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

FORM 10-K

(Mark One)

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

For the fiscal year ended March 31, 2020

OR

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

Commission File Number: 001-32433

PRESTIGE CONSUMER HEALTHCARE 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.)

660 White Plains Road
Tarrytown, New York 10591
(Address of Principal Executive Offices) (Zip Code)

(914) 524-6800
(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.01 per share	**PBH**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

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

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

The aggregate market value of voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the Registrant’s most recently completed second fiscal quarter ended September 30, 2019 was $1,737.7 million.

As of May 1, 2020, the registrant had 50,085,494 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant’s Definitive Proxy Statement for the 2020 Annual Meeting of Stockholders (the “2020 Proxy Statement”) are incorporated by reference into Part III of this Annual Report on Form 10-K to the extent described herein.

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TRADEMARKS AND TRADENAMES

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

Part I.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

- The impact of the COVID-19 pandemic or other disease outbreaks on global economic conditions, consumer demand, retailer product availability, and business operations including manufacturing, supply chain and distribution;
- The high level of competition in our industry and markets;
- Our inability to increase organic growth via new product introductions, line extensions, increased spending on advertising and promotional support, and other new sales and marketing strategies;
- Our dependence on a limited number of customers for a large portion of our sales;
- Our inability to successfully identify, negotiate, complete and integrate suitable acquisition candidates and to obtain necessary financing;
- Our inability to invest successfully in research and development to develop new products;
- Changes in inventory management practices by retailers;
- Our inability to grow our international sales;
- General economic conditions and incidence levels affecting sales of our products and their respective markets;
- Economic factors, such as increases in interest rates and currency exchange rate fluctuations;
- Business, regulatory and other conditions affecting retailers;
- Changing consumer trends, additional store brand or branded competition or other pricing pressures which may cause us to lower our prices;
- Our dependence on third party manufacturers to produce many of the products we sell;
- Our dependence on third party logistics providers to distribute our products to customers;
- Price increases for raw materials, labor, energy and transportation costs, and for other input costs;
- Disruptions in our distribution center or manufacturing facility;
- Acquisitions, dispositions or other strategic transactions diverting managerial resources, the incurrence of additional liabilities or problems associated with integration of those businesses and facilities;
- Actions of government agencies in connection with our products, advertising or regulatory matters governing our industry;
- Product liability claims, product recalls and related negative publicity;
- Our inability to protect our intellectual property rights;
- Our dependence on third parties for intellectual property relating to some of the products we sell;
- Our inability to protect our internal information technology systems;
- Our dependence on third party information technology service providers and their ability to protect against security threats and disruptions;
- Our assets being comprised virtually entirely of goodwill and intangibles and possible changes in their value based on adverse operating results and/or changes in the discount rate used to value our brands;
- Our dependence on key personnel;
- Shortages of supply of sourced goods or interruptions in the distribution or manufacturing of our products;
- The costs associated with any claims in litigation or arbitration and any adverse judgments rendered in such litigation or arbitration;

- Our level of indebtedness and possible inability to service our debt;
- Our inability to obtain additional financing;
- The restrictions imposed by our financing agreements on our operations; and
- Changes in federal, state and other geographic tax laws.

For more information, see “Risk Factors” contained in Part I, Item 1A of this Annual Report on Form 10-K.

ITEM 1. BUSINESS

Overview

Unless otherwise indicated by the context, all references in this Annual Report on Form 10-K to “we,” “us,” “our,” the “Company” or “Prestige” refer to Prestige Consumer Healthcare Inc. and our subsidiaries. Prior to August 17, 2018, the Company's name was Prestige Brands Holdings, Inc. Reference to a year (e.g., “2020”) refers to our fiscal year ended March 31 of that year.

We formed as a Delaware corporation in 1996 and are engaged in the development, manufacturing, marketing, sales and distribution of well-recognized, brand name, over-the-counter (“OTC”) healthcare products to mass merchandisers, drug, food, dollar, convenience, club and e-commerce stores in North America (the United States and Canada) and in Australia and certain other international markets. We use the strength of our brands, our established retail distribution network, a low-cost operating model and our experienced management team to our competitive advantage. Our ultimate success is dependent on several factors, including our ability to:

- Develop and execute effective sales, advertising and marketing programs to maintain or grow our share versus competitors over time;
- Establish and maintain our manufacturing, third party manufacturing and distribution to fulfill customer demands;
- Develop innovative new products;
- Continue to grow our presence in the United States and international markets through acquisitions and organic growth, and;
- Allocate capital effectively.

We have grown our product portfolio both organically and through acquisitions. We develop our existing brands by investing in new product lines, brand extensions and strong advertising support. Acquisitions of OTC brands have also been an important part of our growth strategy. We pursue this growth following an acquisition through increased spending on advertising and promotional support, new sales and marketing strategies, improved packaging and formulations and innovative development of brand extensions. Our recent acquisition and divestitures are as follows:

- On July 2, 2018, we sold the Comet®, Spic and Span®, Chore Boy®, Chlorinol® and Cinch® brands, as well as associated inventory, for approximately $65.9 million. These brands represented our Household Cleaning segment.
- On January 26, 2017, the Company completed the acquisition of C.B. Fleet Company, Inc. ("Fleet") for $823.7 million. As a result of the transaction, we acquired women's health, gastrointestinal and dermatological care OTC brands, including *Summer's Eve*, *Fleet*, and *Boudreaux's Butt Paste*, as well as a “mix and fill” manufacturing facility in Lynchburg, Virginia.

We conduct our operations in two reportable segments: North American OTC Healthcare and International OTC Healthcare. Our business, business model, competitive strengths and growth strategy face various risks that are described in "Risk Factors" in Part I, Item 1A of this Annual Report on Form 10-K.

The following summarizes the percent of our net revenues by segment:

(In thousands)	March 31, 2020	2019	2018
Segment:			
North American OTC Healthcare	89.2 %	88.4 %	83.5 %
International OTC Healthcare	10.8	9.6	8.8
Household Cleaning	—	2.0	7.7
Total	100.0 %	100.0 %	100.0 %

For additional information concerning our business segments, please refer to Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Note 20 to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K.

Major Brands and Market Position

Our major brands, set forth in the table below, have strong levels of consumer awareness and retail distribution across all major channels. These brands accounted for approximately 80.5%, 78.6%, and 79.1% of our total revenues for 2020, 2019, and 2018, respectively.

Major Brands	Product Group	Market Position [1]	Market Segment [2]	Brand Information
North American OTC Healthcare: [3]				
BC®/Goody's	Analgesics	#1	Analgesic Powders	Developed over 80 years ago, BC and Goody's provide fast pain relief at the speed of powder
Boudreaux's Butt Paste	Dermatologicals	#4	Baby Ointments	Products include various diaper rash ointments produced without unwanted ingredients
Chloraseptic	Cough & Cold	#1	Sore Throat Liquids/Lozenges	Products include sprays and lozenges to relieve sore throats and mouth pain
Clear Eyes	Eye & Ear Care	#1	Eye Allergy/Redness Relief	Effective eye care that helps eliminate redness and provides soothing comfort
Compound W	Dermatologicals	#1	Wart Removal	Wart removal products that were introduced more than 50 years ago
Debrox	Eye & Ear Care	#1	Ear Wax Removal	Provides a safe, gentle method of removing earwax buildup at home
DenTek	Oral Care	#3	PEG Oral Care	Products include floss picks, interdental brushes, dental guards, dental repair and wax, floss threaders, dental picks and tongue cleaners
Dramamine	Gastrointestinal	#1	Motion Sickness Relief	Includes non-drowsy formula, Dramamine-N for nausea, a kids' formula and original formula
Fleet	Gastrointestinal	#1	Adult Enemas/Suppositories	First sold in 1869, products include enemas and suppositories
Gaviscon	Gastrointestinal	#1	Upset Stomach Remedies	Creates a foam barrier to keep stomach acid from backing up into the esophagus
Luden's	Cough & Cold	#3	Cough Drops	Brand is over 130 years old and includes a variety of flavors
Monistat	Women's Health	#1	Vaginal Anti-Fungal	Provides fast treatment for yeast infections and is available in several different doses
Nix	Dermatologicals	#1	Lice/Parasite Treatments	Safe for use on children as young as 2 years old
Summer's Eve	Women's Health	#1	Feminine Hygiene	Offers a variety of feminine hygiene products including washes, cloths, sprays and powders
International OTC Healthcare:				
Fess	Cough & Cold	#1	Nasal Saline Sprays and Washes	Helps relieve nasal and sinus congestion due to allergy, hay fever, colds and flu
Hydralyte	Gastrointestinal	#1	Oral Rehydration	Relieves symptoms of dehydration and helps replace water and electrolytes lost due to vomiting, diarrhea, heavy sweating, vigorous exercise and occasional hangovers

(1) We have prepared the information included in this Annual Report on Form 10-K with regard to the market position for our brands based in part on data generated by Information Resources, Inc. ("IRI"), for the 52-week period ended March 22, 2020. International information was derived from several sources.
(2) "Market segment" is defined by us and is either a standard IRI category or a segment within a standard IRI category and is based on our product offerings and the categories in which we compete.
(3) All brands in the North American OTC Healthcare segment are also sold in the International OTC Healthcare segment.

Our products are sold through multiple channels, including mass merchandisers and drug, food, dollar, convenience and club stores and e-commerce channels, which reduces our exposure to any single distribution channel.

Market Position

During 2020, approximately 69.4% of our total revenues were from major brands with a number one market position, compared with approximately 65.8% and 68.1% of total revenues during 2019 and 2018, respectively. In 2020, these brands included *BC/Goody's*, *Chloraseptic*, *Clear Eyes*, *Compound W*, *Debrox*, *Dramamine*, *Fess*, *Fleet*, *Gaviscon*, *Hydralyte*, *Monistat*, *Nix*, and *Summer's Eve*.

Competitive Strengths and Growth Strategy

We believe that our product portfolio is positioned for long term growth based on the following factors:

Diversified Portfolio of Well-Recognized and Established Consumer Brands

We own and market a diverse portfolio of well-recognized consumer brands, some of which were established over 100 years ago. Our diverse portfolio of products provides us with multiple sources of growth and minimizes our reliance on any one product or category. We provide significant marketing support to our portfolio, which is designed to enhance our sales growth and our long-term profitability across our major and other significant brands, sometimes referred to as core brands.

Strong Competitor in Attractive Categories

We compete in product categories that address recurring consumer needs. We believe we are well positioned in these categories due to the long history and consumer awareness of our brands, our strong market positions, and our low-cost operating model. The markets in which we sell our products, however, are highly competitive and include numerous national and global manufacturers, distributors, marketers and retailers. As a result, any one or more of our brands could suffer a decline in market position or sales.

Proven Ability to Develop and Introduce New Products

We focus our marketing and product development efforts on the identification of under-served consumer needs, the design of products that directly address those needs, and the ability to extend our highly recognizable brand names to other products. One of our strategies is to broaden the categories in which we participate and increase our share within those categories through ongoing product innovation. As an example of this philosophy, in 2020 we launched a number of new products, including, but not limited to, *Summer's Eve Active*, *Summer's Eve Blissful Escape Spray*, *Goody's Hangover*, *DenTek Cross Flosser*, and *BC Max*. In 2019, we launched *Summer's Eve Fresh Cycle*, *Clear Eyes Advanced Dry & Itchy*, *DenTek Ultimate Guard*, and *Compound W Nitrofreeze*. While there is always a risk that sales of existing products may be reduced by new product introductions, our goal is to grow the overall sales of our brands.

Investments in Advertising and Promotion

We invest in advertising and promotion to drive the growth of our core brands. Our marketing strategy is focused primarily on consumer oriented initiatives that target consumers via mass media, digital marketing, in-store programming and coupons. While the absolute level of marketing expenditures differs by brand and category, we have often increased the amount of investment in our brands after acquiring them. Advertising and promotional spend on our top five selling brands was approximately 17.9% of the total revenues associated with these brands in 2020.

Increasing Distribution Across Multiple Channels

Our broad distribution base attempts to ensure that our products are well positioned across all available channels and that we are able to participate in changing consumer retail trends. In an effort to ensure continued sales growth, we continue to focus on expanding our reliance on direct sales while reducing our reliance on brokers for our non-top 25 customers.

Growing Our International Business

International sales beyond the borders of North America represented 10.8%, 9.6% and 8.8% of total revenues in 2020, 2019, and 2018, respectively. We have designed and developed both products and packaging for specific international markets and expect that our international revenues as a proportion of our total revenues will continue to grow over the long-term.

A number of our brands in addition to *Fess* and *Hydralyte*, have previously been sold internationally, and we seek to expand the number of brands sold through our existing international distribution network and continue to identify additional distribution partners for further expansion into other international markets.

Efficient Operating Model
To gain operating efficiencies, we oversee the production planning and quality control aspects of the manufacturing, warehousing and distribution of our products, while we primarily outsource the operating elements of these functions to well-established third party providers. This approach allows us to benefit from their core competencies and maintain a highly variable cost structure with low overhead, limited working capital requirements, and minimal investment in capital expenditures.

Management Team with Proven Ability to Acquire, Integrate and Grow Brands
Our business has grown through acquisition and expansion of the many brands we have purchased as a result of the efforts of our experienced management team. Our management team has significant experience in consumer product marketing, sales, legal and regulatory compliance, product development and customer service. We rely on experienced personnel to bear the substantial responsibility of brand management and to effectuate our growth strategy.

Marketing and Sales

Our marketing strategy is based on the acquisition and the rejuvenation of established consumer brands that possess what we believe to be significant brand value and unrealized potential and to grow categories with existing brands where we have leading market positions. Our marketing objective is to increase sales and market share by developing innovative new products and line extensions and executing creative and cost-effective advertising and promotional programs. After we acquire a brand, we implement a brand building strategy that uses the brand's existing consumer awareness to maximize sales of current products and provides a vehicle to drive growth through product innovation. This brand building process involves the evaluation of the existing brand name, the development and introduction of innovative new products, and the execution of support programs. Recognizing that financial resources are limited, we allocate our resources to focus on our core brands with the most impactful, consumer-relevant initiatives that we believe have the greatest opportunities for growth and financial success. Brand priorities will vary from year-to-year.

Customers

Our senior management team and dedicated sales force strive to maintain long-standing relationships with our top 25 domestic customers. We also contract with third party sales management enterprises that interface directly with many of our remaining customers and report directly to members of our sales management team.

We enjoy broad distribution across each of the major retail channels, including mass merchandisers, drug, food, dollar, convenience and club stores, and e-commerce channels. The following table sets forth the percentage of gross sales for our domestic customers across our six major distribution channels during each of the past three years ended March 31:

	Percentage of Gross Sales[1]		
Channel of Distribution	**2020**	**2019**	**2018**
Mass	36.5	37.4	37.2
Drug	25.6	26.4	24.6
Food	15.4	15.5	15.8
Dollar	6.6	6.8	9.0
Convenience	3.9	4.0	3.2
Club	1.4	1.6	1.6
Other [2]	10.6	8.3	8.6

(1) Includes estimates for some of our wholesale customers that service more than one distribution channel.
(2) Includes e-commerce retailers such as Amazon.

Due to the diversity of our product lines, we believe that each of these channels is important to our business, and we continue to seek opportunities for growth in each channel.

We believe that our emphasis on strong customer relationships, speed and flexibility and leading sales technology capabilities, combined with consistent marketing support programs and ongoing product innovation, will continue to maximize our competitiveness in the increasingly complex retail environment.

During 2020, 2019, and 2018, Walmart accounted for approximately 23.1%, 23.7%, and 23.8%, respectively, of our gross revenues. We expect that for future periods, our top ten customers, including Walmart, will, in the aggregate, continue to account for a large portion of our sales.

Outsourcing and Manufacturing

In order to maximize our competitiveness and efficiently allocate our resources, third party manufacturers fulfill most of our manufacturing needs. We have found that contract manufacturing often maximizes our flexibility and responsiveness to industry and consumer trends while minimizing the need for capital expenditures. We select contract manufacturers based on their core competencies and our perception of the best overall value, including factors such as (i) depth of services, (ii) professionalism and integrity of the management team, (iii) manufacturing agility and capacity, (iv) regulatory compliance, and (v) competitive pricing. We ask each of our suppliers to comply with our Supplier Code of Conduct, which sets forth the basic and minimal expectations that all Suppliers must meet in order to do business with us. We also conduct thorough reviews of each potential manufacturer's facilities, quality standards, capacity and financial stability. We generally purchase only finished products from our manufacturers.

Our primary contract manufacturers provide comprehensive services from product development through the manufacturing of finished goods. This management approach results in minimal capital expenditures and maximizes our cash flow, which allows us to reinvest to support our marketing initiatives, fund brand acquisitions or repay outstanding indebtedness.

At March 31, 2020, we had relationships with 113 third party manufacturers. Of those, we had long-term contracts with 14 manufacturers that produced items that accounted for approximately 62.3% of our gross sales for 2020, compared to 33 manufacturers with long-term contracts that accounted for approximately 65.6% of our gross sales in 2019. The fact that we do not have long-term contracts with certain manufacturers means that they could cease manufacturing our products at any time and for any reason or initiate arbitrary and costly price increases, which could have a material adverse effect on our business and results of operations. Although we are in the process of negotiating long-term contracts with certain key manufacturers, we may not be able to reach a timely agreement, which could have a material adverse effect on our business and results of operations.

We rely on contract manufacturing organizations mostly based out of the United States and Canada for the supply of our goods. Supply and manufacturing agreements govern our commercial relationships with certain of these third party manufacturers. These agreements explicitly outline the manufacturers' obligations and product specifications with respect to the brand or brands being produced, including allocation of product liability risk. However, the purchase price of products is subject to change pursuant to the terms of these agreements due to fluctuations in input costs such as raw material, packaging components and labor costs.

Some of our other products are manufactured on a purchase order basis, which is generally based on batch sizes and results in no long-term obligations or commitments. To the extent we rely on purchase orders, rather than supply and manufacturing agreements, to govern our commercial relationships with suppliers, we typically rely on implied warranties with respect to the products manufactured, and we do not have specifically negotiated allocation of risk with these third party manufacturers.

We operate a "mix and fill" manufacturing facility in Lynchburg, Virginia, which manufactures products accounting for approximately 15% of our gross sales.

We believe that most of the raw materials and packaging components used to produce our products at our manufacturing facility in Virginia and at our third party manufacturing facilities are readily available through multiple sources.

Warehousing and Distribution

We manage product distribution in the continental United States through one facility, which is owned and operated by GEODIS Logistics LLC ("GEODIS"), a third party provider. We entered into an agreement with GEODIS in May 2019 and transitioned to this facility from our previous provider during fiscal 2020. Our U.S. warehouse provider provides warehouse services including storage, handling and shipping, as well as transportation services, with respect to our full line of products, including (i) complete management services, (ii) carrier claims administration, (iii) proof of delivery, (iv) procurement, (v) report generation, and (vi) freight payment services.

Competition

The business of selling brand name consumer products in the OTC Healthcare category is highly competitive. This market includes numerous national and global manufacturers, distributors, marketers and retailers that actively compete for consumers' business both in the United States and abroad. In addition, like most companies that market products in this category, we are experiencing increased competition from "private label" products introduced by major retail chains. While we believe that our branded products provide superior quality and benefits, we are unable to predict the extent to which consumers will purchase "private label" products as an alternative to branded products, although we expect that this may increase during an economic downturn.

