow moving sore throat, eye care and *Allergen Block* products. The increase in product and distribution costs resulted from the change in manufacturers for certain *Clear Eyes* products.

Household Cleaning Segment
Gross profit for the Household C leaning segment decreased by $981,000, or 9.3%, during 2010 versus 2009. As a percent of Household Cleaning revenue, gross profit decreased from 36.3% during 2009 to 34.8% during 2010. The decrease in gross profit percentage was primarily the result of higher product costs for *Chore Boy*, and an unfavorable sales mix and higher distribution costs for *Comet*, partially offset by lower product costs for *Spic and Span*.

Contribution Margin (in thousands)

	2010 Contribution Margin		%	2009 Contribution Margin		%	Increase (Decrease)		%
OTC Healthcare	$	26,129	51.4	$	24,873	48.1	$	1,256	5.0
Household Cleaning		8,221	29.9		8,245	28.4		(24)	(0.3)
	$	34,350	43.9	$	33,118	41.0	$	1,232	3.7

Contribution Margin, defined as gross profit less advertising and promotional expenses, increased $1.2 million, or 3.7%, during 2010 versus 2009. The contribution margin increase was the result of the decrease in gross profit as previously discussed and a $1.4 million, or 14.8%, decrease in advertising and promotional spending. The decrease in advertising and promotional spending was primarily attributable to a decrease in media support in the Household Cleaning segment, and a decrease in trade promotion activity in both the Over-the-Counter Healthcare and Household Cleaning segments, partially offset by an increase in consumer promotion in the Household Cleaning segment.

Over-the-Counter Healthcare Segment

Contribution margin for the Over-the-Counter Healthcare segment increased $1.3 million, or 5.0%, during 2010 versus 2009. The contribution margin increase was the result of the increase in gross profit as previously discussed and a $478,000, or 6.5%, decrease in advertising and promotional spending. The decrease in advertising and promotional spending was primarily attributable to a decrease in trade promotion activity for *Chloraseptic*, *Clear Eyes*, *Little Remedies*, *Murine Ear* and *The Doctor's*.

Household Cleaning Segment

Contribution margin for the Household Cleaning segment decreased $24,000, or 0.3%, during 2010 versus 2009. The contribution margin decrease was the result of the decrease in gross profit as previously discussed, and a $957,000, or 41.9%, decrease in advertising and promotional spending. The decrease in advertising and promotional spending was primarily attributable to a decrease in media support for *Comet* bathroom spray, and decreases in trade promotion for *Comet* and *Spic and Span*, partially offset by an increase in consumer promotion for *Comet* bathroom spray.

General and Administrative

General and administrative expenses were $8.1 million for 2010 versus $10.5 million for 2009. The decrease in e xpense was primarily due to decreases in salary and legal expenses, partially offset by an increase in stock based compensation expense.
Last year we incurred expenses related to a reduction in force that took place during the second quarter ,which resulted in the increased compensation expense due to severance accruals, which expenses did not recur in the current year.

Depreciation and Amortization

Depreciation and amortization expense was $2.4 million for 2010 versus $2.7 million for 2009. The decrease in expense was primarily due to the prior year period reduction of the useful life on some of our trademarks which resulted in a one time expense adjustment in that period.

Interest Expense

Net interest expense was $5.4 million during 2010 versus $5.6 million during 2009. The reduction in interest expense was primarily the result of a lower level of indebtedness combined with a reduction of variable interest rates on our senior debt offset by an increase in amortiz ed debt issue costs included in interest expense in 2010 compared to 2009. The average cost of funds increased from 6.5% for 2009 to 7.2% for 2010 while the average indebtedness decreased from $349.8 million during 2009 to $297.6 million during 2010.

Income Taxes

The provision for income taxes during 2010 was $7.1 million versus $5.4 million during 2009. The effective tax rate during 2010 was 38.2% versus 37.9% during 2009. The increase in the effective rate was a result of the divestiture of the shampoo business which increased the overall effective state tax rate on continuing operations.

**Six Month Period Ended September 30, 2010 compared to the
Six Month Period Ended September 30, 2009**

Revenues (in thousands)

100.0

	2010 Revenues	%	2009 Revenues	%	Increase (Decrease)	%
OTC Healthcare	$ 95,559	63.9	$ 92,382	62.1	$ 3,177	3.4
Household Cleaning	53,979	36.1	56,460	37.9	(2,481)	(4.4)
	$ 149,538		$148,842	100.0	$696	0.5

Revenues for the six month period ended September 30, 2010 were $149.5 million, an increase of $696,000, or 0.5%, versus the six month period ended September 30, 2009. Revenues for the Over-the-Counter Healthcare segment increased, while revenues for the Household Cleaning segment decreased, versus the comparable period in the prior year. Revenues from customers outside of North America, which represent 4.2% of total revenues, decreased by $80,000, or 1.3%, during 2010 compared to 2009, primarily due to reduced shipments of eye care products to our Australian distributor, partially offset by increased shipments of eye care products to our Venezuelan distributor.