Our principal competitors include Johnson & Johnson, The Procter & Gamble Company, Reckitt Benckiser, Mondelez International, GlaxoSmithKline, Sunstar America, Inc., Combe, Bayer and Sanofi.

We compete on the basis of numerous factors, including brand recognition, product quality, performance, value to customers, price, and product availability at the retail and e-commerce level. Advertising, promotion, merchandising and packaging, the timing of new product introductions, and line extensions also have a significant impact on customers' buying decisions and, as a result, on our sales. The structure and quality of our sales force, as well as sell-through of our products, affect in-store and online positioning, wall display space and inventory levels for retail sale. Our markets are also highly sensitive to the introduction of new products, which may rapidly capture a significant share of the market.

Many of the competitors noted above are larger and have substantially greater research and development and financial resources than we do, and may therefore have the ability to spend more aggressively and consistently on research and development, advertising and marketing, and to respond more effectively to changing business and economic conditions. See "Competitive Strengths" above for additional information regarding our competitive strengths and Part I, Item 1A "Risk Factors" below for additional information regarding competition in our industry.

Regulation

Product Regulation

The formulation, manufacturing, packaging, labeling, distribution, importation, sale and storage of our products are subject to extensive regulation by various U.S. federal agencies, including the U.S. Food and Drug Administration ("FDA"), the Federal Trade Commission ("FTC"), the Consumer Product Safety Commission ("CPSC"), and the Environmental Protection Agency ("EPA"), and various agencies of the states, localities and foreign countries in which our products are manufactured, marketed, distributed and sold. Our Regulatory team is guided by a senior member of management and staffed by individuals with appropriate legal and regulatory experience. Our Regulatory and Operations teams work closely with our third party manufacturers and our own manufacturing operation on quality-related matters, while we monitor our third party manufacturers' compliance with FDA and foreign regulations and perform periodic audits to ensure compliance. This continual evaluation process is designed to ensure that our manufacturing processes and products are of high quality and in compliance with known regulatory requirements. If the FDA or a foreign governmental authority chooses to audit a particular third party manufacturing facility, we require the third party manufacturer to notify us immediately and update us on the progress of the audit as it proceeds. If we or our manufacturers fail to comply with applicable regulations, we could become subject to significant claims or penalties or be required to discontinue the sale of the non-compliant products. In addition, the adoption of new regulations or changes in the interpretations of existing regulations may result in significant additional compliance costs or discontinuation of product sales.

Most of our U.S. OTC drug products are regulated pursuant to the FDA's monograph system. The monographs set out the active ingredients and labeling indications that are permitted for certain broad categories of U.S. OTC drug products. When the FDA has finalized a particular monograph, it has concluded that a properly labeled product formulation is generally recognized as safe and effective and not misbranded. A tentative final monograph indicates that the FDA has not made a final determination about products in a category to establish safety and efficacy for a product and its uses. However, unless there is a serious safety or efficacy issue, the FDA typically will exercise enforcement discretion and permit companies to sell products conforming to a tentative final monograph until the final monograph is published. Products that comply with either final or tentative final monograph standards do not require pre-market approval from the FDA.

Certain of our U.S. OTC drug products are New Drug Application ("NDA") or Abbreviated New Drug Application ("ANDA") products and are manufactured and labeled in accordance with an FDA-approved submission. These products are subject to reporting requirements as set forth in FDA regulations.

Certain of our U.S. OTC Healthcare products are medical devices regulated by the FDA through a system that may involve pre-market clearance. During the review process, the FDA makes an affirmative determination as to the sufficiency of the label directions, cautions and warnings for the medical devices in question.

Certain of our products are considered cosmetics regulated by the FDA through the Federal Food, Drug, and Cosmetic Act ("FDC Act") and the Fair Packaging and Labeling Act. FDA does not require pre-market clearance for cosmetics but seeks to insure the products are not adulterated or misbranded.

In accordance with the FDC Act and FDA regulations, we and our third party manufacturers of U.S. products must also comply with the FDA's current Good Manufacturing Practices ("GMPs"). The FDA inspects our facilities and those of our third party manufacturers periodically to determine that both we and our third party manufacturers are complying with GMPs.

A number of our products are regulated by the CPSC under the Federal Hazardous Substances Act (the "FHSA"), the Poison Prevention Packaging Act of 1970 (the "PPPA") and the Consumer Products Safety Improvement Act of 2008 (the "CPSIA"). In addition, a small number of our products are subject to regulation under the PPPA and can only be legally marketed if they are dispensed in child-resistant packaging or labeled for use in households where there are no children. The CPSIA requires us to make available to our customers certificates stating that we are in compliance with any applicable regulation administered by the CPSC.

Nix Lice Control Spray is considered a pesticide under the Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA"). Generally speaking, any substance intended for preventing, destroying, repelling, or mitigating any pest is considered to be a pesticide under FIFRA. Pesticides under FIFRA are required to be registered with the EPA and contain certain disclosures on the product labels. In addition, the contract manufacturers from which we source these products must be registered with the EPA. Our EPA registered products are also subject to state regulations and the rules and regulations of the various jurisdictions where these products are sold.

Our international business is also subject to product regulations by local regulatory authorities in the various regions where these businesses operate, including regulations regarding manufacturing, labeling, marketing, distribution, sale and storage.

Other Regulations

We are also subject to a variety of other regulations in various foreign markets, including regulations pertaining to import/export and antitrust issues. To the extent we decide to commence or expand operations in additional countries, we may be required to obtain an approval, license or certification from the country's ministry of health or comparable agency. We must also comply with product labeling and packaging regulations that may vary from country to country. Government regulations in both our domestic and international markets can delay or prevent the introduction, or require the reformulation or withdrawal, of some of our products. Our failure to comply with these regulations can also result in a product being removed from sale in a particular market, either temporarily or permanently. In addition, we are subject to FTC and state regulations, as well as foreign regulations, relating to our product claims and advertising. If we fail to comply with these regulations, we could be subject to enforcement actions and the imposition of penalties.

Intellectual Property

We own a number of trademark registrations and applications in the United States, Canada and other foreign countries. The following are some of the most significant registered trademarks we own in the United States and/or Canada: *BC*, *Beano*, *Boudreaux's Butt Paste*, *Chloraseptic*, *Clear Eyes*, *Compound W*, *Debrox*, *DenTek*, *Dramamine*, *Fleet*, *Gaviscon*, *Goody's*, *Little Remedies*, *Luden's*, *Monistat*, *Nix*, *and Summer's Eve.*

Our trademarks and tradenames are how we convey that the products we sell are "brand name" products. Our ownership of these trademarks and tradenames is very important to our business, as it allows us to compete based on the value and goodwill associated with these marks. We may also license others to use these marks. Additionally, we own or license patents on innovative and proprietary technology. The patents evidence the unique nature of our products, provide us with exclusivity, and afford us protection from the encroachment of others. None of the patents that we own or license, however, is material to us on a consolidated basis. Enforcing our rights, or the rights of any of our licensors, represented by these trademarks, tradenames and patents is critical to our business and may require significant expense. If we are not able to effectively enforce our rights, others may be able to dilute our trademarks, tradenames and patents and diminish the value associated with our brands and technologies.

We do not own all of the intellectual property rights applicable to our products. In those cases where our third party manufacturers own patents that protect our products, we are dependent on them as a source of supply for our products. In addition, we rely on our suppliers for their enforcement of their intellectual property rights against infringing products.

Seasonality
The first quarter of our fiscal year generally is the least profitable quarter due to the increased advertising and promotional spending to support those brands with a summer selling season, such as *Clear Eyes* products and *Compound W,* and generally the lowest level of sales attributable to multiple factors. The effectiveness of advertising and promotional campaigns in the third quarter influences sales of our cough/cold products, such as *Chloraseptic*, *Little Remedies*, and *Luden's*, during the fourth quarter cough and cold winter months. Additionally, the fourth quarter typically has the lowest level of advertising and promotional spending as a percent of revenue.

Employees
We employed approximately 520 full time and no part time individuals at March 31, 2020. Of our approximately 520 employees, approximately 360 are non-production employees. None of our employees are a party to a collective bargaining agreement. Management believes that our relations with our employees are good.

Backlog Orders
We define backlog as orders with requested delivery dates requiring shipment prior to March 31st that were not shipped as of March 31st. We had $6.4 million backlog orders as of March 31, 2020 and no significant backlog orders as of March 31, 2019. The backlog orders at March 31, 2020 were a result of the increase in customer orders due to the impacts of COVID-19 and related pantry loading.

Coronavirus Outbreak
In January 2020, the World Health Organization ("WHO") announced a global health crisis due to a new strain of coronavirus ("COVID-19"). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic. This pandemic is affecting the United States and global economies, including causing significant volatility in the global economy and resulting in materially reduced economic activity. If the outbreak continues to spread or if we enter a period of recession or depression, it may materially affect our operations and those of third parties on which we rely, including causing disruptions in the supply and distribution of our products. We may need to limit operations and may experience material limitations in employee resources. We did see an increase in sales at the end of March 2020 related to the United States shelter-in-place restrictions, followed by a significant decrease in consumer consumption in the weeks that followed. It has been reported to us that there has been an increase in absenteeism at our distribution center and some of our suppliers, however, we have not experienced a material disruption to our overall supply chain. The extent to which COVID-19 impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19, and the actions to contain COVID-19 or treat its impact, among others. We do not yet know the full extent of impacts on our business or the global economy. However, these effects could have a material, adverse impact on our liquidity, capital resources, operations and business and those of the third parties on which we rely.

Available Information
Our Internet address is www.prestigeconsumerhealthcare.com. We make available free of charge on or through our Internet website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports, as well as the Proxy Statement for our annual stockholders' meetings, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (the "SEC"). Information on our Internet website does not constitute a part of this Annual Report on Form 10-K and is not incorporated herein by reference, including any general statement incorporating by reference this Annual Report on Form 10-K into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

You may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

We have adopted a Code of Conduct Policy, Code of Ethics for Senior Financial Employees, Policy and Procedures for Complaints Regarding Accounting, Internal Controls and Auditing Matters, Corporate Governance Guidelines, Audit Committee Pre-Approval Policy, and Charters for our Audit, Compensation and Nominating and Corporate Governance Committees, as well as a Related Persons Transaction Policy and Stock Ownership Guidelines. We will provide to any person without charge, upon request, a copy of the foregoing materials. Any requests for the foregoing documents from us should be made in writing to:

Prestige Consumer Healthcare Inc.
660 White Plains Road
Tarrytown, New York 10591
Attention: Secretary

We intend to disclose future amendments to the provisions of the foregoing documents, policies and guidelines and waivers therefrom, if any, on our Internet website and/or through the filing of a Current Report on Form 8-K with the SEC, to the extent required under the Exchange Act.

ITEM 1A. RISK FACTORS

The current pandemic from the outbreak of a novel strain of coronavirus, or COVID-19, could have an adverse impact on our results of operations and financial condition, and the continuation of this pandemic, further outbreaks of COVID-19, or any future outbreak of other highly infectious diseases or public health emergencies could have a similar impact.

The COVID-19 pandemic has created, and will likely continue to create, significant volatility in the global economy and result in materially reduced economic activity, and it is possible that it could cause a global recession. Numerous government orders and restrictions implemented to reduce the spread of COVID-19 have required many businesses to temporarily close or limit operations and have mandated that individuals substantially restrict daily activities, which has adversely affected workforces, customers, and consumer sentiment, decreased consumer spending and increased unemployment.

Our operations are impacted by consumer spending levels, the availability of our products at retail stores or for online purchase, and our ability to manufacture and distribute products to our customers and consumers in an effective and efficient manner. Although the COVID-19 pandemic has not yet materially adversely impacted any of our business segments or our operations, we could experience a material adverse impact in future quarters if conditions persist. In particular, we could experience adverse impacts from COVID-19 in a number of ways, including, but not limited to, the following:

- supply chain delays or stoppages due to closed supplier facilities or distribution center, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas;
- shutdown of our manufacturing facility due to illness or government order;
- reduced consumer demand for our products as a result of the economic downturn or restrictions on in-person purchases;
- change in demand for or availability of our products as a result of retailers or distributors modifying their restocking, fulfillment, or shipping practices;
- decrease in our ability to develop innovative products due to reprioritization of suppliers and/or retailers;
- increase in working capital needs and/or an increase in trade accounts receivable write-offs as a result of increased financial pressures on our suppliers or customers;
- impairment in the carrying value of goodwill or intangible assets or a change in the useful life of definite-lived intangible assets from sustained changes in consumer purchasing behaviors, government restrictions, or financial results;
- increase in raw material and other input costs resulting from market volatility; and
- fluctuation in foreign currency exchange rates or interest rates resulting from market uncertainties.

At the same time, we experienced increased demand at the end of March 2020 for certain products that appear to treat, alleviate or prevent symptoms of COVID-19. Any further increased demand for these products could cause a strain on our supply chain at our retail customers. In addition, this increased demand may not be replicated in future quarters, and the initial increased demand we experienced for certain products was followed by a significant decrease in consumer consumption.

Operationally, although we have initiated a work remotely protocol and restricted business travel of our workforce, if significant portions of our workforce, including key personnel, are unable to work effectively because of illness, government actions, or other restrictions in connection with the pandemic, the impact of the pandemic on our business could be exacerbated. It has been reported to us that there has been an increase in absenteeism at our distribution center and some of our suppliers, however, we have not experienced a material disruption to our overall supply chain. Additionally, COVID-19 could negatively affect our internal controls over financial reporting as a portion of our workforce is required to work from home and therefore new processes, procedures, and controls could be required to respond to changes in our business environment.

While the COVID-19 pandemic has not yet negatively impacted our results of operations, the extent to which it, and the related global economic downturn, could affect our business, results of operations and financial condition in future quarters will depend on developments that are highly uncertain and cannot be predicted, including the severity and duration of the outbreak and any recovery period, future actions taken by governmental authorities and other third parties in response to the pandemic, and the impact on our customers, employees and suppliers, distributors and other service providers. In addition, our supply and distribution chains may be disrupted by supplier or dealer bankruptcies or permanent discontinuation of operations. Accordingly, the ultimate impact on our financial condition and results of operations cannot be determined at this time. Nonetheless, we anticipate that it could adversely affect our results of operations and financial condition, including by negatively impacting the demand for our products, restricting our operations and sales, marketing and distribution efforts, disrupting supply chain and manufacturing processes and other important business activities. Moreover, the effects of the

COVID-19 pandemic will exacerbate the other risks described in this “Risk Factors” section of this Annual Report on Form 10-K.

The high level of competition in our industry, much of which comes from competitors with greater resources, could adversely affect our business, financial condition and results of operations.

The business of selling brand name consumer products in the OTC Healthcare category is highly competitive. This market includes numerous manufacturers, distributors, marketers and retailers that actively compete for consumers’ business both in the United States and abroad. Many of these competitors are larger and have substantially greater resources than we do, and may therefore have the ability to spend more aggressively on research and development, advertising and marketing, and to respond more effectively to changing business and economic conditions. If this were to occur, it could have a material adverse effect on our financial condition and results of operations.

Certain of our product lines that account for a large percentage of our sales have a smaller market share relative to our competitors. In some cases, we may have a number one market position but still have a relatively small share of the overall market. Alternatively, we may hold a number two market position but have a substantially smaller share of the market versus the number one competitor. See “Part I, Item 1. Business - Major Brands” of this Annual Report on Form 10-K for information regarding market share.

We compete for consumers’ attention based on a number of factors, including brand recognition, product quality, performance, value to consumers, price and product availability at the retail level. Advertising, promotion, merchandising and packaging and the timing of new product introductions and line extensions also have a significant impact on consumer buying decisions and, as a result, on our sales. Our markets are highly sensitive to the introduction of new products, which may rapidly capture a significant share of the market. New product innovations by our competitors, or our failure to develop new products, the failure of a new product launch by the Company, or the obsolescence of one or more of our products, could have a material adverse effect on our business, financial condition and results of operations. If our advertising, marketing and promotional programs are not effective, our sales may decline. In addition, the introduction or expansion of store brand products that compete with our products has impacted and could in the future impact our sales and results of operations.

The structure and quality of our sales force, as well as sell-through of our products, affect in-store position, wall display space and inventory levels for retail sale. If we are unable to maintain our current distribution network, product offerings for retail sale, inventory levels and in-store (and online) positioning of our products, our sales and operating results could be adversely affected.

In addition, competitors may attempt to gain market share by offering products at prices at or below those typically offered by us. Competitive pricing may require us to reduce prices, which may result in lost revenue or a reduction of our profit margins. Future price adjustments by our competitors or our inability to react with price adjustments of our own could result in a loss of market share, which could have a material adverse effect on our financial condition and results of operations.

We depend on a limited number of customers with whom we have no long-term agreements for a large portion of our gross sales, and the loss of one or more of these customers could reduce our gross sales and have a material adverse effect on our financial condition and results of operations.

During 2020, Walmart, which accounted for approximately 23.1% of our gross sales, was our only customer that accounted for more than 10% of our gross revenues. We expect that for future periods, our top ten customers, including Walmart, will, in the aggregate, continue to account for a large and potentially increasing portion of our sales. The loss of one or more of our top customers, or any significant decrease in sales to these customers based on changes in their strategies including a reduction in the number of brands they carry, the amount of shelf space or positioning they dedicate to store brand products, inventory management, or a significant decrease in our retail display space or online positioning or in any of these customers’ stores, could reduce our sales and have a material adverse effect on our financial condition and results of operations.

In addition, our business is based primarily upon individual sales orders. We typically do not enter into long-term contracts with our customers. Accordingly, our customers could cease buying products or reduce the number of items they buy from us at any time and for any reason. The fact that we do not have long-term contracts with our customers means that we have no recourse in the event a customer no longer wants to purchase products from us or reduces the number of items purchased. If a significant number of our smaller customers, or any of our significant customers, elect not to purchase products from us, our financial condition and results of operations could be adversely affected.

We primarily depend on third party manufacturers to produce the products we sell. If we are unable to maintain these manufacturing relationships or fail to enter into additional relationships, as necessary, we may be unable to meet customer demand and our business, sales and profitability could suffer as a result.

Many of our products are produced by a limited number of third party manufacturers. Our ability to retain our current manufacturing relationships and engage in and successfully transition to new relationships is critical to our ability to deliver quality products to our customers in a timely manner. Without adequate supplies of quality merchandise, our sales would decrease materially and our business would suffer. In the event that our primary third party manufacturers are unable or unwilling to ship products to us in a timely manner, we would have to rely on secondary manufacturing relationships or, to the extent unavailable, identify and qualify new manufacturing relationships. Because of the unique manufacturing requirements of certain products, the Company may be unable to qualify new suppliers in a timely way or at the quantities, quality and price levels needed. From time to time, certain of the Company's manufacturers have had difficulty meeting demand, which can cause shortages of our products. In such instances, we may not be able to identify or qualify secondary manufacturers for such products in a timely manner, and such manufacturers may not allocate sufficient capacity to allow us to meet our commitments to customers. In addition, identifying alternative manufacturers without adequate lead times may involve additional manufacturing expense, delay in production or product disadvantage in the marketplace. In general, the consequences of not securing adequate, high quality and timely supplies of merchandise would negatively impact inventory levels, which could damage our reputation and result in lost customers and sales, and could have a material adverse effect on our business, financial condition and results of operations.

The manufacturers we use have historically and may continue to increase the cost of many of the products we purchase, which could adversely affect our margins in the event we are unable to pass along these increased costs to our customers or identify and qualify new manufacturers. Increased costs could also have a material adverse effect on our financial condition and results of operations.

At March 31, 2020, we had relationships with 113 third party manufacturers. Of those, we had long-term contracts with 14 manufacturers that produced items that accounted for approximately 62.3% of our gross sales for 2020, compared to 33 manufacturers with long-term contracts that produced approximately 65.6% of gross sales in 2019. The fact that we do not have long-term contracts with certain manufacturers means that they could cease manufacturing our products at any time and for any reason or initiate arbitrary and costly price increases, which could have a material adverse effect on our business and results of operations. Although we are in the process of negotiating long-term contracts with certain key manufacturers, we may not be able to reach a timely agreement, which could have a material adverse effect on our business and results of operations.

Price increases for raw materials, labor, energy, transportation costs and other manufacturer, logistics provider or distributor demands could have an adverse impact on our margins.

The costs to manufacture and distribute our products are subject to fluctuation based on a variety of factors. Increases in commodity raw material (including resins), packaging component prices, and labor, energy and fuel costs and other input costs could have a significant impact on our financial condition and results of operations if our raw material suppliers, third party manufacturers, logistics providers or distributors pass along those costs to us. If we are unable to increase the price for our products to our customers or continue to achieve cost savings in a rising cost environment, any such cost increases would likely reduce our gross margins and could have a material adverse effect on our financial condition and results of operations. If we increase the price of our products in order to maintain our current gross margins for our products, such increase may adversely affect demand for, and sales of, our products, which could have a material adverse effect on our business, financial condition and results of operations.

Disruption in our third party distribution center or our Virginia manufacturing facility may prevent us from meeting customer demand, and our sales and profitability may suffer as a result.

In 2020, we moved our product distribution in the United States to be managed by a third party through one primary distribution center in Clayton, Indiana, and with the acquisition of Fleet, we operate one manufacturing facility located in Lynchburg, Virginia, which manufactures products comprising approximately 15% of our gross revenues. A natural disaster, such as tornado, earthquake, flood, or fire, could damage our inventory and/or materially impair our ability to distribute our products to customers in a timely manner or at a reasonable cost. In addition, a serious disruption caused by performance or contractual issues with a third party distribution manager or contagious disease outbreaks or other public health emergencies could also materially impact our product distribution. For example, we previously identified the integration of Fleet as one factor that could create significant disruption, and the COVID-19 pandemic or another outbreak could materially impair our distribution network if our distribution facilities were required to close or limit operations due to illness or government order.

Any disruption as a result of business integration, contagious disease outbreaks, or third party performance at our distribution center could result in increased costs, expense and/or shipping times, and could cause us to incur customer fees and penalties. In addition, any serious disruption to our Lynchburg manufacturing facility could materially impair our ability to manufacture many of the *Summer's Eve* and *Fleet* products, which would also limit our ability to provide those products to customers in a timely manner or at a reasonable cost. We could also incur significantly higher costs and experience longer lead times should we be required to replace our distribution center, the third party distribution managers or the manufacturing facility. As a result, any serious disruption could have a material adverse effect on our business, financial condition and results of operations.

Our inability to successfully identify, negotiate, complete and integrate suitable acquisition candidates and to obtain necessary financing could have an adverse impact on our growth and our business, financial condition and results of operations.

Achievement of our strategic objectives includes the acquisition, or potentially the disposition, of certain brands or product lines, and these acquisitions and dispositions may not be successful.

The majority of our historical growth has been driven by acquiring other brands and companies. At any given time, we may be engaged in discussions with respect to possible acquisitions that are intended to enhance our product portfolio, enable us to realize cost savings, and further diversify our category, customer and channel focus. Our ability to successfully grow through acquisitions depends on our ability to identify, negotiate, complete and integrate suitable acquisition candidates and to obtain any necessary financing. However, we may not be able to identify and successfully negotiate suitable strategic acquisitions at attractive valuations, obtain financing for future acquisitions on satisfactory terms, or otherwise complete future acquisitions. These acquisition efforts could also divert the attention of our management and key personnel from our business operations. All acquisitions entail various risks such that after completing an acquisition, we may also experience:

- Difficulties in integrating any acquired companies, suppliers, personnel and products into our existing business;
- Difficulties in realizing the benefits of the acquired company or products, including expected returns, margins, synergies and profitability;
- Higher costs of integration than we anticipated;
- Exposure to unexpected liabilities of the acquired business;
- Difficulties in retaining key employees of the acquired business who are necessary to operate the business;
- Difficulties in maintaining uniform standards, controls, procedures and policies throughout our acquired companies; or
- Adverse customer or stockholder reaction to the acquisition.

As a result, any acquisitions we pursue or complete could adversely impact our business, financial condition and results from operations. In addition, any acquisition could adversely affect our operating results as a result of higher interest costs from any acquisition-related debt and higher amortization expenses related to the acquired intangible assets.

In the event that we decide to divest of a brand or product line, we may encounter difficulty finding, or be unable to find, a buyer on acceptable terms in a timely manner.

Additionally, the pursuit of acquisitions and divestitures could also divert management's attention from our business operations and result in a delay in our efforts to achieve our strategic objectives.

Our risks associated with doing business internationally increase as we expand our international footprint.

During 2020, 2019, and 2018, approximately 10.8%, 9.6% and 8.8%, respectively, of our total revenues were attributable to our international business. We generally rely on brokers and distributors for the sale of our products in foreign countries. In addition, some of our third party manufacturers are located outside the United States. Risks of doing business internationally include, but are not limited to:

- Political instability or declining economic conditions in the countries or regions where we operate that adversely affect sales of our products;
- Currency controls that restrict or prohibit the payment of funds or the repatriation of earnings to the United States;
- Fluctuating foreign exchange rates that result in unfavorable increases in the price of our products or cause increases in the cost of certain products purchased from our foreign third party manufacturers;
- Compliance with laws and regulations concerning ethical business practices;
- Trade restrictions and exchange controls;
- Difficulties in staffing and managing international operations;
- Difficulty in protecting our intellectual property rights in these markets; and
- Increased costs of compliance with general business and tax regulations in these countries or regions.

As our operations grow internationally, we become increasingly dependent on foreign distributors and sales agents for compliance and adherence to foreign laws and regulations that we may not be familiar with, and we cannot be certain that these distributors and sales agents will adhere to such laws and regulations or adhere to our business practices and policies. Any violation of laws and regulations by foreign distributors or sales agents or a failure of foreign distributors or sales agents to comply with applicable business practices and policies could result in legal or regulatory sanctions or potentially damage our reputation. If we fail to manage these risks effectively, we may not be able to grow our international operations, and our business and results of operations may be materially adversely affected.

In addition, the United Kingdom's (the “UK”) exit from the European Union (commonly referred to as “Brexit”), has caused and is likely to continue to cause volatility in exchange rates and on market conditions in the UK and the European Union, as well as global economic uncertainty and volatility. The effects of Brexit will depend on any agreements the UK ultimately makes to retain access to the European Union markets, but such agreements could disrupt trade and the free movement of goods, services and people between the UK and the European Union. Our operations in the UK represent less than 1% of our total revenues. The potential implications of Brexit, including following the transition or implementation period scheduled to end on December 31, 2020, could have an adverse impact on our business and results of operations.

Consumption trends for our products may not correlate to our results of operations.

We regularly review consumption levels for our core brands to provide an indication of the strength of our expected results of operations. Total company consumption is based on domestic IRI multi-outlet + C-Store retail sales for the relevant period, retail sales from other third parties for certain untracked e-commerce channels in North America for leading retailers, Australia consumption based on IMS data, and other international net revenues as a proxy for consumption. Our calculation of consumption levels may not accurately reflect actual retail consumption, given the limitations of the tracked data primarily with respect to Amazon, Costco and international sales. In addition, many retailers have implemented inventory management strategies that include reductions in the amount of inventory they carry and related reductions in retail space. For example, we have previously reported that consumption gains have been offset by inventory reductions at key retailers, and we expect that trend to continue. As a result, consumption trends may not accurately reflect trends in our results of operations.

If new products and product line extensions do not gain widespread customer acceptance or are otherwise discontinued, the Company's financial performance could be impacted.

The Company's future performance and growth depends on its ability to successfully develop and introduce new products and product line extensions. We cannot be certain that we will achieve our innovation goals. The successful development and introduction of new products involves substantial research, development, marketing and promotional expenditures, which the Company may be unable to recover if the new products do not gain widespread market acceptance. New product development and marketing efforts, including efforts to enter markets or product categories in which the Company has limited or no prior experience, have inherent risks. These risks include product development or launch delays, competitor actions, regulatory approval hurdles and the failure of new products and line extensions to achieve anticipated levels of market acceptance.

Regulatory matters governing our industry could have a significant negative effect on our sales and operating costs.

In both the United States and in our foreign markets, our operations are affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints. Such laws, regulations and other constraints exist at the federal, state and local levels in the United States and at analogous levels of government in foreign jurisdictions.

The formulation, manufacturing, packaging, labeling, distribution, importation, marketing, sale and storage of our products are subject to extensive regulation by various U.S. federal agencies, including the FDA, FTC and CPSC, the EPA, and by various agencies of the states, localities and foreign countries in which our products are manufactured, distributed, stored and sold. The FDC Act and FDA regulations require that the manufacturing processes of our facilities and third party manufacturers of U.S. products must also comply with the FDA's GMPs. The FDA inspects our facilities and those of our third party manufacturers periodically to determine if we and our third party manufacturers are complying with GMPs. The health regulatory bodies of other countries have their own regulations and standards, which may or may not be consistent with the U.S. FDA GMPs. A history of general compliance in the past is not a guarantee that future GMPs will not mandate other compliance steps and associated expense.

If we or our third party manufacturers or distributors fail to comply with applicable regulations, we could become subject to enforcement actions, significant penalties or claims, which could materially adversely affect our business, financial condition and results of operations. In addition, we could be required to:

- Suspend manufacturing operations;
- Modify product formulations or processes;
- Suspend the sale or require a recall of products with non-complying specifications; or
- Change product labeling, packaging, marketing, or advertising, recall non-compliant products, or take other corrective action.

The adoption of new regulations or changes in the interpretation of existing regulations may result in significant compliance costs or the cessation of product sales and may adversely affect the marketing of our products, which could have a material adverse effect on our financial condition and results of operations.

In addition, our failure to comply with FDA, FTC, EPA or any other federal and state regulations, or with similar regulations in foreign markets, that cover our product registration, product claims and advertising, including direct claims and advertising by us, may result in enforcement actions and imposition of penalties, litigation by private parties, or otherwise materially adversely affect the distribution and sale of our products, which could have a material adverse effect on our business, financial condition and results of operations.

Product liability claims and product recalls and related negative publicity could adversely affect our sales and operating results.

We are dependent on consumers' perception of the safety and quality of our products. Negative consumer perception may arise from product liability claims and product recalls, regardless of whether such claims or recalls involve us or our products. The mere publication of information asserting concerns about the safety of our products or the ingredients used in our products could have a material adverse effect on our business and results of operations. For example, some of our products contain the active ingredient acetaminophen, which is a pain reliever and fever reducer. We believe our products are safe and effective when used in accordance with label directions. However, adverse publicity about acetaminophen or other ingredients used in our products may discourage consumers from buying our products containing those ingredients, which would have an adverse impact on our sales.

From time to time we are subjected to various product liability claims. Claims could be based on allegations that, among other things, our products contain contaminants, include inadequate instructions or warnings regarding their use or include inadequate warnings concerning side effects and interactions with other substances. Whether or not successful, product liability claims could result in negative publicity that could adversely affect the reputation of our brands and our business, sales and operating results. Additionally, we may be required to pay for losses or injuries purportedly caused by our products. In addition, we could be required for a variety of reasons to initiate product recalls, which we have done on several occasions. Any product recalls could have a material adverse effect on our business, financial condition and results of operations.

Although we have supply and manufacturing agreements with certain of our third party manufacturers, which explicitly outline the allocation of product liability risk with respect to the products these manufacturers produce, some of our other products are

manufactured on a purchase order basis. To the extent we rely on purchase orders to govern our commercial relationships with suppliers, we have not specifically negotiated the allocation of risk for product liability obligations. Instead, we typically rely on implied warranties from the suppliers with respect to these products. As a result, we may have difficulty enforcing these implied warranties, and we may bear all or a significant portion of any product liability obligations rather than transferring this risk to our third party manufacturers.

In addition, although we maintain, and require our suppliers and third party manufacturers to maintain, product liability insurance coverage, potential product liability claims may exceed the amount of insurance coverage or may be excluded under the terms of the policy, which could have a material adverse effect on our financial condition. In addition, in the future we may not be able to obtain adequate insurance coverage or we may be required to pay higher premiums and accept higher deductibles in order to secure adequate insurance coverage.

If we are unable to protect our intellectual property rights, our ability to compete effectively in the market for our products could be negatively impacted.

The market for our products depends to a significant extent upon the goodwill associated with our trademarks, tradenames and patents. Our trademarks and tradenames convey that the products we sell are "brand name" products. We believe consumers ascribe value to our brands, some of which are over 100 years old. We own or license the material trademarks, tradenames and patents used in connection with the packaging, marketing and sale of our products. These rights prevent our competitors or new entrants to the market from using our valuable brand names and technologies. Therefore, trademark, tradename and patent protection is critical to our business. Although most of our material intellectual property is registered in the United States and in applicable foreign countries, we may not be successful in asserting protection. If we were to lose the exclusive right to use one or more of our intellectual property rights, the loss of such exclusive right could have a material adverse effect on our financial condition and results of operations.

In addition, other parties may infringe on our intellectual property rights and may thereby dilute the value of our brands in the marketplace. Brand dilution could cause confusion in the marketplace and adversely affect the value that consumers associate with our brands, which could negatively impact our business and sales. In addition, third parties may assert claims against our intellectual property rights, and we may not be able to successfully resolve those claims, which would cause us to lose the right to use the intellectual property subject to those claims. Such loss could have a material adverse effect on our financial condition and results of operations. Furthermore, from time to time, we may be involved in litigation in which we are enforcing or defending our intellectual property rights, which could require us to incur substantial fees and expenses and have a material adverse effect on our financial condition and results of operations.

We license certain of our trademarks to third party licensees, who are bound by their respective license agreements to protect our trademarks from infringement and adhere to defined quality requirements. If a licensee of our trademarks fails to adhere to the contractually defined quality requirements, our business and financial results could be negatively impacted if one of our brands suffers a substantial impairment to its reputation due to real or perceived quality issues. Further, if a licensee fails to protect one of our licensed trademarks from infringement, we might be required to take action, which could require us to incur substantial fees and expenses.

We depend on third parties for intellectual property relating to some of the products we sell, and our inability to maintain or enter into future license agreements may result in our failure to meet customer demand, which would adversely affect our operating results.

We have licenses or manufacturing agreements with third parties that own intellectual property (e.g., formulae, copyrights, trademarks, trade dress, patents and other technology) used in the manufacture and sale of certain of our products. In the event that any such license or manufacturing agreement expires or is otherwise terminated, we will lose the right to use the intellectual property covered by such license or agreement and will have to develop or obtain rights to use other intellectual property. Similarly, our rights could be reduced if the applicable licensor or third party manufacturer fails to maintain or protect the licensed intellectual property because, in such event, our competitors could obtain the right to use the intellectual property without restriction. If this were to occur, we might not be able to develop or obtain replacement intellectual property in a timely or cost effective manner. Additionally, any modified products may not be well-received by customers. The consequences of losing the right to use or having reduced rights to such intellectual property could negatively impact our sales due to our failure to meet consumer demand for the affected products or require us to incur costs for the development of new or different intellectual property, either of which could have a material adverse effect on our business, financial condition and results of operations. In addition, development of replacement products may be time-consuming and ultimately may not be feasible.

Virtually all of our assets consist of goodwill and intangible assets and are subject to impairment risk.

As our financial statements indicate, virtually all of our assets consist of goodwill and intangible assets, principally the trademarks, tradenames and patents that we have acquired. On an annual basis, and otherwise when there is evidence that events or changes in circumstances indicate that the carrying value of intangible assets might not be recoverable, we assess the potential impairment of our goodwill and other intangible assets. Upon any such evaluation, we may be required to record a significant charge in our financial statements, which would negatively impact our financial condition and results of operations. We recorded non-cash impairment charges in 2019 and 2018 for certain assets. If any of our brands sustain significant or prolonged declines in revenues or profitability or performance not in line with our expectations, the carrying value may no longer be recoverable, in which case a non-cash impairment charge may be recorded in future periods. For example, if the Company's brand performance is weaker than projections used in valuation calculations, the value of such brands may become impaired. In the event that such analysis would result in the fair value being lower than the carrying value, we would be required to record an impairment charge. Although we experienced revenue declines in certain brands in the past, we continue to believe that the fair value of our brands exceed their carrying values as adjusted. However, sustained or significant future declines in revenue, profitability, lost distribution, other adverse changes in expected operating results, and/or unfavorable changes in economic factors used to estimate fair value of certain brands could indicate that the fair value no longer exceeds the carrying value, in which case a non-cash impairment charge may be recorded in future periods. Should the value of those assets or other assets become further impaired or our financial condition is materially adversely affected in any way, we would not have tangible assets that could be sold to repay our liabilities. As a result, our creditors and investors may not be able to recoup the amount of the indebtedness that they have extended to us or the amount they have invested in us.

We depend on our key personnel, and the loss of the services provided by any of our executive officers or other key employees could harm our business and results of operations.

Our success depends to a significant degree upon the continued contributions of our senior management. These employees may voluntarily terminate their employment with us at any time. We may not be able to successfully retain existing personnel or identify, hire and integrate new personnel. While we believe we have developed depth and experience among our key personnel, our business may be adversely affected if one or more of these key individuals were to leave or were to experience serious illness, become disabled, or pass away. We do not maintain any key-man or similar insurance policies covering any of our senior management or key personnel.

Our indebtedness could adversely affect our financial condition, and the significant amount of cash we need to service our debt would not be available to reinvest in our business.

At March 31, 2020, our total indebtedness, including current maturities, was approximately $1.7 billion.

Our indebtedness could:

- Increase our vulnerability to general adverse economic and industry conditions;
- Limit our ability to engage in strategic acquisitions;
- Require us to dedicate a substantial portion of our cash flow from operations toward repayment of our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and investments and other general corporate purposes;
- Limit our flexibility in planning for, or reacting to, changes in our business and the markets in which we operate;
- Place us at a competitive disadvantage compared to our competitors that have less debt; and
- Limit, among other things, our ability to borrow additional funds on favorable terms or at all.

The terms of the indentures governing our 6.375% senior notes due March 1, 2024 (the "2016 Senior Notes") and our 5.125% senior unsecured notes due January 15, 2028 (the "2019 Senior Notes"), and the credit agreement governing the 2012 Term Loan and 2012 ABL Revolver, allow us to issue and incur additional debt only upon satisfaction of the conditions set forth in those respective agreements. If new debt is added to current debt levels, the related risks described above could increase.