Over-the-Counter Healthcare Segment

Revenues for the Over-the-Counter Healthcare segment increased $3.2 million, or 3.4%, during 2010 versus 2009. Revenue increases for *Clear Eyes*, *Compound W* and *Little Remedies* were partially offset by revenue decreases for *Chloraseptic*, *Murine Ear*, *Allergen Block*, *Dermoplast* and *The Doctor's*. Clear Eyes revenues increased primarily due to increased consumer consumption and distribution gains for its new multi-symptom relief eye drop product. *Compound W* revenues increased as the result of an increase in consumer consumption for both cryogenic and non-cryogenic products, and the sell-in of the new *Compound W Skin Tag Remover* in Canada. *Little Remedies* revenues increased as the result of the successful sell-in of its new medicated pediatric product and increased consumer consumption of its non-m edicated pediatric products. *Chloraseptic* revenues decreased primarily due to non-recurrence during the current period of heavy retailer buy-in that took place in the comparable prior year period in anticipation of an unusually strong cold and flu season. *Murine Ear* revenues decreased primarily as the result of slowing consumer consumption and increased returns reserves for *Earigate*. *Allergen Block* revenues decreased as a result of a decrease in consumer consumption. *Dermoplast* revenues decreased as the result of customers buying in advance of a March 2010 price increase on our institutional item. *The Doctor's* revenues decrease was primarily the result of the Company's largest customer discontinuing the sale of *The Doctor's Brushpicks* and reducing the number of stores in which *The* Doctor's Nightguard is sold.

Household Cleaning Segment

Revenues for the Household Cleaning segment decreased $2.5 million, or 4.4%, during 2010 versus 2009. Revenues decreased across the segment. *Comet* revenues decreased primarily due to lower consumer demand for bathroom spray. *Spic and Span* revenues decreased as a result of weaker consumer consumption of dilutibles. *Chore Boy* revenues decreased primarily due to decreased customer shipments of metal scrubbers.

Gross Profit (in thousands)

	2010 Gross Profit	%	2009 Gross Profit	%	Increase (Decrease)	%
		< /td>				
OTC Healthcare	$ 61,910	64.8	$ 59,140	64.0	$ 2,770	4.7
Household Cleaning	18,651	34.6	20,176	35.7	(1,525)	(7.6)
&n bsp;	$ 80,561	53.9	$ 79,316	53.3	$ 1,245	1.6

Gross profit for 2010 increased $1.2 million, or 1.6%, when compared with 2009. As a percent of total revenues, gross profit increased from 53.3% in 2009 to 53.9% in 2010. The increase in gross profit as a percent of revenues was primarily due to decreases in returns reserves and inventory obsolescence co sts, partially offset by increased product and distribution costs.

Over-the-Counter Healthcare Segment

Gross profit for the Over-the-Counter Healthcare segment increased $2.8 million, or 4.7%, during 2010 versus 2009. As a percent of Over-the-Counter Healthcare revenues, gross profit increased from 64.0% during 2009 to 64.8% during 2010. The increase in gross profit percentage was primarily the result of decreases in returns re serves and inventory obsolescence costs, partially offset by higher product and distribution costs. The decrease in returns reserves was primarily due to a reduction in anticipated returns of *Allergen Block* products. The decrease in inventory obsolescence costs was primarily due to reductions in short dated and slow moving eye care and *Allergen Block* products. The increase in product and distribution costs resulted from the change in manufacturers for certain *Clear Eyes* products.

Household Cleaning Segment

Gross profit for the Household Cleaning segment decreased by $1.5 million, or 7.6%, during 2010 versus 2009. As a percent of Household Cleaning revenue, gross profit decreased from 35.7% during 2009 to 34.6% during 2010. The decrease in gross profit percentage was primarily the result of higher product costs for *Chore Boy* and *Spic and Span, and an unfavorable sales mix and higher distribution costs for Comet, partially offset by lower product costs and inventory obsolescence costs for Comet.*

Contribution Margin (in thousands)

	2010 Contribution Margin	%	2009 Contribution Margin	%	;	Increase (Decrease)	%
OTC Healthcare	$ 49,835	52.2	$ 45,001	48.7		$ 4,834	10.7
Household Cleaning < /td>	15,000	27.8	15,972	28.3		(972)	(6.1)
	$ 64,835	43.4	$ 60,973	41.0		$ 3,862	6.3

Contribution Margin, defined as gross profit less advertising and promotional expenses, increased $3.9 million, or 6.3%, during 2010 versus 2009. The contribution margin increase was the result of the increase in gross profit as previously discussed and a $2.6 milli on, or 14.3%, decrease in advertising and promotional spending. The decrease in advertising and promotional spending was primarily attributable to a decrease in media support in both the Over-the Counter Healthcare and Household Cleaning segments, and a decrease in trade promotion activity in the Over-the-Counter Healthcare segment, partially offset by an increase in consumer promotion in the Household Cleaning segment.

Over-the-Counter Healthcare Segment

Contribution margin for the Over-the-Counter Healthcare segment increased $4.8 million, or 10.7%, during 2010 versus 2009. The contribution margin increase was the result of the increase in gross profit as previously discussed and a $2.1 million, or 14.6%, decrease in advertising and promotional spending. The decrease in advertising and promotional spending was primarily attributable to a significant decrease in media support for the Allergen Block p roducts, partially offset by increases in media support for the Clear Eyes, Compound W and The Doctor's products. In addition, there was a decrease in trade promotion activity for Chloraseptic, Clear Eyes, Little Remedies, < font style="font-family:inherit;font-size:10pt;font-style:italic;">Murine Ear **and** ***The Doctor's*****.**

Household Cleaning Segment

Contribution margin for the Household Cleaning segment decreased $1.0 million, or 6.1%, during 2010 versus 2009. The contribution margin decrease was the result of the decrease in gross profit as previously discussed, and a $553,000, or 13.2%, decrease in advertising and promotional spending. The decrease in advertising and promotional spending was primarily attributable to a decrease in media support for *Comet* bathroom spray, and decreases in trade promotion for *Comet* and *Spic and Span*, partially offset by an increase in consumer promotion for *Comet* bathroom spray.