In July 2017, the head of the United Kingdom Financial Conduct Authority announced plans to phase out the use of LIBOR by the end of 2021. Our 2012 Term Loan and 2012 ABL Revolver currently use LIBOR as a benchmark for establishing the

interest rate. If LIBOR ceases to exist and we do not want to use the alternative base rate under our 2012 Term Loan or 2012 ABL Revolver, we may need to renegotiate the terms of that indebtedness to replace LIBOR with the new standard that is established. There is currently no definitive information regarding the future utilization of LIBOR or of any particular replacement rate. The potential effect of eliminating LIBOR could increase the cost of our variable rate indebtedness.

At March 31, 2020, we had $107.3 million of borrowing capacity available under the 2012 ABL Revolver to support our operating activities.

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

Our senior credit facility and the indentures governing our senior notes impose restrictions that could impede our ability to enter into certain corporate transactions, as well as increase our vulnerability to adverse economic and industry conditions, by limiting our flexibility in planning for, and reacting to, changes in our business and industry. These restrictions limit our ability to, among other things:

- Borrow money or issue guarantees;
- Pay dividends, repurchase stock from, or make other restricted payments to, stockholders;
- Make investments or acquisitions;
- Use assets as security in other transactions;
- Sell assets or merge with or into other companies;
- Enter into transactions with affiliates;
- Sell stock in our subsidiaries; and
- Limits our subsidiaries' ability to pay dividends or make other payments to us.

Our ability to engage in these types of transactions is generally limited by the terms of the senior credit facility and the indentures governing the senior notes, even if we believe that a specific transaction would positively contribute to our future growth, operating results or profitability.

In addition, our senior credit facility requires us to maintain certain leverage, interest coverage and fixed charge ratios. Although we believe we can continue to meet and/or maintain the financial covenants contained in our credit agreement, our ability to do so may be affected by events outside our control. Covenants in our senior credit facility also require us to use 100% of the proceeds we receive from debt issuances to repay outstanding borrowings under our senior credit facility. Any failure by us to comply with the terms and conditions of the credit agreement and the indentures governing the senior notes could result in an event of default, which may allow our creditors to accelerate our debt and therefore have a material adverse effect on our financial condition.

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

The senior credit facility and the indentures governing the senior notes contain provisions that allow the respective creditors to declare all outstanding borrowings under one agreement to be immediately due and payable as a result of a default under another agreement. Consequently, failure to make a payment required by the indentures governing the senior notes, among other things, may lead to an event of default under the senior credit facility. Similarly, an event of default or failure to make a required payment at maturity under the senior credit facility, among other things, may lead to an event of default under the indentures governing the senior notes. If the debt under the senior credit facility and indentures governing the senior notes had both been accelerated, the aggregate amount immediately due and payable as of March 31, 2020 would have been approximately $1.7 billion. We presently do not have sufficient liquidity to repay these borrowings in the event they were to be accelerated, and we may not have sufficient liquidity in the future to do so. Additionally, we may not be able to borrow money from other lenders to enable us to refinance our indebtedness. At March 31, 2020, the book value of our current assets was $365.7 million. Although the book value of our total assets was $3,513.9 million, approximately $3,054.6 million was in the form of intangible assets, including goodwill of $575.2 million, a significant portion of which may not be available to satisfy our creditors in the event our debt is accelerated.

Any failure to comply with the restrictions of the senior credit facility, the indentures governing the senior notes or any other subsequent financing agreements may result in an event of default. Such default may allow the creditors to accelerate the related debt, as well as any other debt to which the cross-acceleration or cross-default provisions apply. In addition, the lenders may be able to terminate any commitments they had made to supply us with additional funding. As a result, any default by us under our credit agreement, indentures governing the senior notes or any other financing agreement could have a material adverse effect on our financial condition.

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

Our business is subject to the risk of, and from time to time in the ordinary course of business we are involved in, litigation by employees, customers, consumers, suppliers, competitors, regulators, stockholders or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. The outcome of litigation, particularly class action lawsuits and regulatory actions, is difficult to assess or quantify. Plaintiffs in these types of lawsuits may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. The cost to defend current and future litigation may be significant. There may also be adverse publicity associated with litigation that could decrease customer acceptance of our products, regardless of whether the allegations are valid or whether we are ultimately found liable. For example, although our marketing is evidence-based, consumers and competitors may challenge, and have challenged, certain of our marketing claims by alleging, among other things, false and misleading advertising with respect to advertising for certain of our products. Such challenges could result in our having to pay monetary damages or limit our ability to maintain current marketing claims. Conversely, we have, and may be required in the future to initiate litigation against others to protect the value of our intellectual property and the related goodwill or enforce an agreement or contract that has been breached. These matters may be time consuming and expensive, but may be necessary to protect our assets and realize the benefits of the agreements and contracts that we have negotiated. As a result, litigation may adversely affect our business, financial condition and results of operations.

The trading price of our common stock may be volatile.

The trading price of our common stock could be subject to significant fluctuations in response to several factors, some of which are beyond our control, including, but not limited to (i) general stock market volatility, (ii) variations in our quarterly operating results, (iii) our leveraged financial position, (iv) potential sales of additional shares of our common stock, (v) perceptions associated with the identification of material weaknesses in internal control over financial reporting, (vi) general trends in the consumer products industry, (vii) changes by securities analysts in their estimates or investment ratings, (viii) the relative illiquidity of our common stock, (ix) voluntary withdrawal or recall of products, (x) news regarding litigation in which we are or become involved, (xi) potential changes in demand for common stock related to the Company's inclusion in the S&P MidCap 400 index, and (xii) general marketplace conditions brought on by economic recession.

We have no current intention of paying dividends to holders of our common stock.

We presently intend to retain our earnings, if any, for use in our operations, to facilitate strategic acquisitions, to repurchase our common stock, or to repay our outstanding indebtedness and have no current intention of paying dividends to holders of our common stock. In addition, our debt instruments limit our ability to declare and pay cash dividends on our common stock. As

a result, a shareholder's only opportunity to achieve a return on their investment in our common stock will be if the market price of our common stock appreciates and they sell their shares at a profit.

Our annual and quarterly results of operations may fluctuate significantly and could fall below the expectations of securities analysts and investors due to a number of factors, many of which are beyond our control, resulting in a decline in the price of our securities.

Our annual and quarterly results of operations may fluctuate significantly because of numerous factors, including, but not limited to:

- The timing of when we make acquisitions, execute divestitures or introduce new products;
- Our inability to increase the sales of our existing products and expand their distribution;
- The timing of the introduction or return to the market of competitive products and the introduction of store brand products;
- Inventory management resulting from consolidation among our customers;
- Adverse regulatory or market events in the United States or in our international markets;
- Changes in consumer preferences, spending habits and competitive conditions, including the effects of competitors' operational, promotional or expansion activities;
- Seasonality of our products or demand for our products as a result of an outbreak of illness;
- Fluctuations in commodity prices, product costs, utilities and energy costs, prevailing wage rates, insurance costs and other costs;
- The discontinuation and return of our products from retailers;
- Our ability to recruit, train and retain qualified employees, and the costs associated with those activities;
- Changes in advertising and promotional activities and expansion to new markets;
- Negative publicity relating to us and the products we sell;
- Litigation matters;
- Unanticipated increases in infrastructure costs;
- Impairment of goodwill or long-lived assets;
- Changes in interest rates; and
- Changes in accounting, tax, regulatory or other rules applicable to our business.

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

Provisions in our amended and restated certificate of incorporation and Delaware law may discourage potential acquirers of our company, which could adversely affect the value of our securities.

Our amended and restated certificate of incorporation provides that our Board of Directors is authorized to issue from time to time, without further stockholder approval, up to five million shares of preferred stock in one or more series of preferred stock issuances. Our Board of Directors may establish the number of shares to be included in each series of preferred stock and determine, as applicable, the voting and other powers, designations, preferences, rights, qualifications, limitations and

restrictions for such series of preferred stock. The shares of preferred stock could have preferences over our common stock with respect to dividends and liquidation rights. We may issue additional preferred stock in ways which may delay, defer or prevent a change in control of the Company without further action by our stockholders. The shares of preferred stock may be issued with voting rights that may adversely affect the voting power of the holders of our common stock by increasing the number of outstanding shares having voting rights, and by the creation of class or series voting rights.

Our amended and restated certificate of incorporation, as amended, contains additional provisions that may have the effect of making it more difficult for a third party to acquire or attempt to acquire control of our company. In addition, we are subject to certain provisions of Delaware law that limit, in some cases, our ability to engage in certain business combinations with significant stockholders.

These provisions, either alone, or in combination with each other, give our current directors and executive officers the ability to significantly influence the outcome of a proposed acquisition of the Company. These provisions would apply even if an acquisition or other significant corporate transaction was considered beneficial by some of our stockholders. If a change in control or change in management is delayed or prevented by these provisions, the market price of our outstanding securities could be adversely impacted.

We rely significantly on information technology. Any inadequacy, interruption, theft or loss of data, malicious attack, integration failure, failure to maintain the security, confidentiality or privacy of sensitive data residing on our systems or other security failure of that technology could harm our ability to effectively operate our business and damage the reputation of our brands.

The Company relies extensively on information technology systems, some of which are managed by third party service providers, to conduct its business. We rely on our information technology systems (some of which are outsourced to third parties) to manage the data, communications and business processes for all of our functions, including our marketing, sales, manufacturing, logistics, customer service, accounting and administrative functions. These systems include, but are not limited to, programs and processes relating to internal communications and communications with other parties, ordering and managing materials from suppliers, converting materials to finished products, shipping product to customers, billing customers and receiving and applying payment, processing transactions, summarizing and reporting results of operations, complying with regulatory, legal or tax requirements, collecting and storing customer, consumer, employee, investor, and other stakeholder information and personal data, and other processes necessary to manage the Company's business.

We have been, and likely will continue to be, subject to malware, computer viruses, computer hacking, acts of data theft, phishing, other cyber-attacks and employee error or malfeasance related to our information technology systems. We do not believe that any of these attacks or events have had a material adverse impact on our business, but future attacks could have a material adverse impact.

Increased information technology security threats and more sophisticated computer crime, including advanced persistent threats, pose a potential risk to the security of the information technology systems, networks, and services of the Company, its customers and other business partners, as well as the confidentiality, availability, and integrity of the data of the Company, its customers and other business partners. As a result, the Company's information technology systems, networks or service providers could be damaged or cease to function properly or the Company could suffer a loss or disclosure of business, personal or stakeholder information, due to any number of causes, including catastrophic events, power outages and security breaches. The Company has conducted regular security audits by an outside firm to address any potential service interruptions or vulnerabilities. However, if these plans do not provide effective protection, the Company may suffer interruptions in its ability to manage or conduct its operations, which may adversely affect its business. The Company may need to expend additional resources in the future to continue to protect against, or to address problems caused by, any business interruptions or data security breaches.

Any breach of our data security could result in an unauthorized release or transfer of customer, consumer, user or employee information, or the loss of valuable business data or cause a disruption in our business. These events could give rise to unwanted media attention, damage our reputation, damage our customer, consumer or user relationships and result in lost sales, fines or lawsuits or adversely impact the Company's results of operations and financial condition. We may also be required to expend significant capital and other resources to protect against or respond to or alleviate problems caused by a security breach. If we are unable to prevent material failures, our operations may be impacted, and we may suffer other negative consequences such as reputational damage, litigation, remediation costs and/or penalties under various data privacy laws and regulations.

As we conduct our operations, we move data across national borders, and consequently we are subject to a variety of continuously evolving and developing laws and regulations in the United States and abroad regarding privacy, data protection

and data security. The scope of the laws that may be applicable to us is often uncertain and may be conflicting, particularly with respect to foreign laws. For example, the European Union's General Data Protection Regulation ("GDPR"), which greatly increases the jurisdictional reach of European Union law and adds a broad array of requirements for handling personal data, including the public disclosure of significant data breaches, became effective in May 2018. We may not be able to comply with all of these evolving compliance and operational requirements and to do so may impose significant costs that are likely to increase over time.

Our information technology systems may be susceptible to disruptions.

We utilize information technology systems to improve the effectiveness of our operations and support our business, including systems to support financial reporting and an enterprise resource planning system. During post-production and future enterprise resource planning phases, we could be subject to transaction errors, processing inefficiencies and other business disruptions that could lead to the loss of revenue or inaccuracies in our financial information. The occurrence of these or other challenges could disrupt our information technology systems and adversely affect our operations.

Changes in our provision for income taxes or adverse outcomes resulting from examination of our income tax returns could adversely affect our results.

Our provision for income taxes is subject to volatility and could be adversely affected by several factors, some of which are outside of our control, including:

- Changes in the income allocation methods for state taxes, and the determination of which states or countries have jurisdiction to tax our Company;
- An increase in non-deductible expenses for tax purposes, including certain stock-based compensation, executive compensation and impairment of goodwill;
- Transfer pricing adjustments;
- Tax assessments resulting from tax audits or any related tax interest or penalties that could significantly affect our income tax provision for the period in which the settlement takes place;
- Tax liabilities from acquired businesses;
- Changes in accounting principles; and
- Changes in tax laws or related interpretations, accounting standards, regulations, and interpretations in multiple tax jurisdictions in which we operate.

Significant judgment is required to determine the recognition and measurement of the attributes prescribed in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740. As a multinational corporation, we conduct our business in several countries and are subject to taxation in many jurisdictions. The taxation of our business is subject to the application of multiple and sometimes conflicting tax laws and regulations as well as multinational tax conventions. Our effective tax rate is dependent upon the availability of tax credits and carryforwards. The application of tax laws and regulations is subject to legal and factual interpretation, judgment and uncertainty. Tax laws themselves are subject to change as a result of changes in fiscal policy, changes in legislation, and the evolution of regulations and court rulings. Consequently, taxing authorities may impose tax assessments or judgments against us that could materially impact our tax liability and/or our effective income tax rate.

In addition, we may be subject to examination of our income tax returns by the Internal Revenue Service and other tax authorities. If tax authorities challenge the relative mix of our U.S. and international income, or successfully assert the jurisdiction to tax our earnings, our future effective income tax rates could be adversely affected.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We lease our corporate headquarters located in Tarrytown, New York, a suburb of New York City. Primary functions performed at the Tarrytown facility include marketing, sales, operations, quality control, regulatory affairs, finance, information technology and legal. The lease expires on December 31, 2027.

Our logistics provider, GEODIS, has leased a warehouse on our behalf located in Clayton, Indiana. This property serves as our primary warehouse. The lease expires on September 30, 2024.

We own an office and manufacturing facility in Lynchburg, Virginia.

ITEM 3. LEGAL PROCEEDINGS

We are involved from time to time in routine legal matters and other claims incidental to our business. We review 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). We believe the resolution of routine matters and other incidental claims, taking our reserves into account, will not have a material adverse effect on our business, financial condition or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

None.

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

Market Information

Our common stock is listed on The New York Stock Exchange (“NYSE”) under the symbol “PBH.”

Holders

As of May 4, 2020, there were 17 holders of record of our common stock. The number of record holders does not include beneficial owners whose shares are held in the names of banks, brokers, nominees or other fiduciaries.

Dividend Policy

Common Stock

We have not in the past paid, and do not expect to pay, cash dividends on our common stock. Instead, we anticipate that all of our earnings in the foreseeable future will be used in our operations, to facilitate strategic acquisitions, to repurchase our common stock, or to pay down our outstanding indebtedness. Any future determination to pay dividends will be at the discretion of our Board of Directors and will depend, among other factors, on our results of operations, financial condition, capital requirements and contractual restrictions limiting our ability to declare and pay cash dividends, including restrictions under our 2012 Term Loan and the indentures governing our senior notes, and any other considerations our Board of Directors deems relevant.

Part III, Item 12 "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" of this Annual Report on Form 10-K is incorporated herein by reference.

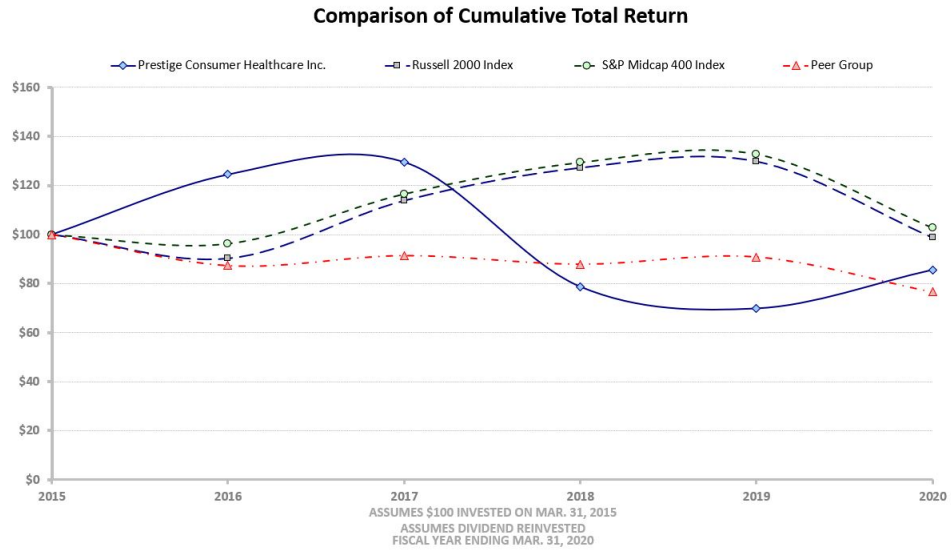
Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
January 1 to January 31, 2020	—	$ —	—	$ —
February 1 to February 29, 2020	—	$ —	—	$ —
March 1 to March 31, 2020	194,357	$ 34.71	194,357	$ 18,254,678
Total	194,357		194,357	

(a) These repurchases were made pursuant to our share repurchase program which was announced on March 2, 2020 and permits the repurchase of up to $25.0 million of our common stock through March 2021.

PERFORMANCE GRAPH

The following graph ("Performance Graph") compares our cumulative total stockholder return since March 31, 2015, with the cumulative total stockholder return for the Standard & Poor's MidCap 400 Index, the Russell 2000 Index and our peer group index. The Company is included in each of the Standard & Poor's MidCap 400 Index and the Russell 2000 Index. The Performance Graph assumes that the value of the investment in the Company's common stock and each index was $100.00 on March 31, 2015. The Performance Graph was also prepared based on the assumption that all dividends paid, if any, were reinvested. The Peer Group Index is a self-constructed peer group consisting of companies in the consumer products industry with comparable revenues and market capitalization, from which the Company has been excluded.



	March 31,					
Company/Market/Peer Group	2015	2016	2017	2018	2019	2020
Prestige Consumer Healthcare Inc.	$ 100.00	$ 124.48	$ 129.54	$ 78.62	$ 69.74	$ 85.52
Russell 2000 Index	100.00	90.24	113.90	127.33	129.94	98.77
S&P MidCap 400 Index	100.00	96.40	116.57	129.36	132.72	102.84
Peer Group Index	100.00	87.35	91.43	87.92	90.87	76.58

The Peer Group Index is a self-constructed peer group consisting of companies in the consumer products industry with comparable revenues and market capitalization, from which the Company has been excluded. The peer group index is comprised of: (i) B&G Food Holdings Corp., (ii) Hain Celestial Group, Inc., (iii) Church & Dwight Co., Inc., (iv) Helen of Troy, Ltd., (v) Vista Outdoors, Inc., (vi) Tupperware Brands Corporation, (vii) Revlon, Inc., (viii) Jazz Pharmaceuticals PLC, (ix) Edgewell Personal Care Company, (x) Energizer Holdings, Inc., (xi) Calavo Growers, Inc., (xii) Primo Water Corporation, (xiii) Akorn, Inc., and (xiv) Amag Pharmaceuticals, Inc.

The Performance Graph shall not be deemed incorporated by reference by any general statement incorporating by reference this Annual Report on Form 10-K into any filing under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under such Acts.

ITEM 6. SELECTED FINANCIAL DATA

The following table furnishes selected consolidated financial data for the five years ended March 31, 2020. This selected consolidated financial data should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Consolidated Financial Statements and related notes thereto included elsewhere in this Annual Report on Form 10-K.

(In thousands, except per share data)	Year Ended March 31,				
	2020	**2019**	**2018**	**2017**	**2016**
Income Statement Data					
Total revenues	$ 963,010	$ 975,777	$ 1,041,179	$ 882,060	$ 806,247
Cost of Sales					
Cost of sales excluding depreciation	406,554	415,469	459,676	381,333	339,036
Cost of sales depreciation	4,233	4,732	4,998	441	—
Cost of sales [1]	410,787	420,201	464,674	381,774	339,036
Gross profit	552,223	555,576	576,505	500,286	467,211
Advertising and promotion [2]	147,194	143,090	147,286	128,359	110,802
General and administrative [3]	89,112	89,759	85,393	89,113	72,386
Depreciation and amortization	24,762	27,047	28,428	25,351	23,676
(Gain) loss on divestitures	—	(1,284)	—	51,820	—
Goodwill and tradename impairment	—	229,461	99,924	—	—
Interest expense, net [4]	96,224	105,082	105,879	93,343	85,160
Loss on extinguishment of debt	2,155	—	2,901	1,420	17,970
Other expense (income), net [5]	1,625	476	(392)	30	32
Income (loss) before income taxes	191,151	(38,055)	107,086	110,850	157,185
Provision (benefit) for income taxes	48,870	(2,255)	(232,484)	41,455	57,278
Net income (loss)	$ 142,281	$ (35,800)	$ 339,570	$ 69,395	$ 99,907
Earnings (Loss) Per Share:					
Basic	$ 2.81	$ (0.69)	$ 6.40	$ 1.31	$ 1.89
Diluted	$ 2.78	$ (0.69)	$ 6.34	$ 1.30	$ 1.88
Weighted average shares outstanding:					
Basic	50,723	52,068	53,099	52,976	52,754
Diluted	51,140	52,068	53,526	53,362	53,143
Other comprehensive (loss) income	(18,414)	(6,432)	7,037	(2,827)	(113)
Comprehensive income (loss)	$ 123,867	$ (42,232)	$ 346,607	$ 66,568	$ 99,794

	Year Ended March 31,				
Other Financial Data	**2020**	**2019**	**2018**	**2017**	**2016**
Capital expenditures	$ 14,560	$ 10,480	$ 12,532	$ 2,977	$ 3,568
Cash provided by (used in):					
Operating activities	217,124	189,284	210,110	148,672	176,310
Investing activities	(16,570)	55,432	(11,562)	(694,595)	(222,971)
Financing activities	(131,431)	(249,328)	(208,955)	560,957	52,076

	March 31,				
Balance Sheet Data	**2020**	**2019**	**2018**	**2017**	**2016**
Cash and cash equivalents	$ 94,760	$ 27,530	$ 32,548	$ 41,855	$ 27,230
Total assets	3,513,905	3,441,036	3,760,612	3,911,348	2,948,791
Total long-term debt, including current maturities	1,745,000	1,813,000	2,013,000	2,222,000	1,652,500
Stockholders' equity	1,170,971	1,095,831	1,178,610	822,549	744,336

(1) For 2020, 2019, 2018, 2017 and 2016, cost of sales included $9.2 million, $0.2 million, $3.7 million, $3.0 million and $1.4 million, respectively, of charges related to costs to transition to the new warehouse and duplicate costs incurred during the transition (for 2020 only), inventory step-up and other costs associated with acquisitions and divestiture.

(2) For 2018 and 2017, advertising and promotion expense included a credit of $0.2 million and a charge of $2.2 million, respectively, related to the integration of the Fleet acquisition.

(3) For 2019, 2018, 2017 and 2016, general and administrative expense included $4.3 million, $2.7 million, $16.0 million and $2.4 million, respectively, of costs related to acquisitions and divestiture. For 2018, general and administrative expense also includes a tax adjustment associated with acquisitions of $0.7 million. For 2016, an additional $1.4 million of costs associated with our Chief Executive Officer transition was included in general and administrative expense.

(4) For 2019, interest expense, net included $0.7 million of accelerated amortization of debt costs associated with a repayment of debt with proceeds from the divestiture of our Household Cleaning segment. For 2018, interest expense, net included $0.4 million of accelerated amortization of debt costs associated with funds received from the repatriation of foreign earnings used to pay down debt and $0.3 million of additional interest expense as a result of our term loan refinancing. For 2017, interest expense, net included $8.3 million of bank commitment fees related to the recently acquired Fleet business.

(5) For 2020, other expense (income), net included a $0.4 million loss on disposal of assets associated with the transition to our new warehouse.

ITEM 7. 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 “Selected Financial Data” and the Consolidated Financial Statements and related notes included elsewhere in this Annual Report on Form 10-K. This discussion and analysis may contain forward-looking statements that involve certain risks, assumptions and uncertainties that could cause actual results to differ materially from those implied or described by the forward-looking statements. 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 this Annual Report on Form 10-K, as well as those described in future reports filed with the SEC.

General

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

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

Coronavirus Outbreak

In January 2020, the World Health Organization ("WHO") announced a global health crisis due to a new strain of coronavirus ("COVID-19"). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic. This pandemic is affecting the United States and global economies, including causing significant volatility in the global economy and resulting in materially reduced economic activity. If the outbreak continues to spread or if we enter a period of recession or depression, it may materially affect our operations and those of third parties on which we rely, including causing disruptions in the supply and distribution of our products. We may need to limit operations and may experience material limitations in employee resources. We did see an increase in sales at the end of March 2020 related to the United States shelter-in-place restrictions, followed by a significant decrease in consumer consumption in the weeks that followed. It has been reported to us that there has been an increase in absenteeism at our distribution center and some of our suppliers, however, we have not experienced a material disruption to our overall supply chain. The extent to which COVID-19 impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19, and the actions to contain COVID-19 or treat its impact, among others. We do not yet know the full extent of impacts on our business or the global economy. However, these effects could have a material, adverse impact on our liquidity, capital resources, operations and business and those of the third parties on which we rely.

Tax Reform

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

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted and signed into law in response to the COVID-19 pandemic. Certain provisions of the CARES Act impacted us and were reflected in our 2020 income tax provision computations. The CARES Act contains modifications on the limitation of business interest for tax years

beginning in 2019 and 2020. The modifications to Section 163(j) increase the allowable business interest deduction from 30% of adjusted taxable income to 50% of adjusted taxable income. This modification increased our allowable interest expense deduction and resulted in a lower taxable income for 2020. As a result of the CARES Act, it is anticipated that we will fully utilize the interest expense deduction on our 2020 tax return.

Acquisition and Divestiture

On July 2, 2018, we sold the Comet®, Spic and Span®, Chore Boy®, Chlorinol® and Cinch® brands, as well as associated inventory. These brands represented our Household Cleaning segment. As a result of this transaction, we recorded a pre-tax gain on sale of $1.3 million.

On January 26, 2017, the Company completed the acquisition of Fleet pursuant to a merger agreement, dated as of December 22, 2016, for $823.7 million. The purchase price was funded by available cash on hand, additional borrowings under our asset-based revolving credit facility (the "2012 ABL Revolver"), and a new $740.0 million senior secured incremental term loan under our existing term loan facility (the "2012 Term Loan"). As a result of the merger, we acquired women's health, gastrointestinal and dermatological care OTC brands, including *Summer's Eve*, *Fleet*, and *Boudreaux's Butt Paste*, as well as a “mix and fill” manufacturing facility in Lynchburg, Virginia. The financial results from the Fleet acquisition are included in the Company's North American and International OTC Healthcare segments.

Critical Accounting Estimates

Our significant accounting policies are described in the notes to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K. While all significant accounting policies are important to our Consolidated Financial Statements, certain of these policies may be viewed as being critical. Such policies are those that are both most important to the portrayal of our financial condition and results of operations and require our most difficult, subjective and complex estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses or the related disclosure of contingent assets and liabilities. These estimates are based on 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. The following are our most critical accounting estimates:

Revenue Recognition, Customer Programs and Variable Consideration

Revenue is recognized when control of a promised good is transferred to a customer, in an amount that reflects the consideration that we expect to be entitled to receive in exchange for that good. This occurs either when finished goods are transferred to a common carrier for delivery to the customer or when product is picked up by the customer or the customer’s carrier.

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

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

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

We participate in the promotional programs of our customers to enhance the sale of our products. These promotional programs consist of direct-to-consumer incentives, such as coupons and temporary price reductions, as well as incentives to our customers, such as allowances for new distribution, including slotting fees, and cooperative advertising. The costs of such activities are recorded as a reduction to revenue when the related sale takes place. Estimates of the costs of these promotional programs are derived using the most likely amount method, which incorporates (i) historical sales experience, (ii) the current promotional offering, (iii) forecasted data, (iv) current market conditions, and (v) communication with customer purchasing/marketing personnel. At the completion of the promotional program, the estimated amounts are adjusted to actual results.

Pension Obligations and Expense

Certain employees of our Lynchburg manufacturing facility are covered by defined benefit pension plans. The Company’s policy is to contribute at least the minimum amount required under The Employee Retirement Income Security Act of 1974 ("ERISA"). The Company may elect to make additional contributions. Benefits are based on years of service and levels of

compensation. On December 16, 2014, the decision was made to freeze the benefits under the Company's U.S. qualified defined benefit pension plan with an effective date of March 1, 2015.

Our discount rate assumption for our defined benefit plans changed to a range of 3.37% to 3.55% at March 31, 2020 from a range of 3.80% to 3.99% at March 31, 2019. While we do not currently anticipate a change in our fiscal 2021 assumptions, as a sensitivity measure, a 0.25% decline or increase in our qualified discount rate would increase or decrease our qualified pension expense by less than $0.1 million. Similarly, a 0.25% decrease or increase in the expected return on our pension plan assets would increase or decrease our qualified pension expense by approximately $0.1 million.

The amounts that we recognize in our financial statements for pension benefit obligations are determined by actuarial valuations. Inherent in these valuations are certain assumptions, the more significant of which are: (i) the weighted average used for discounting the liability, (ii) the weighted average expected long-term rate of return on pension plan assets, (iii) the method used to determine the market-related value of pension plan assets, and (iv) the anticipated mortality rate tables. We believe the current assumptions used to estimate plan obligations and pension expense are appropriate in the current economic environment. However, as economic conditions change, we may change some of our assumptions, which could have a material impact on our financial condition and results of operations.
The funded status of our pension plans is dependent upon many factors, including returns on invested assets and the level of certain market interest rates. We review pension assumptions regularly and we may from time to time make voluntary contributions to our pension plans that exceed the amounts required by statute. During fiscal 2020, we made total contributions to our pension plans of $1.4 million. We expect to make a contribution of $1.0 million to our qualified defined benefit pension plan during fiscal 2021. Changes in interest rates and the market value of the securities held by the plans could materially change, positively or negatively, the funded status of the plans and affect the level of pension expense and required contributions.

Goodwill and Intangible Assets
Goodwill and intangible assets amounted to $3,054.6 million and $3,085.8 million at March 31, 2020 and 2019, respectively. At March 31, 2020 and 2019, goodwill and intangible assets were apportioned among similar product groups within our operating segments as follows:

	March 31, 2020		
(In thousands)	**North American OTC Healthcare**	**International OTC Healthcare**	**Consolidated**
Goodwill	$ 546,643	$ 28,536	$ 575,179
Intangible assets			
Indefinite-lived	2,195,617	69,714	2,265,331
Finite-lived	209,604	4,456	214,060
Intangible assets, net	2,405,221	74,170	2,479,391
Total	$ 2,951,864	$ 102,706	$ 3,054,570

(In thousands)	March 31, 2019		
	North American OTC Healthcare	International OTC Healthcare	Consolidated
Goodwill	$ 547,393	$ 31,190	$ 578,583
Intangible assets			
Indefinite-lived	2,195,617	77,574	2,273,191
Finite-lived	228,743	5,276	234,019
Intangible assets, net	2,424,360	82,850	2,507,210
Total	$ 2,971,753	$ 114,040	$ 3,085,793

At March 31, 2020 the brands with the highest carrying value were *Monistat*, *Summer's Eve*, *BC/Goody's*, *DenTek and Fleet*, comprising 62.5% of our total intangible assets value.

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 business combination. Intangible assets generally represent our tradenames, brand names and patents. When we acquire a brand, we are required to make judgments regarding the value assigned to the associated intangible assets, as well as their respective useful lives. Management considers many factors both prior to and after the acquisition of an intangible asset in determining the value, as well as the useful life, assigned to each intangible asset that we acquire or continue to own and promote.

The most significant factors are:

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

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

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

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

After consideration of the factors described above, as well as current economic conditions and changing consumer behavior, management prepares a determination of an intangible asset's 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 not amortized. They are also subject to an annual impairment test or more

frequently if events or changes in circumstances indicate that the asset may be impaired. Additionally, at each reporting period an evaluation must be made to determine whether events and circumstances continue to support an indefinite useful life. Intangible assets with finite lives are amortized over their respective estimated useful lives and must also be tested for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable and exceeds its fair value.

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

We currently report goodwill and indefinite-lived intangible assets in two reportable segments: North American OTC Healthcare and International OTC Healthcare. We sold our Household Cleaning segment on July 2, 2018; see above under "Acquisition and Divestiture" for further information. We identify our reporting units in accordance with the FASB ASC Subtopic 280. 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.

In the past, we have experienced declines in revenues and profitability of certain brands in the North American OTC Healthcare segment. Sustained or significant future declines in revenue, profitability, other adverse changes in expected operating results, and/or unfavorable changes in other economic factors used to estimate fair values of certain brands could indicate that fair value no longer exceeds carrying value, in which case additional non-cash impairment charges may be recorded in future periods.

Goodwill

Goodwill is tested for impairment annually and whenever events and circumstances indicate that impairment may have occurred. As of February 29, 2020 (our annual impairment review date) and March 31, 2020, we had 15 reporting units with goodwill. As part of our annual test for impairment of goodwill, management estimates the discounted cash flows of each reporting unit to estimate their respective fair values. In performing this analysis, management considers current information and future events, such as competition, technological advances and changes in advertising support for our trademarks and tradenames that could cause subsequent evaluations to utilize different assumptions. The discount rate utilized in the analysis, 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 value of goodwill be adversely affected as a result of declining sales or margins caused by competition, changing consumer needs or preferences, technological advances or changes in advertising and promotional expenses, we may be required to record additional impairment charges in the future. In addition, we considered our market capitalization at February 29, 2020, as compared to the aggregate fair values of our reporting units, to assess the reasonableness of our estimates pursuant to the discounted cash flow methodology. An impairment charge is then recognized for the amount by which the carrying amount exceeds the reporting unit's fair value.

At February 29, 2020, in conjunction with the annual test for goodwill impairment, there were no indicators of impairment under the analysis and accordingly, no impairment charge was taken.

As a result of our analysis at February 29, 2020, all reporting units tested had a fair value that exceeded their carrying value by at least 10%. We performed a sensitivity analysis on our weighted average cost of capital and determined that a 50 basis point increase in the weighted average cost of capital would not have resulted in any of our reporting unit’s implied fair value being less than their carrying value. Additionally, a 50 basis point decrease in the terminal growth rate used for each reporting unit would also not have resulted in any of our reporting units’ implied fair value being less than their carrying value.

Indefinite-Lived Intangible Assets

Indefinite-lived intangibles are tested for impairment annually and whenever events and circumstances indicate that impairment may have occurred. We utilize the excess earnings method to estimate the fair value of our individual indefinite-lived intangible assets. The discount rate utilized in the analysis, as well as future cash flows, may be influenced by such factors as changes in interest rates and rates of inflation.

At each reporting period, management analyzes current events and circumstances to determine whether the indefinite life classification for a trademark or tradename continues to be valid. If circumstances warrant a change to a finite life, the carrying value of the intangible asset would then be amortized prospectively over the estimated remaining useful life.

Management tests the indefinite-lived intangible assets for impairment by comparing the carrying value of the intangible asset to its estimated fair value. Since quoted market prices are seldom available for trademarks and tradenames 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 tradename and estimate the cash flows over its useful life. In a manner similar to goodwill, future events, such as competition, technological advances and changes in advertising support for our trademarks and tradenames, could cause subsequent evaluations to utilize different assumptions. Once that analysis is completed, a discount rate is applied to the cash flows to estimate fair value. In connection with this analysis, management:

- Reviews period-to-period sales and profitability by brand;
- Analyzes industry trends and projects brand growth rates;
- Prepares annual sales forecasts;
- Evaluates advertising effectiveness;
- Analyzes gross margins;
- Reviews contractual benefits or limitations;
- Monitors competitors' advertising spend and product innovation;
- Prepares projections to measure brand viability over the estimated useful life of the intangible asset; and
- Considers the regulatory environment, as well as industry litigation.

At February 29, 2020, in conjunction with the annual test for impairment of intangible assets, there were no indicators of impairment under the analysis and accordingly, no impairment charge was taken.

We performed a sensitivity analysis of our weighted average cost of capital, and we determined that a 50 basis point increase in the weighted average cost of capital used to value the indefinite-lived intangibles would not have resulted in any of our indefinite-lived intangible asset's fair value being less than their carrying value. Additionally, a 50 basis point decrease in the terminal growth rate used for each of our indefinite-lived intangibles would also not have resulted in any of our indefinite-lived intangible asset's fair value being less than their carrying value.

Finite-Lived Intangible Assets

On an annual basis or when events or changes in circumstances indicate the carrying value of the assets may not be recoverable, management performs a review similar to indefinite-lived intangible assets to ascertain the impact of events and circumstances on the estimated useful lives and carrying values of our trademarks and tradenames.

If the analysis warrants a change in the estimated useful life of the intangible asset, management will reduce the estimated useful life and amortize the carrying value prospectively over the shorter remaining useful life. Management's projections are utilized to assimilate all of the facts, circumstances and expectations related to the trademark or tradename and estimate the cash flows over its useful life. Future events, such as competition, technological advances and changes in advertising support for our trademarks and tradenames, could cause subsequent evaluations to utilize different assumptions. In the event that the long-term projections indicate that the carrying value is in excess of the undiscounted cash flows expected to result from the use of the intangible assets, management is required to record an impairment charge. Once that analysis is completed, a discount rate is applied to the cash flows to estimate fair value. The impairment charge is measured as the excess of the carrying amount of the intangible asset over fair value, as calculated using the excess earnings method.

At February 29, 2020, in conjunction with the annual test for impairment of intangible assets, there were no indicators of impairment of our finite-lived intangible assets under the analysis and accordingly, no impairment charge was taken.

Stock-Based Compensation

The Compensation and Equity topic of the FASB ASC 718 requires us to measure the cost of services to be rendered based on the grant-date fair value of the equity award. For most of our awards, compensation expense is to be recognized over the period during which an employee is required to provide service in exchange for the award, generally referred to as the requisite service period. We also grant performance stock units which are contingent on the attainment of certain goals of the Company. Information utilized in the determination of fair value includes the following:

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

Additionally, management must estimate the expected attrition rate of the recipients to enable it to estimate the amount of non-cash compensation expense to be recorded in our financial statements. While management prepares various analyses to

estimate the respective variables, a change in assumptions or market conditions, as well as changes in the anticipated attrition rates, could have a significant impact on the future amounts recorded as non-cash compensation expense.