General and Administrative

General and administrative expenses were $15.5 million for 2010 versus $18.7 million for 2009. The decrease in expense was primarily due to decreases in salary and legal expenses, partially offset by an increase in stock based compensation expense.

Depreciation and Amortization

Depreciation and amortization expense was $4.8 million for 2010 versus $4.9 million for 2009.   The decrease in expense was primarily due to the prior year period reduction of the useful life on some of our trademarks which resulted in a one time expense adjustment in that period.

Interest Expense

Net interest expense was $10.8 million during 2010 versus $11.3 million during 2009. The reduction in interest expense was primarily the result of a lower level of indebtedness combined with a reduction of variable interest rates on our senior debt offset by an increase in debt issue costs included in interest expense in 2010 compared to 2009. The average cost of funds increased from 6. 3% for 2009 to 6.9% for 2010 while the average indebtedness decreased from $358.3 million during 2009 to $311.8 million during 2010.

Income Taxes

The provision for income taxes during 2010 was $12.7 million versus $9.9 million during 2009. The effective tax rate during 2010 was 38.2% versus 37.9% during < font style="font-family:inherit;font-size:10pt;color:#000000;text-decoration:none;">2009. The increase in the effective rate was a result of the divestiture of the shampoo business, during the second half of 2010, which increased the overall effective state tax rate on continuing operations.

Liquidity and Capital Resources

Liquidity

We have financed and expect to continue to finance our operations with a combination of borrowings and funds generated from operations. Our principal uses of cash are for operating expenses, debt service, acquisitions, working capital and capital expenditures. During the year ended March 31, 2010, we issued $150.0 million of 8.25% senior notes due in 2018 and entered into a senior secured term loan facility of $150.0 million maturing in 2016. The proceeds from the preceding transactions, in addition to cash that was on hand, were used to purchase, redeem or otherwise retire all of the previously issued senior subordinated notes and to repay all am ounts under our former credit facility and terminate the associated credit agreement.

Operating Activities

Net cash provided by operating activities was $42.8 million for the six month period ended September 30, 2010 compared to $39.9 million for the comparable period in 2009. The $2.9 million increase in net cash provided by operating activities was primarily the result of an increase in net income from continuing operations.

Consistent with the six months ended September 30, 2009, our cash flow from operations exceeded net income due to the substantial non-cash charges related to depreciation and amortization of intangibles, increases in deferred income tax liabilities resulting from differences in the amortization of intangible assets and goodwill for income tax and financial reporting purposes, the amortization of certain deferred financing costs, as well as stock-based compensation costs.

Investing Activities

Net cash provided by investing activities was $3.9 million for the six month period ended September 30, 2010. Net cash used for investing activities was $(232,000) for the six month period ended September 30, 2009. Net cash provided by investing activities for the six month period ended September 30, 2010 was primarily the result of the *Cutex* divestiture and net cash used for investing activity for the six month period ended September 30, 2009 was primarily for the acquisition of property and equipment.

Financing Activities

Net cash used for financing activities was $32.8 million for the six month period ended September 30, 2010 compared to $40.0 million for the comparable period in 2009. During the six month period ended September 30, 2010, we redeemed the remaining $28.1 million of Senior Subordinated Notes that bore interest at 9.25%, and paid the required principal amount on the 2010 Senior Term Loan of $750,000 plus an additional principal amount of $3.8 million. This reduced our outstanding indebtedness to $295.5 million at September 30, 2010 from $328.1 million at March 31, 2010.

(In thousands)	Six Months Ended September 30 2010	2009
Cash provided by (used for):		
Operating Activities	$ 42,817	$ 39,880
Investing Activities	3,868	(232)
Financing Activities	(32,750)	(40,000)

Capital Resources

In March and April 2010, we retired our Senior Secured Term Loan facility with a maturity date of April 6, 2011 and Senior Subordinated Notes that bore interest at 9.25% with a maturity date of April 15, 2012, and replaced them with a 2010 Senior Term Loan with a maturity of March 24, 2016, a Senior Revolving Credit facility with a maturity of March 24, 2015 and Senior Notes that bear interest at 8.25% with a maturity of April 1, 2018. This debt refinancing improved our liquidity position due to the ability to increase the amount of the 2010 Senior Term Loan, obtaining a revolving line of credit and extending the maturities of our indebtedness. The new debt also better positions us to pursue acquisitions as part of our growth strategy.

On March 24, 2010, we entered into a $150.0 million 2010 Senior Term Loan with a discount to the lenders of $1.8 million and net proceeds of $148.2 million. The Senior Notes were issued at an aggregate face value of $150.0 million with a discount to the initial purchasers of $2.2 million and net proceeds to us of $147.8 million. The discount was offered to improve the yield to maturity to lenders reflective of market conditions at the time of the offering. In addition to the discount, we incurred $7.3 million of costs primarily related to bank arrangers' fee and legal advisors, of which $6.6 million was capitalized as deferred financing costs and $0.7 million expensed. The deferred financing costs are being amortized over the term of the loan and notes.