Recent Accounting Pronouncements

A description of recently issued and adopted accounting pronouncements is included in the notes to the Consolidated Financial Statements in Item 8, Note 1 of this Annual Report.

Results of Operations

2020 compared to 2019

Total Segment Revenues
The following table represents total revenue by segment, including product groups, for each of the fiscal years ended March 31, 2020 and 2019.

					Increase (Decrease)	
(In thousands)	**2020**	**%**	**2019**	**%**	**Amount**	**%**
North American OTC Healthcare						
Analgesics	$ 113,130	11.7	$ 113,563	11.6	$ (433)	(0.4)
Cough & Cold	87,601	9.1	83,168	8.5	4,433	5.3
Women's Health	239,330	24.9	244,927	25.1	(5,597)	(2.3)
Gastrointestinal	130,088	13.5	125,416	12.9	4,672	3.7
Eye & Ear Care	100,245	10.4	101,128	10.4	(883)	(0.9)
Dermatologicals	100,591	10.4	95,801	9.8	4,790	5.0
Oral Care	83,323	8.7	92,964	9.5	(9,641)	(10.4)
Other OTC	5,060	0.5	5,479	0.6	(419)	(7.6)
Total North American OTC Healthcare	859,368	89.2	862,446	88.4	(3,078)	(0.4)
International OTC Healthcare						
Analgesics	877	0.1	615	0.1	262	42.6
Cough & Cold	23,505	2.4	19,955	2.0	3,550	17.8
Women's Health	12,221	1.3	13,552	1.4	(1,331)	(9.8)
Gastrointestinal	42,820	4.5	35,046	3.6	7,774	22.2
Eye & Ear Care	11,911	1.2	11,709	1.2	202	1.7
Dermatologicals	2,421	0.3	2,171	0.2	250	11.5
Oral Care	9,882	1.0	10,468	1.1	(586)	(5.6)
Other OTC	5	—	4	—	1	25.0
Total International OTC Healthcare	103,642	10.8	93,520	9.6	10,122	10.8
Total OTC Healthcare	963,010	100.0	955,966	98.0	7,044	0.7
Household Cleaning	—	—	19,811	2.0	(19,811)	(100.0)
Total Consolidated	$ 963,010	100.0	$ 975,777	100.0	$ (12,767)	(1.3)

Total segment revenues for 2020 were $963.0 million, a decrease of $12.8 million, or 1.3%, versus 2019. The $12.8 million decrease was primarily related to the sale of our Household Cleaning segment on July 2, 2018.

North American OTC Healthcare Segment
Revenues for the North American OTC Healthcare segment decreased $3.1 million, or 0.4%, during 2020 versus 2019. The $3.1 million decrease was primarily attributable to inventory reductions at certain key retailers, partly offset by increased consumption in part due to the immediate reaction to the COVID-19 demand which we do not expect to continue indefinitely.

International OTC Healthcare Segment

Revenues for the International OTC Healthcare segment increased $10.1 million, or 10.8%, during 2020 versus 2019. The $10.1 million increase was primarily attributable to increased consumption and geographic expansion of product distribution, partly offset by the impact of unfavorable foreign currency exchange rates.

Household Cleaning Segment
Due to the sale of our Household Cleaning segment on July 2, 2018, there were no related revenues in the year ended March 31, 2020.

Gross Profit
The following table represents our gross profit and gross profit as a percentage of total segment revenues, by segment for each of the fiscal years ended March 31, 2020 and 2019.

(In thousands)					Increase (Decrease)	
Gross Profit	**2020**	**%**	**2019**	**%**	**Amount**	**%**
North American OTC Healthcare	$ 487,235	56.7	$ 497,913	57.7	$ (10,678)	(2.1)
International OTC Healthcare	64,988	62.7	54,440	58.2	10,548	19.4
Household Cleaning	—	—	3,223	16.3	(3,223)	(100.0)
	$ 552,223	57.3	$ 555,576	56.9	$ (3,353)	(0.6)

Gross profit for 2020 decreased $3.4 million, or 0.6%, versus 2019. The decrease in gross profit was primarily due to decreases in gross profit within the North American OTC Healthcare segment and the sale of our Household Cleaning segment. As a percentage of total revenues, gross profit increased to 57.3% in 2020 from 56.9% in 2019. The increase in gross profit as a percentage of revenues was primarily a result of the divestiture of our Household Cleaning segment, which had lower gross margins, and the increase in gross profit on our International OTC Healthcare segment, which has higher gross margins, partly offset by certain costs associated with a change in warehouse locations.

North American OTC Healthcare Segment
Gross profit for the North American OTC Healthcare segment decreased $10.7 million, or 2.1%, during 2020 versus 2019. As a percentage of North American OTC Healthcare revenues, gross profit decreased to 56.7% during 2020 from 57.7% during 2019, primarily due to certain costs associated with a change in our warehouse locations.

International OTC Healthcare Segment
Gross profit for the International OTC Healthcare segment increased $10.5 million, or 19.4%, during 2020 versus 2019. As a percentage of International OTC Healthcare revenues, gross profit increased to 62.7% during 2020 from 58.2% during 2019, primarily due to product mix.

Household Cleaning Segment
Due to the sale of our Household Cleaning segment on July 2, 2018, there were no related gross profit in the year ended March 31, 2020.

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

The following table represents our contribution margin and contribution margin as a percentage of total segment revenues, by segment for each of the fiscal years ended March 31, 2020 and 2019.

(In thousands)					Increase (Decrease)	
Contribution Margin	**2020**	**%**	**2019**	**%**	**Amount**	**%**
North American OTC Healthcare	$ 359,263	41.8	$ 371,539	43.1	$ (12,276)	(3.3)
International OTC Healthcare	45,766	44.2	38,154	40.8	7,612	20.0
Household Cleaning	—	—	2,793	14.1	(2,793)	(100.0)
	$ 405,029	42.1	$ 412,486	42.3	$ (7,457)	(1.8)

North American OTC Healthcare Segment
Contribution margin for the North American OTC Healthcare segment decreased $12.3 million, or 3.3%, during 2020 versus 2019. As a percentage of North American OTC Healthcare revenues, contribution margin for the North American OTC Healthcare segment decreased to 41.8% during 2020 from 43.1% during 2019. The contribution margin decrease as a percentage of revenues was primarily due to the gross profit decrease in the North American OTC Healthcare segment discussed above.

International OTC Healthcare Segment
Contribution margin for the International OTC Healthcare segment increased $7.6 million, or 20.0%, during 2020 versus 2019. As a percentage of International OTC Healthcare revenues, contribution margin for the International OTC Healthcare segment increased to 44.2% during 2020 from 40.8% during 2019. The contribution margin increase as a percentage of revenues was primarily due to the gross profit increase as a percentage of revenues in the International OTC Healthcare segment discussed above.

Household Cleaning Segment
Due to the sale of our Household Cleaning segment on July 2, 2018, there were no related contribution margin in the year ended March 31, 2020.

General and Administrative
General and administrative expenses were $89.1 million for 2020 versus $89.8 million for 2019. The decrease in general and administrative expenses was primarily due to divestiture costs in the prior period associated with the sale of the Household Cleaning segment, partly offset by higher professional fees in the current period.

Depreciation and Amortization
Depreciation and amortization expense was $24.8 million for 2020 versus $27.0 million for 2019. The decrease in depreciation and amortization expenses was primarily due to the sale of our Household Cleaning segment on July 2, 2018, as well as lower amortization expense resulting from prior year intangible asset impairments, which were recorded in the fourth quarter of fiscal 2019.

Goodwill and Tradename Impairment
As a result of our impairment analysis at February 28, 2019, we recorded total goodwill and intangible asset impairment charges in 2019 of $229.5 million. Goodwill impairment represented $33.5 million related to our North American Oral Care reporting unit. Intangible asset impairment represented $195.9 million and was comprised of $155.0 million of indefinite-lived intangible assets (*Fleet*, *DenTek* and *Efferdent/Effergrip*) and $41.0 million of various finite-lived intangible assets. The impairment charges were the result of our reassessment of the long-term sales projections based on our annual planning cycle, as well as an overall increase in the discount rate used to value the brands. The assets impaired are all part of our North American OTC Healthcare segment.

Interest Expense
Interest expense was $96.6 million during 2020 versus $105.3 million during 2019. The average indebtedness decreased from $1.9 billion during 2019 to $1.8 billion during 2020. The average cost of borrowing remained constant at 5.4% for 2020 and 2019.

Loss on Extinguishment of Debt
During 2020, we recorded a loss on extinguishment of debt of $2.2 million to write off the debt costs related to our 5.375% 2013 Senior Notes, which we redeemed in December 2019.

Income Taxes
The provision/benefit for income taxes during 2020 was a provision of $48.9 million versus a benefit of $2.3 million in 2019. The effective tax rate on income before income taxes was 25.6% during 2020 versus 5.9% during 2019. The increase in the effective tax rate for 2020 compared to 2019 was primarily due to impairment charges in 2019.

Results of Operations
2019 compared to 2018 For a discussion of fiscal 2019 compared to 2018, please refer to our 2019 Annual Report on Form 10-K Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, filed with the SEC on May 13, 2019.

Liquidity and Capital Resources

Liquidity

Our primary source of cash comes from our cash flow from operations. In the past, we have supplemented this source of cash with various debt facilities, primarily in connection with acquisitions. We have financed our operations, and expect to continue to finance our operations over the next twelve months, with a combination of funds generated from operations and borrowings. Our principal uses of cash are for operating expenses, debt service, share repurchase, capital expenditures, and acquisitions. Based on our current levels of operations and anticipated growth, excluding acquisitions, we believe that our cash generated from operations and our existing credit facilities will be adequate to finance our working capital and capital expenditures through the next twelve months, although no assurance can be given in this regard.

	Year Ended March 31,			$ Change	
(In thousands)	**2020**	**2019**	**2018**	**2020 vs. 2019**	**2019 vs. 2018**
Net cash provided by (used in):					
Operating activities	$ 217,124	$ 189,284	$ 210,110	$ 27,840	$ (20,826)
Investing activities	(16,570)	55,432	(11,562)	(72,002)	66,994
Financing activities	(131,431)	(249,328)	(208,955)	117,897	(40,373)
Effects of exchange rate changes on cash and cash equivalents	(1,893)	(406)	1,100	(1,487)	(1,506)
Net change in cash and cash equivalents	$ 67,230	$ (5,018)	$ (9,307)	$ 72,248	$ 4,289

2020 compared to 2019

Operating Activities

Net cash provided by operating activities was $217.1 million for 2020 compared to $189.3 million for 2019. The $27.8 million increase in net cash provided by operating activities was primarily due to an increase in net income after non-cash items and decreased working capital.

Investing Activities

Net cash used in investing activities was $16.6 million for 2020 compared to net cash provided by investing activities of $55.4 million for 2019. This change was primarily due to proceeds of $65.9 million from the divestiture of our Household Cleaning segment in the year ended March 31, 2019 and higher capital expenditures in 2020.

Financing Activities

Net cash used in financing activities was $131.4 million for 2020 compared to $249.3 million for 2019. The decrease was primarily due to decreased repayments of debt of $77.0 million in 2020 compared to 2019 and increased borrowings of $55.0 million in 2020 on our revolving credit facility. We paid down more debt in 2019 due to the proceeds received from the divestiture of our Household Cleaning segment. This decrease in debt repayments was partly offset by the payment of debt costs of $6.6 million and the higher repurchase of our shares in conjunction with our share repurchase program of $6.7 million in 2020.

2019 compared to 2018

Operating Activities

Net cash provided by operating activities was $189.3 million for 2019 compared to $210.1 million for 2018. The $20.8 million decrease in net cash provided by operating activities was primarily due to the reduction in net income following the sale of our Household Cleaning segment.

Investing Activities

Net cash provided by investing activities was $55.4 million for 2019 compared to a use of net cash in investing activities of $11.6 million for 2018. This change was primarily due to proceeds from the divestiture of our Household Cleaning segment in the year ended March 31, 2019.

Financing Activities

Net cash used in financing activities was $249.3 million for 2019 compared to $209.0 million for 2018. This change was primarily due to the repurchase of shares of our common stock in conjunction with our share repurchase program in the year ended March 31, 2019.

Capital Resources

2012 Term Loan and 2012 ABL Revolver:

On January 31, 2012, Prestige Consumer Healthcare Inc. ("the Borrower") entered into a senior secured credit facility, which consists of (i) a $660.0 million 2012 Term Loan with an original 7-year maturity and (ii) a $50.0 million asset-based 2012 ABL Revolver with an original 5-year maturity. In subsequent years, we have utilized portions of our accordion feature to increase the amount of our borrowing capacity under the 2012 ABL Revolver by $85.0 million to $135.0 million and reduced our borrowing rate on the 2012 ABL Revolver by 0.25% (discussed below). The 2012 Term Loan was issued with an original issue discount of 1.5% of the principal amount thereof, resulting in net proceeds to the Borrower of $650.1 million. The 2012 Term Loan is unconditionally guaranteed by Prestige Consumer Healthcare Inc. and certain of its domestic 100% owned subsidiaries, other than 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 or to make payments to the Borrower or the Company.

On February 21, 2013, we entered into Amendment No. 1 ("Term Loan Amendment No. 1") to the 2012 Term Loan. Term Loan Amendment No. 1 provided for the refinancing of all of the Borrower's existing Term B Loans with new Term B-1 Loans (the "Term B-1 Loans"). The interest rate on the Term B-1 Loans under Term Loan Amendment No. 1 was based, at our option, on a LIBOR rate plus a margin of 2.75% per annum, with a LIBOR floor of 1.00%, or an alternate base rate, with a floor of 2.00%, plus a margin. In addition, Term Loan Amendment No. 1 provided the Borrower with certain additional capacity to prepay subordinated debt, the 2012 Senior Notes and certain other unsecured indebtedness permitted to be incurred under the credit agreement governing the 2012 Term Loan and 2012 ABL Revolver.

On September 3, 2014, we entered into Amendment No. 2 ("Term Loan Amendment No. 2") to the 2012 Term Loan. Term Loan Amendment No. 2 provided for (i) the creation of a new class of Term B-2 Loans under the 2012 Term Loan (the "Term B-2 Loans") in an aggregate principal amount of $720.0 million, (ii) increased flexibility under the credit agreement governing the 2012 Term Loan and 2012 ABL Revolver, including additional investment, restricted payment and debt incurrence flexibility and financial maintenance covenant relief, and (iii) an interest rate on (x) the Term B-1 Loans that was based, at our option, on a LIBOR rate plus a margin of 3.125% per annum, with a LIBOR floor of 1.00%, or an alternate base rate, with a floor of 2.00%, plus a margin, and (y) the Term B-2 Loans that was based, at our option, on a LIBOR rate plus a margin of 3.50% per annum, with a LIBOR floor of 1.00%, or an alternate base rate, with a floor of 2.00%, plus a margin (with a margin step-down to 3.25% per annum, based upon achievement of a specified secured net leverage ratio).

Also on September 3, 2014, we entered into Amendment No. 3 ("ABL Amendment No. 3") to the 2012 ABL Revolver. ABL Amendment No. 3 provided for (i) a $40.0 million increase in revolving commitments under the 2012 ABL Revolver and (ii) increased flexibility under the credit agreement governing the 2012 Term Loan and 2012 ABL Revolver, including additional investment, restricted payment and debt incurrence flexibility. Borrowings under the 2012 ABL Revolver, as amended, bore interest at a rate per annum equal to an applicable margin, plus, at our option, either (i) a base rate determined by reference to the highest of (a) the Federal Funds rate plus 0.50%, (b) the prime rate of Citibank, N.A., and (c) the LIBOR rate determined by reference to the cost of funds for U.S. dollar deposits for an interest period of one month, adjusted for certain additional costs, plus 1.00% or (ii) a LIBOR rate determined by reference to the costs of funds for U.S. dollar deposits for the interest period relevant to such borrowing, adjusted for certain additional costs. The applicable margin for borrowings under the 2012 ABL Revolver could be increased to 2.00% or 2.25% for LIBOR borrowings and 1.00% or 1.25% for base-rate borrowings, depending on average excess availability under the 2012 ABL Revolver during the prior fiscal quarter. In addition to paying interest on outstanding principal under the 2012 ABL Revolver, we are required to pay a commitment fee to the lenders under the 2012 ABL Revolver in respect of the unutilized commitments thereunder. The initial commitment fee rate is 0.50% per annum. The commitment fee rate will be reduced to 0.375% per annum at any time when the average daily unused commitments for the prior quarter is less than a percentage of total commitments by an amount set forth in the credit agreement covering the 2012 ABL Revolver. We may voluntarily repay outstanding loans under the 2012 ABL Revolver at any time without a premium or penalty.

On May 8, 2015, we entered into Amendment No. 3 ("Term Loan Amendment No. 3") to the 2012 Term Loan. Term Loan Amendment No. 3 provided for (i) the creation of a new class of Term B-3 Loans under the 2012 Term Loan (the "Term B-3 Loans") in an aggregate principal amount of $852.5 million, which combined the outstanding balances of the Term B-1 Loans of $207.5 million and the Term B-2 Loans of $645.0 million, and (ii) increased flexibility under the credit agreement governing the 2012 Term Loan and 2012 ABL Revolver, including additional investment, restricted payment, and debt incurrence flexibility and financial maintenance covenant relief. The maturity date of the Term B-3 Loans remained the same as the Term B-2 Loans' original maturity date of September 3, 2021.

On June 9, 2015, we entered into Amendment No. 4 (“ABL Amendment No. 4”) to the 2012 ABL Revolver. ABL Amendment No. 4 provided for (i) a $35.0 million increase in the accordion feature under the 2012 ABL Revolver and (ii) increased flexibility under the credit agreement governing the 2012 Term Loan and the 2012 ABL Revolver, including additional investment, restricted payment, and debt incurrence flexibility and financial maintenance covenant relief and (iii) extended the maturity date of the 2012 ABL Revolver to June 9, 2020, which is five years from the effective date of ABL Amendment No. 4.

In connection with the DenTek acquisition on February 5, 2016, we entered into Amendment No. 5 (“ABL Amendment No. 5”) to the 2012 ABL Revolver. ABL Amendment No. 5 temporarily suspended certain financial and related reporting covenants in the 2012 ABL Revolver until the earliest of (i) the date that was 60 calendar days following February 4, 2016, (ii) the date upon which certain of DenTek’s assets were included in the Company’s borrowing base under the 2012 ABL Revolver and (iii) the date upon which the Company received net proceeds from an offering of debt securities.

In connection with the Fleet acquisition, on January 26, 2017, we entered into Amendment No. 4 ("Term Loan Amendment No. 4") to the 2012 Term Loan. Term Loan Amendment No. 4 provided for (i) the refinancing of all of our outstanding term loans and the creation of a new class of Term B-4 Loans under the 2012 Term Loan (the "Term B-4 Loans") in an aggregate principal amount of $1,427.0 million and (ii) increased flexibility under the credit agreement governing the 2012 Term Loan and the 2012 ABL Revolver, including additional investment, restricted payment, and debt incurrence flexibility and financial maintenance covenant relief. The maturity date was extended to January 26, 2024. In addition, Citibank, N.A. was succeeded by Barclays Bank PLC as administrative agent under the 2012 Term Loan.