As of September 30, 2010, we had an aggregate of $295.5 million of outstanding indebtedness, which consisted of the following:

- $145.5 million of borrowings under the 2010 Senior Term Loan, and
- $150.0 million of 8.25% Senior Notes due 2018.

We had $30.0 million of borrowing capacity under the revolving credit facility as of September 30, 2010, as well as $200.0 million under the Senior Credit Facility.

All loans under the 2010 Senior Term Loan bear interest at floating rates, based on either the prime rate, or at our option, the LIBOR rate, plus an applicable margin. The LIBOR rate option contains a floor rate of 1.5%. At September 30, 2010, an aggregate of $145.5 million was outstanding under the Senior Credit Facility at an interest rate of 4.75%.

In connection with the acquisition of Blacksmith, subsequent to the end of the current reporting period, on November 1, 2010, the Company amended its existing debt agreements and increased the amount borrowed and the amount available thereunder as follows. On November 1, 2010, we issued an additional $100 million in Senior Notes due 2018, which have the same terms and are part of the same series as the 2010 Notes, and will mature on April 1, 2018. On November 1, 2010, we executed an Increase Joinder to the Credit Agreement dated March 24, 2010, and borrowed an additional $115 million as an incremental term loan, which will mature on March 24, 2016 and has the same terms as the existing 2010 Senior Term Loan. Additionally, on November 1, 2010, we increased our borrowing capacity under the revolving credit facility by $10 million to $40 million.

We are able to, and so metimes do, use derivative financial instruments to mitigate the impact of changing interest rates associated with our long-term debt obligations. Although we do not enter into derivative financial instruments for trading purposes, all of our derivatives are straightforward over-the-counter instruments with liquid markets. The notional, or contractual, amount of our derivative financial instruments is used to measure the amount of interest to be paid or received and does not represent an actual liability. We account for these financial instruments as cash flow hedges.

In February 2008, we entered into an interest rate swap agreement in the notional amount of $175.0 million, decreasing to $125.0 million at March 26, 2009 to replace and suppl ement the interest rate cap agreement that expired on May 30, 2008. Under this swap, we agreed to pay a fixed rate of 2.88% while receiving a variable rate based on LIBOR. The agreement terminated on March 26, 2010. At September 30, 2010 and March 31, 2010, we were not a party to any outstanding interest rate swap agreements.

The 2010 Senior Term Loan contains various financial covenants, including provisions that require us to maintain certain leverage and interest coverage ratios and not to exceed annual capital expenditures of $3.0 million. The 2010 Senior Term Loan, as well as the Indenture governing the 2010 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 loa ns and investments and transactions with affiliates. Specifically, we must:

- Have a leverage ratio of less than 4.30 to 1.0 for the quarter ended September 30, 2010, decreasing over time to 3.50 to 1.0 for the quarter ending March 31, 2014, and remaining level thereafter, and

- Have an interest coverage ratio of greater than 2.75 to 1.0 for the quarter ended September 30, 2010, increasing over time to 3.25 to 1.0 for the quarter ending March 31, 2013, and remaining level thereafter.

At September 30, 2010, we were in compliance with the applicable financial and restrictive covenants under the Senior Credit Facility and the Indenture governing the 2010 Senior Notes. Additionally, management anticipates that in the normal course of operations, we will be in compliance with the financial and restrictive covenants during the ensuing year.

At September 30, 2010, we had $145.5 million outstanding under the 2010 Senior Term Loan which matures in April 2016. We are obligated to make quarterly principal payments on the loan equal to $375,000, representing 0.25% of the initial principal amount of the term loan. We also have the ability to borrow an additional $30.0 million under a revolving credit facility and $200.0 million pursuant to the 2010 Senior Term Loan "accordion" feature.

We did not make repayments against outstanding indebtedness in exces s of scheduled maturities for the quarter ended September 30, 2010, compared to payments in excess of outstanding maturities of $60.5 million made during the year ended March 31, 2010. During the six months ended September 30, 2010, we redeemed the remaining $28.1 million of Senior Subordinated Notes.

Off-Balance Sheet Arrangements

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

Inflation

Inflationary factors su ch as increases in the costs of raw materials, packaging materials, purchased product and overhead may adversely affect our operating results. Although we do not believe that inflation has had a material impact on our financial condition or results from operations for the periods referred to above, a high rate of inflation in the future could have a material adverse effect on our business, financial condition or results from operations. The recent volatility in crude oil prices has had an adverse impact on transportation costs, as well as certain petroleum based raw materials and packaging material. Although we take efforts to minimize the impact of inflationary factors, including raising prices to our customers, a high rate of pricing volatility associated with crude oil supplies may continue to have an adverse effect on our operating results.

Critical Accounting Policies and Estimates

The Company's significant accounting policies are described in the notes to the unaudited financial statements included elsewhere in this Quarterly Report on Form 10-Q, as well as in our Annual Report on Form 10-K for the fiscal year ended March 31, 2010. While all significant accounting policies are important to our consolidated financial statements, certain of these policies may be viewed as being critical. Such policies are those that are both most important to the portrayal of our financial condition and results from operations and require our most difficult, subjective and complex estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses or the related disclosure of contingent assets and liabilities. These estimates are based upon our historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ materially from these estimates under different conditions. The most critical accounting estimates are as follows:

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

As is customary in the consumer products industry, we participate in the promotional programs of our customers to enhance the sale of our products. The cost of these promotional programs is recorded as advertising and promotional expenses or as a reduction of sales. Such costs vary from period-to-period based on the actual number of units sold during a finite period of time. We estimate the cost of such promotional programs at their inception based on historical experience and current market conditions and reduce sales by such estimates. These promotional programs consist of direct to consumer incentives such as coupons and temporary price reductions, as well as incentives to our customers, such as allowances for new distribution, including slotting fees, and cooperative advertising. We do not provide incentives to customers for the acquisition of product in excess of normal inventory quantities since such incentives increase the potential for future returns, as well as reduce sales in the subsequent fiscal periods.