Also on January 26, 2017, we entered into Amendment No. 6 ("ABL Amendment No. 6") to the 2012 ABL Revolver. ABL Amendment No. 6 provides for (i) a $40.0 million increase in revolving commitments under the 2012 ABL Revolver, (ii) an extension of the maturity date of revolving commitments to January 26, 2022, and (iii) increased flexibility under the credit agreement governing the 2012 Term Loan and the 2012 ABL Revolver, including additional investment, restricted payment and debt incurrence flexibility consistent with Term Loan Amendment No. 4.

On March 21, 2018, we entered into Amendment No. 5 (“Term Loan Amendment No. 5”) to the 2012 Term Loan. Term Loan Amendment No. 5 ("Term B-5 Loans") provided for the repricing of the Term B-4 Loans under the Credit Agreement to an interest rate that is based, at our option, on a LIBOR rate plus a margin of 2.00% per annum, with a LIBOR floor of 0.00%, or an alternative base rate plus a margin of 1.00% per annum with a floor of 1.00%.

On December 11, 2019, the Company and Prestige Brands, Inc. entered into Amendment No. 7 ("ABL Amendment No. 7") to the 2012 ABL Revolver. ABL Amendment No. 7 provides for (i) an extension of the maturity date of the revolving credit facility to December 11, 2024, which is five years from the effective date of the amendment, (ii) increased flexibility under the 2012 ABL Revolver, including additional investment, restricted payment, and debt incurrence flexibility, (iii) an initial applicable margin for borrowings under the 2012 ABL Revolver that is 1.00% with respect to LIBOR borrowings and 0.0% with respect to base-rate borrowings (which may be increased to 1.25% or 1.50% for LIBOR borrowings and 0.25% or 0.50% for base-rate borrowings, depending on average excess availability under the facility during the prior fiscal quarter) and (iv) a commitment fee to the lenders under the 2012 ABL Revolver in respect of the unutilized commitments thereunder of 0.25% per annum.

For the year ended March 31, 2020, the average interest rate on the 2012 Term Loan was 4.6%. For the year ended March 31, 2020, the average interest rate on the amounts borrowed under the 2012 ABL Revolver was 4.0%.

2013 Senior Notes:
On December 17, 2013, the Borrower issued $400.0 million of senior unsecured notes, with an interest rate of 5.375% and a maturity date of December 15, 2021 (the "2013 Senior Notes"). These notes were redeemed on December 16, 2019 using the funds from the issuance of our 2019 Senior Notes described below.

2016 Senior Notes:
On February 19, 2016, the Borrower completed the sale of $350.0 million aggregate principal amount of 6.375% senior notes due March 1, 2024 (the “Initial Notes”), pursuant to a purchase agreement, dated February 16, 2016, among the Borrower, the guarantors party thereto (the “Guarantors”) and the initial purchasers party thereto. The 2016 Senior Notes are guaranteed by Prestige Consumer Healthcare Inc. and certain of its domestic 100% owned subsidiaries, other than 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 or to make payments to the Borrower or the Company.

The 2016 Senior Notes were issued pursuant to an indenture, dated February 19, 2016 (the “Indenture”). The Indenture provides, among other things, that interest will be payable on the 2016 Senior Notes on March 1 and September 1 of each year, beginning on September 1, 2016, until their maturity date of March 1, 2024. The 2016 Senior Notes are senior unsecured obligations of the Borrower.

On March 21, 2018, we completed the sale of $250.0 million aggregate principal amount of 6.375% senior notes due 2024 (the “Additional Notes”), at an issue price of 101.0%, pursuant to a purchase agreement, dated March 16, 2018, among the Borrower, the guarantors party thereto and the initial purchasers party thereto. The Additional Notes are senior unsecured obligations of the Borrower and are guaranteed by each of Prestige Consumer Healthcare Inc.'s domestic subsidiaries that guarantee the obligations under the 2012 Term Loan. We used the proceeds from the issuance of the Additional Notes to repay a portion of our outstanding obligations under the 2012 Term Loan and to pay related fees and expenses. The Additional Notes will be treated as a single series with the $350.0 million aggregate principle amount of Initial Notes (the Initial Notes and, together with the Additional Notes, the “2016 Senior Notes”).

2019 Senior Notes:
On December 2, 2019, the Borrower issued $400.0 million aggregate principal amount of 5.125% senior notes (the "2019 Senior Notes") pursuant to an indenture dated December 2, 2019, among Prestige Brands, Inc., the guarantors party thereto (including the Company) and the U.S. Bank National Association, as a trustee. The 2019 Senior Notes mature on January 15, 2028. We used the net proceeds from the 2019 Senior Notes, together with cash on hand, to redeem all $400.0 million of our outstanding 2013 Senior Notes, which were due in 2021, and to pay related fees and expenses. In conjunction with the redemption of our 2013 Senior Notes, we wrote off related debt costs of $2.2 million.

Redemptions and Restrictions:
We have the option to redeem all or a portion of the 2016 Senior Notes at any time on or after March 1, 2019 at the redemption prices set forth in the Indenture, plus accrued and unpaid interest, if any. Subject to certain limitations, in the event of a change of control (as defined in the Indenture), the Borrower will be required to make an offer to purchase the 2016 Senior Notes at a price equal to 101% of the aggregate principal amount of the notes repurchased, plus accrued and unpaid interest, if any, to the date of repurchase.

The indentures governing the 2016 Senior Notes and the 2019 Senior Notes contain provisions that restrict us from undertaking specified corporate actions, such as asset dispositions, acquisitions, dividend payments, repurchases of common shares outstanding, changes of control, incurrences of indebtedness, issuance of equity, creation of liens, making of loans and transactions with affiliates. Additionally, the credit agreement governing the 2012 Term Loan and the 2012 ABL Revolver and the indentures governing the 2016 Senior Notes and the 2019 Senior Notes contain cross-default provisions, whereby a default pursuant to the terms and conditions of certain indebtedness will cause a default on the remaining indebtedness under the credit agreement governing the 2012 Term Loan and the 2012 ABL Revolver and the indentures governing the 2016 Senior Notes and the 2019 Senior Notes. At March 31, 2020, we were in compliance with the covenants under our long-term indebtedness.

As of March 31, 2020, we had an aggregate of $1.7 billion of outstanding indebtedness, which consisted of the following:

- $400.0 million of 5.125% 2019 Senior Notes due 2028;
- $600.0 million of 6.375% 2016 Senior Notes due 2024;
- $690.0 million of borrowings under the Term B-5 Loans; and
- $55.0 million of borrowings under the 2012 ABL Revolver.

As of March 31, 2020, we had $107.3 million of borrowing capacity under the 2012 ABL Revolver.

Interest Rate Swaps

In January 2020, we entered into two interest rate swaps to hedge a total of $400.0 million of our variable interest debt.

Debt Covenants

Our debt facilities contain various financial covenants, including provisions that require us to maintain certain leverage, interest coverage and fixed charge ratios. The credit agreement governing the 2012 Term Loan and the 2012 ABL Revolver and the indentures governing the 2016 and 2019 Senior Notes contain provisions that accelerate our indebtedness on certain changes in control and restrict us from undertaking specified corporate actions, including asset dispositions, acquisitions, payment of dividends and other specified payments, repurchasing our equity securities in the public markets, incurrence of indebtedness, creation of liens, making loans and investments and transactions with affiliates. Specifically, we must:

- Have a leverage ratio of less than 6.50 to 1.0 for the quarter ended March 31, 2020 (defined as, with certain adjustments, the ratio of our consolidated total net debt as of the last day of the fiscal quarter to our trailing twelve month consolidated net income before interest, taxes, depreciation, amortization, non-cash charges and certain other items ("EBITDA"));

- Have an interest coverage ratio of greater than 2.25 to 1.0 for the quarter ended March 31, 2020 (defined as, with certain adjustments, the ratio of our consolidated EBITDA to our trailing twelve month consolidated cash interest expense); and

- Have a fixed charge ratio of greater than 1.0 to 1.0 for the quarter ended March 31, 2020 (defined as, with certain adjustments, the ratio of our consolidated EBITDA minus capital expenditures to our trailing twelve month consolidated interest paid, taxes paid and other specified payments). Our fixed charge requirement remains level throughout the term of the agreement.

At March 31, 2020, we were in compliance with the applicable financial and restrictive covenants under the 2012 Term Loan and the 2012 ABL Revolver and the indentures governing the 2016 Senior Notes and the 2019 Senior Notes. Additionally, management anticipates that in the normal course of operations, we will be in compliance with the financial and restrictive covenants during 2021. During the years ended March 31, 2020 and 2019, we made voluntary principal payments against outstanding indebtedness of $48.0 million and $200.0 million, respectively, under the 2012 Term Loan. Under the Term Loan Amendment No. 5, we are required to make quarterly payments each equal to 0.25% of the aggregate amount of $690.0 million. Since we have previously made a significant optional payment that exceeded a significant portion of our required quarterly payments, we will not be required to make another payment until the fiscal year ending March 31, 2024.

Commitments

As of March 31, 2020, we had ongoing commitments under various contractual and commercial obligations as follows:

		Payments Due by Period			
(In millions)		Less than	1 to 3	4 to 5	After 5
Contractual Obligations	**Total**	**1 Year**	**Years**	**Years**	**Years**
Long-term debt	$ 1,745.0	$ —	$ —	$ 1,345.0	$ 400.0
Interest on long-term debt[1]	483.8	87.7	183.8	120.2	92.1
Purchase obligations:					
Inventory costs[2]	169.9	142.9	16.0	4.8	6.2
Other costs[3]	28.4	27.8	0.4	0.2	—
Operating leases[4]	30.5	5.6	10.8	9.5	4.6
Finance leases	5.8	1.2	2.5	2.1	—
Total contractual cash obligations[5]	$ 2,463.4	$ 265.2	$ 213.5	$ 1,481.8	$ 502.9

(1) Represents the estimated interest obligations on the outstanding balances at March 31, 2020 of the 2019 Senior Notes, 2016 Senior Notes, Term B-5 Loans, and 2012 ABL Revolver, assuming scheduled principal payments (based on the terms of the loan agreements). We estimate our future obligations for interest on our variable rate debt by assuming the weighted average interest rates in effect on each variable rate debt obligation at March 31, 2020 remain constant into the future. This is an estimate, as actual rates will vary over time. In addition, we assume that the average balance outstanding for the last month of fiscal 2020 remains the same for the remaining term of the agreement. The actual balance outstanding may fluctuate significantly in future periods, depending on the availability of cash flow from operations and future investing and financing considerations. Estimated interest obligations would be different under different assumptions regarding interest rates or timing of principal payments.

(2) Purchase obligations for inventory costs are legally binding commitments for projected inventory requirements to be utilized during the normal course of our operations.

(3) Purchase obligations for other costs are legally binding commitments for marketing, advertising and capital expenditures. Activity costs for molds and equipment to be paid, based solely on a per unit basis without any deadlines for final payment, have been excluded from the table because we are unable to determine the time period over which such activity costs will be paid.

(4) We have excluded minimum sublease rentals of $0.2 million due in the future under non-cancellable subleases. Please refer to Note 8 to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K.

(5) We have excluded obligations related to uncertain tax positions because we cannot reasonably estimate when they will occur.

Off-Balance Sheet Arrangements

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

Inflation

Inflationary factors such as increases in the costs of raw materials, packaging materials, purchased product and overhead may adversely affect our operating results and financial condition. Although we do not believe that inflation has had a material impact on our financial condition or results of operations for the three most recent fiscal years, we anticipate the COVID-19 pandemic may have an inflationary impact on our costs and a high rate of inflation in the future could have a material adverse effect on our financial condition or results of operations. More volatility in crude oil prices may have an adverse impact on transportation costs, as well as certain petroleum based raw materials and packaging material. Although we make efforts to minimize the impact of inflationary factors, including raising prices to our customers, a high rate of pricing volatility associated with crude oil supplies or other raw materials used in our products may have an adverse effect on our operating results.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We are exposed to interest rate risk because our 2012 Term Loan and 2012 ABL Revolver are variable rate debt. To manage this risk, we use interest rate swaps to hedge a total of $400.0 million of this variable rate debt. At March 31, 2020, approximately $345.0 million of our debt carries a variable rate of interest.

Holding other variables constant, including levels of indebtedness, a one percentage point increase in interest rates on our variable rate debt would have had an adverse impact on pre-tax loss and cash flows for the year ended March 31, 2020 of approximately $3.7 million.

Foreign Currency Exchange Rate Risk

During the years ended March 31, 2020 and 2019, approximately 12.5% and 10.9%, respectively, of our revenues were denominated in currencies other than the U.S. Dollar. As such, we are exposed to transactions that are sensitive to foreign currency exchange rates, including insignificant foreign currency forward exchange agreements. These transactions are primarily with respect to the Canadian and Australian Dollar.

We performed a sensitivity analysis with respect to exchange rates for the year ended March 31, 2020 and 2019. Holding all other variables constant, and assuming a hypothetical 10.0% adverse change in foreign currency exchange rates, this analysis resulted in a 3.9% impact on pre-tax income of approximately $7.5 million for the year ended March 31, 2020 and a 15.9% impact on pre-tax loss of approximately $5.9 million for the year ended March 31, 2019.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The supplementary data required by this Item are described in Part IV, Item 15 of this Annual Report on Form 10-K and are presented beginning on page 93.

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Prestige Consumer Healthcare Inc.
Audited Financial Statements
March 31, 2020

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Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act). Internal control over financial reporting is a process designed by, or under the supervision of the Chief Executive Officer and Chief Financial Officer and effected by the Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable, not absolute, assurance that the control objectives will be met. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate over time.

Management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's internal control over financial reporting as of March 31, 2020. In making its evaluation, management has used the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control - Integrated Framework* (2013 Framework).

Based on management's assessment utilizing the 2013 Framework, management concluded that the Company's internal control over financial reporting was effective as of March 31, 2020.

PricewaterhouseCoopers LLP, an independent registered public accounting firm, has issued a report on the effectiveness of our internal control over financial reporting as of March 31, 2020, which appears below.

Prestige Consumer Healthcare Inc.
May 8, 2020

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Prestige Consumer Healthcare Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Prestige Consumer Healthcare Inc. and its subsidiaries (the "Company") as of March 31, 2020 and 2019, and the related consolidated statements of income (loss) and comprehensive income (loss), of changes in stockholders' equity and of cash flows for each of the three years in the period ended March 31, 2020, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of March 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Changes in Accounting Principles

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2020 and the manner in which it accounts for revenue from contracts with customers in 2019.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit

preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill and Indefinite-Lived Intangible Asset Impairment Assessments for Reporting Units and Brands of Certain Product Groups

As described in Notes 1, 6, and 7 to the consolidated financial statements, the Company's consolidated goodwill and indefinite-lived intangible asset balances were $575.2 million and $2,265.3 million, respectively, as of March 31, 2020. Goodwill is classified as the excess of the purchase price over the fair market value of assets acquired and liabilities assumed in business combinations. Intangible assets generally represent our tradenames, brand names, and patents. Goodwill and indefinite-lived intangible assets are not amortized, although the carrying values are tested for impairment 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. Goodwill is tested for impairment at the reporting unit level, which is one level below the operating segment level, and indefinite-lived intangible assets are tested at the asset level. An impairment loss is recognized if the carrying amount of the reporting unit or asset exceeds its fair value. Management utilized the discounted cash flow methods to estimate the fair value of its reporting units and the excess earnings method to estimate the fair value of individual indefinite-lived intangible assets. As disclosed by management, key assumptions in developing the fair value measurement of the reporting units and indefinite-lived intangible assets include future cash flows and margins, both of which could be impacted by competition, changing consumer preferences, technological advances or changes in advertising and promotional expenses, and the discount rate.

The principal considerations for our determination that performing procedures relating to goodwill and indefinite-lived intangible asset impairment assessments for reporting units and brands of certain product groups is a critical audit matter are there was significant judgment and estimation by management when developing the fair value measurements. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and in evaluating audit evidence relating to management's cash flow projections and significant assumptions, including future cash flows, margins, and the discount rate. In addition, the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's impairment assessments of goodwill and indefinite-lived intangible assets, including controls over the valuation of the Company's reporting units and individual indefinite-lived intangible assets. These procedures also included, among others, testing management's process for developing the fair value measurements of the reporting units and indefinite-lived intangible assets for certain product groups. This included evaluating the appropriateness of methods used in developing the fair value measurements, testing the completeness, accuracy, and relevance of underlying data used, and evaluating the reasonableness of significant assumptions used by management, including future cash flows, margins, and the discount rate. Evaluating the reasonableness of management's assumptions related to future cash flows and margins involved evaluating whether the assumptions used by management were reasonable considering (i) current and historical performance, (ii) the consistency with external market and industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the appropriateness of the Company's fair value methods and reasonableness of certain significant assumptions used by management, including the discount rate.

/s/ PricewaterhouseCoopers LLP
Stamford, Connecticut
May 8, 2020

We have served as the Company’s auditor since at least 1999. We have not been able to determine the specific year we began serving as auditor of the Company.

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

	Year Ended March 31,		
(In thousands, except per share data)	**2020**	**2019**	**2018**
Revenues			
Net sales	$ 962,936	$ 975,692	$ 1,040,792
Other revenues	74	85	387
Total revenues	963,010	975,777	1,041,179
Cost of Sales			
Cost of sales excluding depreciation	406,554	415,469	459,676
Cost of sales depreciation	4,233	4,732	4,998
Cost of sales	410,787	420,201	464,674
Gross profit	552,223	555,576	576,505
Operating Expenses			
Advertising and promotion	147,194	143,090	147,286
General and administrative	89,112	89,759	85,393
Depreciation and amortization	24,762	27,047	28,428
Gain on divestiture	—	(1,284)	—
Goodwill and tradename impairment	—	229,461	99,924
Total operating expenses	261,068	488,073	361,031
Operating income	291,155	67,503	215,474
Other (income) expense			
Interest income	(342)	(217)	(388)
Interest expense	96,566	105,299	106,267
Loss on extinguishment of debt	2,155	—	2,901
Other expense (income), net	1,625	476	(392)
Total other expense	100,004	105,558	108,388
Income (loss) before income taxes	191,151	(38,055)	107,086
Provision (benefit) for income taxes	48,870	(2,255)	(232,484)
Net income (loss)	$ 142,281	$ (35,800)	$ 339,570
Earnings (loss) per share:			
Basic	$ 2.81	$ (0.69)	$ 6.40
Diluted	$ 2.78	$ (0.69)	$ 6.34
Weighted average shares outstanding:			
Basic	50,723	52,068	53,099
Diluted	51,140	52,068	53,526
Comprehensive income (loss), net of tax:			
Currency translation adjustments	(12,363)	(6,480)	5,702
Unrealized loss on interest rate swaps	(4,864)	—	—
Unrecognized net (loss) gain on pension plans	(1,187)	48	1,335
Total other comprehensive (loss) income	(18,414)	(6,432)	7,037
Comprehensive income (loss)	$ 123,867	$ (42,232)	$ 346,607

See accompanying notes.