Estimates of costs of promotional programs are based on (i) historical sales experience, (ii) the current offering, (iii) foreca sted data, (iv) current market conditions, and (v) communication with customer purchasing/marketing personnel. At the completion of the promotional program, the estimated amounts are adjusted to actual results. Our related promotional expense for the year ended March 31, 2010 was $17.7 million. We believe that the estimation methodologies employed, combined with the nature of the promotional campaigns, make the likelihood remote that our obligation would be misstated by a material amount. However, for illustrative purposes, had we underestimated the promotional program rate by 10% for the year ended March 31, 2010, our sales and operating income would have been adversely affected by a pproximately $1.8 million. Net income would have been adversely affected by approximately $1.1 million. Similarly, had we underestimated the promotional program rate by 10% for the three and six month periods ended September 30, 2010, our sales and operating income would have been adversely affected by approximately $498,000 and $945,000. Net income would have been adversely affected by approximately $308,000 and $584,000 for the three and six month periods ended September 30, 2010.

We also periodically run coupon programs in Sunday newspaper inserts or as on-package instant redeemable coupons. We utilize a national clearing house to process coupons redeemed by customers. At the time a coupon is distributed, a provision is made based upon historical redemption rates for that particular product, information provided as a result of the clearing house's experience with coupons of similar dollar value, the length of time the coupon is valid, and the seasonality of the coupon drop, among other factors. During the year ended March 31, 2010, we had 25 coupon events. The amount recorded against revenues and accrued for these events during the year was $1.3 million. Cash settlement of coupon redemptions during the year was $1.3 million. During the six month period ended September 30, 2010, we had 16 coupon events. The amount recorded against revenue and accrued for these events during the three and six month periods ended September 30, 2010 was $276,000 and $712,000, respectively. Cash settlement of coupon redemptions during the three and six month periods ended September 30, 2010 was $344,000 and $693,000, respectively.

Allowances for Product Returns
Due to the nature of the consumer products industry, we are required to estimate future product returns. Accordingly, we record an estimate of product returns concurrent with the recording of sales. Such estimates are made after analyzing (i) historical return rates, (ii) current economic trends, (iii) changes in customer demand, (iv) product acceptance, (v) seasonality of our product offerings, and (vi) the impact of changes in product formulation, packaging and advertising.

We construct ou r returns analysis by looking at the previous year's return history for each brand. Subsequently, each month, we estimate our current return rate based upon an average of the previous six months' return rate and review that calculated rate for reasonableness giving consideration to the other factors described above. Our historical return rate has been relatively stable; for example, for the years ended March 31, 2010, 2009 and 2008, returns represented 3.9%, 3.8% and 4.4%, respectively, of gross sales. The 2008 rate of 4.4% included cost associated with the voluntary withdrawal from the marketplace of *Little Remedies* medicated pediatric cough and cold products in October 2007. Had the voluntar y withdrawal not occurred, the actual returns rate would have been 3.9%. For the three and six month periods ended September 30, 2010, product returns represented 2.5% and 2.7% of gross sales, respectively. At September 30, 2010 and March 31, 2010, the allowance for sales returns was $5.3 million and $5.8 million, respectively.

While we utilize the methodology described above to estimate product returns, actual results may differ materially from our estimates, causing our future financial results to be adversely affected. Among the factors that could cause a material change in

the estimated return rate would be significant unexpected returns with respect to a product or products that comprise a significant portion o f our revenues in a manner similar to the *Little Remedies* voluntary withdrawal discussed above. Based upon the methodology described above and our actual returns' experience, management believes the likelihood of such an event remains remote. As noted, over the last three years our actual product return rate has stayed within a range of 4.4% to 3.8% of gross sales. An increase of 0.1% in our estimated return rate as a percentage of gross sales would have adversely affected our reported sales and operating income for the year ended March 31, 2010 by approximately $346,000. Net income would have been adversely affected by approximately $215,000. An increase of 0.1% in our est imated return rate as a percentage of gross sales for the three and six month periods ended September 30, 2010 would have adversely affected our reported sales and operating income by approximately $91,000 and $174,000, respectively, while our net income would have been adversely affected by approximately $56,000 and $108,000, respectively.

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

Many of our products are subject to expiration dating. As a general rule our customers will not accept goods with expiration dating of less than 12 months from the date of delivery. To monitor this risk, management utilizes a detai led compilation of inventory with expiration dating between zero and 15 months and reserves for 100% of the cost of any item with expiration dating of 12 months or less. At September 30, 2010 and March 31, 2010, the allowance for obsolete and slow moving inventory was $2.2 million and $2.0 million, representing 8.1% and 7.0%, respectively, of total inventory. Inventory obsolescence costs charged to operations were $1.7 million for the year ended March 31, 2010, while for the three month period ended September 30, 2010, the Company recorded obsolescence costs of ($133,000). A 1.0% increase in our allowance for obsolescence at March 31, 2010 would have adversely affected our reported operating income and net income for the year ended March 31, 2010 by approximately $286,000 and $178,000, respectively. Similarly, a 1.0% increase in our allowance at September 30, 2010 would have adversely affected our reported oper ating income and net income for the three and six month periods ended September 30, 2010 by approximately $272,000 and $168,000, respectively.

Allowance for Doubtful Accounts
In the ordinary course of business, we grant non-interest bearing trade credit to our customers on normal credit terms. We maintain an allowance for doubtful accounts receivable which is based upon our historical collection experience and expected collectability of the accounts recei vable. In an effort to reduce our credit risk, we (i) establish credit limits for all of our customer relationships, (ii) perform ongoing credit evaluations of our customers' financial condition, (iii) monitor the payment history and aging of our customers' receivables, and (iv) monitor open orders against an individual customer's outstanding receivable balance.

We establish specific reserves for those accounts which file for bankruptcy, have no payment activity for 180 days or have reported major negative changes to their financial condition. The allowance for bad debts amounted to 0.9% and 0.7% of accounts receivable at September 30, 2010 and March 31, 2010, respectively. Bad debt expense for the year ended March 31, 2010 was $200,000, while during the three and six month periods ended September 30, 2010, the Company recorded bad debt expense of $53,000 and $80,000, respectively.

While management belie ves that it is diligent in its evaluation of the adequacy of the allowance for doubtful accounts, an unexpected event, such as the bankruptcy filing of a major customer, could have an adverse effect on our future financial results. A 0.1% increase in our bad debt expense as a percentage of sales during the year ended March 31, 2010 would have resulted in a decrease in reported operating income of approximately $302,000, and a decrease in our reported net income of approximately $188,000. Similarly, a 0.1% increase in our bad debt expense as a percentage of sales for the three and six month periods ended September 30, 2010 would have resulted in a decrease in reported operating income of approximately $80,000 and $154,000, and a decrease in our reported net income of approximately $49,000 and $95,000, respectively.

Valuation of Intangible Assets and Goodwill

Goodwill and intangible assets amounted to $661.3 million and $665.8 million at September 30, 2010 and March 31, 2010, respectively. At September 30, 2010, goodwill and intangible assets were apportioned among our two operating segments as follows:

(In thousands)	**Over-the-Counter Healthcare**	**Household Cleaning**	**Consolidated**
Goodwill	$ 104,100	$ 7,389	$ 111,489
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Intangible assets			
Indefinite-lived	334,750	119,821	454,571
Finite-lived	63,013	32,271	95,284
	397,763	152,092	549,855
	$ 501,863	$ 159,481	$ 661,344

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Our *Clear Eyes, New-Skin, Chloraseptic, Compound W* and *Wartner* brands comprise the majority of the value of the intangible assets within the Over-The-Counter Healthcare segment. The *Comet, Spic and Span* and *Chore Boy* brands comprise substantially all of the intangible asset value within the Household Cleaning segment.

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

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

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

- ***Recent and Projected Sales Growth***
  Recent sales results present a snapshot as to how the brand has performed in the most recent time periods and represent another factor in the determination of brand value. In addition, projected sales growth provides information about the strength and potential longevity of the brand. A brand that has both strong current and projected sales generally warrants a higher valuation and a longer life than a brand that has weak or declining sales. Similarly, consideration is given to the potential investment, in the form of advertisi ng and promotion, which is required to reinvigorate a brand that has fallen from favor.

- ***History of and Potential for Product Extensions***
  Consideration also is given to the prod uct innovation that has occurred during the brand's history and the potential for continued product innovation that will determine the brand's future. Brands that can be continually enhanced by new product offerings generally warrant a higher valuation and longer life than a brand that has always “followed the leader”.

After consideration of the factors described above, as well as current economic conditions and changing consumer behavior, management prepares a determination of the intangible assets' value and useful life based on its analysis.

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

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

We report goodwill and indefinite-lived intangible assets in two operating segments; Over-the-Counter Healthcare and Household Cleaning. We identify our reporting units in accordance with the Segment Reporting topic of the FASB Accounting Standards Codification, which is at the brand level, and one level below the operating segment level. The carrying value and fair value for intangible assets and goodwill for a reporting unit are calculated based on key assumptions and valuation methodologies previously discussed. As a result, any material changes to these assumptions could require us to record additional impairment in the future.

Goodwill

(In thousands) Operating Segment		**March 31, 2010**	**Percent by which Fair Value Exceeded Carrying Value in Annual Test**
Over-the-Counter Healthcare	$	104,100	26.9
Household Cleaning		7,389	8.6
	$	111,489	

As of March 31, 2010, the Over-the-Counter Healthcare segment had four reporting units with goodwill and their aggregate fair value exceeded the carrying value by 26.9%. No individual reporting unit's fair value in the Over-the-Counter Healthcare segment exceeded its carrying value by less than 5%. The Household Cleaning segment had one operating unit and the fair value exceeded its carrying value by 8.6%.

As part of our annual test for impairment of goodwill, management estimates the discounted cash flows of each reporting unit, which is at the brand level, and one level below the operating segment level, to estimate their respective fair values. In performing this analysis, management considers the same types of information as listed above in regards to finite-lived intangible assets. In the event that the carrying amount of the reporting unit exceeds the fair value, management would then be required to allocate the estimated fair value of the assets and liabilities of the reporting unit as if the unit was acquired in a business combination, thereby revaluing the carrying amount of goodwill. In a manner similar to indefinite-lived assets, future events, such as competition, technological advances and reductions in advertising support for our trademarks and trade names could cause subsequent evaluations to utilize different assumptions.

Indefinite-Lived Intangible Assets

(In thousands) Operating Segment		March 31, 2010	Percent by which Fair Value Exceeded Carrying Value in Annual Test
Over-the-Counter Healthcare	$	334,750	63.7
Household Cleaning		119,821	20.2
	$	454,571	

As of March 31, 2010, the Over-the-Counter Healthcare segment had five reporting units with indefinite-lived classification and their aggregate fair value exceeded the carrying value by 63.7%. No individual reporting unit's fair value in the Over-the-Counter Healthcare segment exceeded its carrying value by less than 9%. The Household Cleaning segment had one reporting unit and the fair value exceeded its carrying value by 20.2%.

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

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

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

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

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

Should analysis of any of the aforementioned factors warrant a change in the estimated useful life of the intangible asset, management will reduce the estimated useful life and amortize the carrying value prospectively over the shorter remaining useful life. Management's projections are utilized to assimilate all of the facts, circumstances and expectations related to the trademark or trade name and estimate the cash flows over its useful life. In the event that the long-term projections indicate that the carrying value is in excess of the undiscounted cash flows expected to result from the use of the intangible assets, management is required to record an impairment char ge. Once that analysis is completed, a discount rate is applied to the cash flows to estimate fair value. The impairment charge is measured as the excess of the carrying amount of the intangible asset

over fair value as calculated using the discounted cash flow analysis. Future events, such as competition, technological advances and reductions in advertising support for our trademarks and trade names c ould cause subsequent evaluations to utilize different assumptions.

Impairment Analysis

We estimate the fair value of our intangible assets and goodwill using a discounted cash flow method. This discounted cash flow methodology is a widely-accepted valuation technique utilized by market participants in the valuation process and has been applied consistently with prior periods. In addition, we considered our market capitalization at March 31, 2010, as compare d to the aggregate fair values of our reporting units to assess the reasonableness of our estimates pursuant to the discounted cash flow methodology.

During the three month period ended March 31, 2010, we recorded a $2.8 million non-cash impairment charge of goodwill of a nail polish remover brand previously included in the Personal Care segment. The impairment was a result of distribution losses and increased competition from private label store brands.

< div style="line-height:120%;text-align:left;font-size:10pt;">The discount rate utilized in the analyses, as well as future cash flows may be influenced by such factors as changes in interest rates and rates of inflation. Additionally, should the related fair values of goodwill and intangible assets continue to be adversely affected as a result of declining sales or margins caused by competition, changing consumer preferences, technological advances or reductions in advertising and promotional expenses, the Company may be required to record additional impairment charges in the future. However, the Company was not required to recognize an additional impairment charge during the three or six month period ended September 30, 2010.

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Stock-Based Compensation

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

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

Additionally, management must estimate the expected attrition rate of the recipients to enable it to estimate the amount of non-cash compensation expense to be recorded in our financial statements. While management uses diligent analysis to estimate the respective variables, a change in assumptions or market conditions, as well as changes in the anticipated attrition rates, could have a significant im pact on the future amounts recorded as non-cash compensation expense. The Company recorded non-cash compensation expense of $886,000 and $1.7 million during the three and six month periods ended September 30, 2010, respectively, and non-cash compensation expense of $177,000 and $848,000 during the three and six month periods ended September 30, 2009, respectively. During the three and six month periods ended September 30, 2010, management was required to reverse previously recorded stock-based compensation costs of $29,000 recorded in 2010, as the service requirements related to those grants were not met. During the three and six month periods ended September 30, 2009, management was required to rever se previously recorded stock-based compensation costs of $564,000 recorded in 2009, as the service requirements related to those grants were not met.

Loss Contingencies

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

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

Recent Accounting Pronouncements

In May 2009, the FASB issued guidance regarding subsequent events, which was subsequently updated in February 2010. This guidance established general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In particular, this guidance set forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity should make about events or transactions that occu rred after the balance sheet date. This guidance was effective for financial statements issued for fiscal years and interim periods ending after June 15, 2009, and was therefore adopted by the Company for the second quarter 2009 reporting. The adoption did not have a significant impact on the subsequent events that the Company reports, either through recognition or disclosure, in the consolidated financial statements. In February 2010, the FASB amended its guidance on subsequent events to remove the requirement to disclose the date through which an entity has evaluated subsequent events, alleviating conflicts with current SEC guidance. This amendment was effective immediately and accordingly, the Company has not presented that disclosure in this Quarterly Report.

In Januar y 2010, the FASB issued authoritative guidance requiring new disclosures and clarifying some existing disclosure requirements about fair value measurement. Under the new guidance, a reporting entity should (a) disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers, and (b) present separately information about purchases, sales, issuances, and settlements in the reconciliation for fair value measurements using significant unobservable inputs. This guidance is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The Company does not expect this guidance to ha ve a material impact on its consolidated financial statements.

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

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 Disc ussion and Analysis of Financial Condition and Results of Operations. The following cautionary statements are being made pursuant to the provisions of the PSLRA and with the intention of obtaining the benefits of the "safe harbor" provisions of the PSLRA. Although we believe that our expectations are based on reasonable assumptions, actual results may differ materially from those in the forward-looking statements.

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

These forward-looking statements generally can be identified by the use of words or phrases such as "believe," "anticipate," "expect," "estimate," "project," "will be," "will continue," "will likely result," or othe r similar words and phrases. Forward-looking statements and our plans and expectations are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated, and our business in general is subject to such risks. For more information, see "Risk Factors" contained in Part I, Item 1A. of our Annual Report on Form 10-K for our fiscal year ended March 31, 2010. In addition, our expectations or beliefs concerning future events involve risks and uncertainties, including, without limitation:

- General economic conditions affecting our products and their respective markets,
- Our ability to increase organic growth via new product introductions or line extensions,
- The high level of competition in our industry and markets (including, without limitation, vendor and SKU rationalization and expansion of private label product offerings),
- Our ability to invest in research and development,
- Our dependence on a limited number of customers for a large portion of our sales,
- Disruptions in our distribution center,
- Acquisitions, dispositions or other strategic transactions diverting managerial resources, or incurrence of additional liabilities or integration problems associated with such transactions,
- Changing consumer trends or pricing pressures which may cause us to lower our prices,
- Increases in supplier prices and transportation and fuel charges,
- Our ability to protect our intellectual property rights,
- Shortages of supply of sourced goods or interruptions in the manufacturing of our products,
- Our level of indebtedness, and ability to service our debt,
- Any adverse judgments rende red in any pending litigation or arbitration,
- Our ability to obtain additional financing, and
- The restrictions on our operations imposed by our Senior Credit Facility and the Indenture governing our Senior Notes.

ITEM 3.   QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to changes in interest rates because our Senior Secured Credit Facility is variable rate debt. Interest rate changes generally do not affect the market value of the Senior Secured Credit Facility, but do affect the amount of our interest payments and, therefore, our future earnings and cash flows, assuming other factors are held constant. At September 30, 2010 we had variable rate debt of approximately $145.5 million related to our Senior Secured Credit Facility.

Holding other variables constant, including levels of indebtedness, a one percentage point increase in interest rates on our variable rate debt would have an adverse impact on pre-tax earnings and cash flows for the twelve months ending September 30, 2011 of approximately $1.5 million.

ITEM 4.   CONTROLS AND PROCEDURES

Disclosure Controls and Procedures< /font>

The Company's management, with the participation of its Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rule 13a–15(e) of the Securities Exchange Act of 1934 ("Exchange Act") as of September 30, 2010. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2010, the Compan y's disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports the Company files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes during the quarter ended September 30, 2010 in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. & nbsp; OTHER INFORMATION

ITEM 1.   LEGAL PROCEEDINGS

Each of (i) Part I, Item 3 in our Annual Report on Form 10-K for the fiscal y ear ended March 31, 2010; and (ii) Part II, Item 1 in our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2010 is incorporated herein by this reference. Except as set forth below, there have been no material developments in our pending legal proceedings since June 30, 2010.

<u>San Francisco Technology Inc. Litigation</u>

On October 25, 2010, Medtech Products Inc. (a wholly-owned subsidiary of the Company) filed a Motion to Dismiss, or in the Alternative, to Stay, the action brought by San Francisco Technology Inc. which, on August 11, 2010, was transferred to the U.S. District Court for the Southern District of New York from the U.S. District Court for the Northern District of California, San Jose Division. Medtech intends to vigorously defend against the action.

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

ITEM 6. EXHIBITS

See Exhibit Index immediately following signature page.

SIGNATURES

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

PRESTIGE BRANDS HOLDINGS, INC.

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Date:	November 5, 2010	By:	**/s/ PETER J. ANDERSON**
			Peter J. Anderson
			Chief Financial Officer
			(Principal Financial Officer and
			Duly Authorized Officer)

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Exhibit Index

2.1	Stock Purchase Agreement, dated as of September 14, 2010, by and among Prestige Brands Holdings, Inc., Blacksmith Brands Holdings, Inc. and the Stockholders of Blacksmith Brands Holdings, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Commission on September 20, 2010)
31.1	Certification of Principal Executive Officer of Prestige Brands Holdings, Inc. pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
31.2	Certification of Principal Financial Officer of Prestige Brands Holdings, Inc. pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
32.1	Certification of Principal Executive Officer of Prestige Brands Holdings, Inc. pursuant to Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code.
32.2	Certification of Principal Financial Officer of Prestige Brands Holdings, Inc. pursuant to Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Exhibit 31.1

CERTIFICATIONS

I, Matthew Mannelly, certify that:

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

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

3. Based on my knowledge, the financial statements, and other financial information in cluded 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 financia l 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 pre pared;

   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 re porting.

Date: November 5, 2010

/s/ Matthew Mannelly
Matthew Mannelly
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Peter J. Anderson, certify that:

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

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

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

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

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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: November 5, 2010

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

EXHIBIT 32.1

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

I, Matthew Mannelly, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Prestige Brands Holdings, Inc. on Form 10-Q for the quarter ended September 30, 2010, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as applica ble, and that information contained in such Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of Prestige Brands Holdings, Inc.

/s/ Matthew Mannell y

Name:	Matthew Mannelly
Title:	Chief Executive Officer
Date:	November 5, 2010

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Peter J. Anderson, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Prestige Brands Holdings, Inc. on Form 10-Q for the quarter ended September 30, 2010, fully complies with the requirements of S ection 13(a) or 15(d) of the Securities Exchange Act of 1934, as applicable, and that information contained in such Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of Prestige Brands Holdings, Inc.

/s/ Peter J. Anderson

Name:	Peter J. Anderson
Title:	Chief Financial Officer
Date:	November 5, 2010