Prestige Consumer Healthcare Inc.
Consolidated Balance Sheets

(In thousands)	**March 31,**	
Assets	**2020**	**2019**
Current assets		
Cash and cash equivalents	$ 94,760	$ 27,530
Accounts receivable, net of allowance of $20,194 and $12,965, respectively	150,517	148,787
Inventories	116,026	119,880
Prepaid expenses and other current assets	4,351	4,741
Total current assets	365,654	300,938
Property, plant and equipment, net	55,988	51,176
Operating lease right-of-use assets	28,888	—
Finance lease right-of-use assets	5,842	—
Goodwill	575,179	578,583
Intangible assets, net	2,479,391	2,507,210
Other long-term assets	2,963	3,129
Total Assets	$ 3,513,905	$ 3,441,036
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 62,375	$ 56,560
Accrued interest payable	9,911	9,756
Operating lease liabilities, current portion	5,612	—
Finance lease liabilities, current portion	1,220	—
Other accrued liabilities	70,763	60,663
Total current liabilities	149,881	126,979
Long-term debt, net	1,730,300	1,798,598
Deferred income tax liabilities	407,812	399,575
Long-term operating lease liabilities, net of current portion	24,877	—
Long-term finance lease liabilities, net of current portion	4,626	—
Other long-term liabilities	25,438	20,053
Total Liabilities	2,342,934	2,345,205
Commitments and Contingencies – Note 18		
Stockholders' Equity		
Preferred stock – $0.01 par value		
Authorized – 5,000 shares		
Issued and outstanding – None	—	—
Common stock – $0.01 par value		
Authorized – 250,000 shares		
Issued – 53,805 shares at March 31, 2020 and 53,670 shares at March 31, 2019	538	536
Additional paid-in capital	488,116	479,150
Treasury stock, at cost – 3,719 shares at March 31, 2020 and 1,871 shares at March 31, 2019	(117,623)	(59,928)
Accumulated other comprehensive loss, net of tax	(44,161)	(25,747)
Retained earnings	844,101	701,820
Total Stockholders' Equity	1,170,971	1,095,831
Total Liabilities and Stockholders' Equity	$ 3,513,905	$ 3,441,036

See accompanying notes.

Prestige Consumer Healthcare Inc.
Consolidated Statements of Changes in Stockholders' Equity

	Common Stock			Treasury Stock				
(In thousands)	**Shares**	**Par Value**	**Additional Paid-in Capital**	**Shares**	**Amount**	**Accumulated Other Comprehensive (Loss) Income**	**Retained Earnings**	**Total**
Balances at March 31, 2017	53,287	$ 533	$ 458,255	332	$ (6,594)	$ (26,352)	$ 396,707	$ 822,549
Stock-based compensation	—	—	8,909	—	—	—	—	8,909
Exercise of stock options	56	—	1,620	—	—	—	—	1,620
Issuance of shares related to restricted stock	53	1	(1)	—	—	—	—	—
Treasury share repurchases	—	—	—	21	(1,075)	—	—	(1,075)
Net income	—	—	—	—	—	—	339,570	339,570
Other comprehensive income	—	—	—	—	—	7,037	—	7,037
Balances at March 31, 2018	53,396	$ 534	$ 468,783	353	$ (7,669)	$ (19,315)	$ 736,277	$ 1,178,610
Adoption of new accounting pronouncement	—	—	—	—	—	—	1,343	1,343
Stock-based compensation	—	—	7,438	—	—	—	—	7,438
Exercise of stock options	98	—	2,931	—	—	—	—	2,931
Issuance of shares related to restricted stock	176	2	(2)	—	—	—	—	—
Treasury share repurchases	—	—	—	1,518	(52,259)	—	—	(52,259)
Net loss	—	—	—	—	—	—	(35,800)	(35,800)
Other comprehensive loss	—	—	—	—	—	(6,432)	—	(6,432)
Balances at March 31, 2019	53,670	$ 536	$ 479,150	1,871	$ (59,928)	$ (25,747)	$ 701,820	$ 1,095,831
Stock-based compensation	—	—	7,644	—	—	—	—	7,644
Exercise of stock options	48	1	1,323	—	—	—	—	1,324
Issuance of shares related to restricted stock	87	1	(1)	—	—	—	—	—
Treasury share repurchases	—	—	—	1,848	(57,695)	—	—	(57,695)
Net income	—	—	—	—	—	—	142,281	142,281
Other comprehensive loss	—	—	—	—	—	(18,414)	—	(18,414)
Balances at March 31, 2020	53,805	$ 538	$ 488,116	3,719	$ (117,623)	$ (44,161)	$ 844,101	$ 1,170,971

See accompanying notes.

Prestige Consumer Healthcare Inc.
Consolidated Statements of Cash Flows

(In thousands)	**Year Ended March 31, 2020**	**2019**	**2018**
Operating Activities			
Net income (loss)	142,281	$ (35,800)	$ 339,570
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	28,995	31,779	33,426
Gain on divestitures	—	(1,284)	—
Loss on sale or disposal of property and equipment	713	216	1,568
Deferred income taxes	13,852	(40,554)	(269,086)
Amortization of debt origination costs	3,812	5,923	6,742
Stock-based compensation costs	7,644	7,438	8,909
Loss on extinguishment of debt	2,155	—	2,901
Non-cash operating lease cost	8,786	—	—
Interest expense relating to ROU assets	84	—	—
Impairment loss	—	229,461	99,924
Lease termination costs	—	—	214
Other non-cash items	—	421	1,704
Changes in operating assets and liabilities, net of effects from acquisitions and divestitures:			
Accounts receivable	(2,849)	(2,980)	(5,043)
Inventories	2,930	(10,535)	(2,482)
Prepaid expenses and other assets	687	6,887	33,721
Accounts payable	6,210	(3,993)	(10,028)
Accrued liabilities	12,096	3,734	(31,495)
Operating lease liabilities	(8,824)	—	—
Other	(1,448)	(1,429)	(435)
Net cash provided by operating activities	217,124	189,284	210,110
Investing Activities			
Purchases of property, plant and equipment	(14,560)	(10,480)	(12,532)
Proceeds from divestitures	—	65,912	—
Escrow receipt	750	—	970
Acquisition of tradename	(2,760)	—	—
Net cash (used in) provided by investing activities	(16,570)	55,432	(11,562)
Financing Activities			
Proceeds from issuance of 2016 Senior Notes	—	—	250,000
Proceeds from issuance of 2019 Senior Notes	400,000	—	—
Repayment of 2013 Senior Notes	(400,000)	—	—
Term Loan repayments	(48,000)	(200,000)	(444,000)
Borrowings under revolving credit agreement	100,000	45,000	30,000
Repayments under revolving credit agreement	(120,000)	(45,000)	(45,000)
Payments of debt origination costs	(6,584)	—	(500)
Payments of finance leases	(476)	—	—
Proceeds from exercise of stock options	1,324	2,931	1,620
Fair value of shares surrendered as payment of tax withholding	(974)	(2,281)	(1,075)
Repurchase of common stock	(56,721)	(49,978)	—
Net cash used in financing activities	(131,431)	(249,328)	(208,955)
Effects of exchange rate changes on cash and cash equivalents	(1,893)	(406)	1,100
Increase (decrease) in cash and cash equivalents	67,230	(5,018)	(9,307)
Cash and cash equivalents - beginning of year	27,530	32,548	41,855
Cash and cash equivalents - end of year	$ 94,760	$ 27,530	$ 32,548
Interest paid	$ 92,166	$ 98,232	$ 98,572
Income taxes paid	$ 30,602	$ 32,797	$ 24,440

See accompanying notes.

1. Business and Basis of Presentation

Nature of Business

Prestige Consumer Healthcare Inc. (referred to herein as the “Company” or “we”, which reference shall, unless the context requires otherwise, be deemed to refer to Prestige Consumer Healthcare Inc. and all of its direct and indirect 100% owned subsidiaries on a consolidated basis) is engaged in the development, manufacturing, marketing, sales and distribution of over-the-counter (“OTC”) healthcare and household cleaning products (prior to the sale of our Household Cleaning segment, as discussed in Note 2 to these Consolidated Financial Statements) to mass merchandisers, drug, food, dollar, convenience and club stores, and e-commerce channels in North America (the United States and Canada) and in Australia and certain other international markets. Prestige Consumer Healthcare Inc. is a holding company with no operations and is also the parent guarantor of the senior credit facility and the senior notes described in Note 10 to these Consolidated Financial Statements.

Coronavirus Outbreak

In January 2020, the World Health Organization ("WHO") announced a global health crisis due to a new strain of coronavirus ("COVID-19"). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic. This pandemic is affecting the United States and global economies, including causing significant volatility in the global economy and resulting in materially reduced economic activity. If the outbreak continues to spread or if we enter a period of recession or depression, it may materially affect our operations and those of third parties on which we rely, including causing disruptions in the supply and distribution of our products. We may need to limit operations and may experience material limitations in employee resources. We did see an increase in sales at the end of March 2020 related to the United States shelter-in-place restrictions, followed by a significant decrease in consumer consumption in the weeks that followed. It has been reported to us that there has been an increase in absenteeism at our distribution center and some of our suppliers, however, we have not experienced a material disruption to our overall supply chain. The extent to which COVID-19 impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19, and the actions to contain COVID-19 or treat its impact, among others. We do not yet know the full extent of impacts on our business or the global economy. However, these effects could have a material, adverse impact on our liquidity, capital resources, operations and business and those of the third parties on which we rely.

Basis of Presentation

Our Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). All significant intercompany transactions and balances have been eliminated in consolidation. Our fiscal year ends on March 31st of each year. References in these Consolidated Financial Statements or notes to a year (e.g., “2020”) mean our fiscal year ended on March 31st of that year.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on our knowledge of current events and actions that we may undertake in the future, actual results could differ from those estimates. As discussed below, our most significant estimates include those made in connection with the valuation of intangible assets, stock-based compensation, fair value of debt, sales returns and allowances, trade promotional allowances, inventory obsolescence, and accounting for income taxes and related uncertain tax positions.

Cash and Cash Equivalents

We consider all short-term deposits and investments with original maturities of three months or less to be cash equivalents. At March 31, 2020, approximately 14% of our cash is held by a bank in Sydney, Australia. Substantially all of our remaining cash is held by a large regional bank with headquarters in California. We do not believe that, as a result of this concentration, we are subject to any unusual financial risk beyond the normal risk associated with commercial banking relationships. The Federal Deposit Insurance Corporation (“FDIC”) and Securities Investor Protection Corporation (“SIPC”) insures our U.S. domestic balances, up to $250,000 and $500,000, with a $250,000 limit for cash, respectively. Substantially all of the Company's cash balances at March 31, 2020 are uninsured.

Accounts Receivable
We extend non-interest-bearing trade credit to our customers in the ordinary course of business. We maintain 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, we (i) have established credit limits for all of our customer relationships, (ii) perform ongoing credit evaluations of customers' financial condition, (iii) monitor the payment history and aging of customers' receivables, and (iv) monitor open orders against an individual customer's outstanding receivable balance.

Inventories
Inventories are stated at the lower of cost or net realizable value, where cost is determined by using the first-in, first-out method. We reduce 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 net realizable value. Factors utilized in the determination of estimated net realizable value include (i) product expiration dates, (ii) current sales data and historical return rates, (iii) estimates of future demand, (iv) competitive pricing pressures, (v) new product introductions, and (vi) component and packaging obsolescence.

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

	Years
Building	15 - 40
Machinery	3 - 15
Computer equipment and software	3 - 5
Furniture and fixtures	7 - 10
Leasehold improvements	*

*Leasehold improvements are amortized over the lesser of the lease term or the estimated useful life of the related assets.

Expenditures for maintenance and repairs are charged to expense as incurred. When an asset is sold or otherwise disposed of, we remove the cost and associated accumulated depreciation from the respective accounts and recognize the resulting gain or loss in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss).

Property, plant 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 business combinations is classified as goodwill. Goodwill is not amortized, although the carrying value is tested for impairment 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. Goodwill is tested for impairment at the reporting unit level, which is one level below the operating segment level. An impairment loss is recognized if the carrying amount of the reporting unit exceeds its fair value.

Intangible Assets
Intangible assets, which are comprised primarily of tradenames, are stated at cost less accumulated amortization. For intangible assets with finite lives, amortization is computed using the straight-line method over estimated useful lives, typically ranging from 10 to 30 years.

Indefinite-lived intangible assets are tested for impairment 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. Intangible assets with finite lives are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may 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.

Debt Origination Costs
We have incurred debt origination costs in connection with the issuance of long-term debt. These costs are amortized over the term of the related debt, using the effective interest method for our bonds and our term loan facility and the straight-line method for our revolving credit facility. Costs associated with our revolving credit facility are reported as a long-term asset and costs related to our senior notes and the term loan facility are recorded as a reduction of debt.

Revenue Recognition

We adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606 on April 1, 2018 using the modified retrospective transition method and recognize revenue accordingly.

Nature of Goods and Services

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

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

See Note 21 for disaggregated revenue information.

Satisfaction of Performance Obligations

Under ASC 606, revenue is recognized when control of a promised good is transferred to a customer, in an amount that reflects the consideration that we expect to be entitled to receive in exchange for that good. This occurs either when finished goods are transferred to a common carrier for delivery to the customer or when product is picked up by the customer or the customer’s carrier.

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

Variable Consideration

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

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

We participate in the promotional programs of our customers to enhance the sale of our products. These promotional programs consist of direct-to-consumer incentives, such as coupons and temporary price reductions, as well as incentives to our customers, such as allowances for new distribution, including slotting fees, and cooperative advertising. The costs of such activities are recorded as a reduction to revenue when the related sale takes place. Estimates of the costs of these promotional programs are derived using the most likely amount method, which incorporates (i) historical sales experience, (ii) the current promotional offering, (iii) forecasted data, (iv) current market conditions, and (v) communication with customer purchasing/marketing personnel. At the completion of the promotional program, the estimated amounts are adjusted to actual results.

Practical Expedients

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

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

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

Cost of Sales
Cost of sales includes costs related to the manufacturing of our products, including raw materials, direct labor and indirect plant costs (including but not limited to depreciation), warehousing costs, inbound and outbound shipping costs, and handling and storage costs. Warehousing, shipping and handling and storage costs were $61.9 million for 2020, $56.4 million for 2019 and $64.7 million for 2018.

Advertising and Promotion Costs
Advertising and promotion costs are expensed as incurred. Allowances for distribution costs associated with products, including slotting fees, are recognized as a reduction of sales.

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

Pension Expense
Certain employees of C.B. Fleet Company, Inc. ("Fleet"), our wholly owned subsidiary, are covered by defined benefit pension plans. The Company's policy is to contribute at least the minimum amount required under The Employee Retirement Income Security Act of 1974 ("ERISA"). The Company may elect to make additional contributions. Benefits are based on years of service and levels of compensation. On December 16, 2014, the decision was made to freeze the benefits under the Company's U.S. qualified defined benefit pension plan with an effective date of March 1, 2015.

The funded status of our pension plans is dependent upon many factors, including returns on invested assets and the level of certain market interest rates. We review pension assumptions regularly and we may from time to time make voluntary contributions to our pension plans that exceed the amounts required by statute. Changes in interest rates and the market value of the securities held by the plans could materially change the funded status of the plans, positively or negatively, and affect the level of pension expense and required contributions in fiscal 2021 and beyond.

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

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted and signed into law in response to the COVID-19 pandemic. Certain provisions of the CARES Act impacted us and were reflected in our 2020 income tax provision computations. The CARES Act contains modifications on the limitation of business interest for tax years beginning in 2019 and 2020. The modifications to Section 163(j) increase the allowable business interest deduction from 30% of adjusted taxable income to 50% of adjusted taxable income. This modification increased our allowable interest expense deduction and resulted in a lower taxable income for 2020. As a result of the CARES Act, it is anticipated that we will fully utilize the interest expense deduction on our 2020 tax return.

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 Income Taxes topic of the FASB ASC 740 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. 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. As a result, we have applied such guidance in determining our tax uncertainties.

We are subject to taxation in the United States and various state and foreign jurisdictions.

We classify penalties and interest related to unrecognized tax benefits as income tax expense in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss).

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

	Year Ended March 31,		
(In thousands, except per share data)	**2020**	**2019**	**2018**
Numerator			
Net income (loss)	$ 142,281	$ (35,800)	$ 339,570
Denominator			
Denominator for basic earnings (loss) per share - weighted average shares outstanding	50,723	52,068	53,099
Dilutive effect of unvested restricted stock units and options issued to employees and directors	417	—	427
Denominator for diluted earnings (loss) per share	51,140	52,068	53,526
Earnings (loss) per Common Share:			
Basic net earnings (loss) per share	$ 2.81	$ (0.69)	$ 6.40
Diluted net earnings (loss) per share	$ 2.78	$ (0.69)	$ 6.34

For 2020, 2019, and 2018 there were 0.3 million, 1.4 million, and 0.4 million shares, respectively, attributable to outstanding stock-based awards that were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive.

Leases
We lease real estate and equipment for use in our operations. These leases have lease terms of 1 to 10 years, some of which include options to terminate or extend leases for up to 1 to 6 years or on a month-to-month basis. The exercise of lease renewal options is at our sole discretion and our lease right-of-use ("ROU") assets and liabilities reflect only the options we are reasonably certain that we will exercise.

We determine if an arrangement is or contains a lease at inception by assessing whether the arrangement contains an identified asset and whether we have the right to control the identified asset. ROU assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the lease term. ROU assets are based on the measurement of the lease liability and also include any lease payments made prior to or on lease commencement and exclude lease incentives and initial direct costs incurred, as applicable.

Variable lease payments, which do not vary based on an index or rate, are excluded from the ROU asset and lease liability determination. Variable lease payments are typically usage-based and are recorded in the period in which the obligation for those payments is incurred. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As the implicit rate in our leases is unknown, we used our incremental borrowing rate based on the information available at the date of adoption for existing leases and at the lease commencement date for new leases in determining the present value of future lease payments. We give consideration to our credit risk, term of the lease, total lease payments and adjust for the impacts of collateral, as necessary, when calculating our incremental borrowing rates. Rent expense for our operating leases is recognized on a straight-line basis over the lease term.

For the measurement and classification of our lease agreements, we group lease and non-lease components into a single lease component for all underlying asset classes. We have also elected to exclude any leases within our existing classes of assets with a term of twelve months or less.

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842).* This update amended a number of aspects of lease accounting, including requiring lessees to recognize all leases with a term greater than one year as a ROU asset and corresponding lease liability, measured at the present value of the lease payments. On April 1, 2019, we adopted Topic 842 using the modified retrospective approach. Results for the year ended March 31, 2020 are presented under Topic 842. No prior period amounts were adjusted and the prior period continues to be reported in accordance with previous lease guidance, ASC Topic 840, *Leases*.

The new standard provided a number of optional practical expedients in transition. We elected the package of transition provisions available for expired or existing contracts, which allowed us to carryforward our historical assessments of (1) whether contracts are or contain leases, (2) lease classification and (3) initial direct costs.

The effects of this recently adopted accounting pronouncement to our Consolidated Balance Sheet as of April 1, 2019 are as follows:

(In thousands)	**March 31, 2019**	**New Lease Standard Adjustment**	**April 1, 2019**
Assets:			
Operating lease ROU assets	$ —	$ 17,435	$ 17,435
Liabilities:			
Operating lease liabilities, current portion	$ —	$ (5,697)	$ (5,697)
Long-term operating lease liabilities, net of current portion	$ —	$ (13,296)	$ (13,296)
Other accrued liabilities [(1)]	$ (60,663)	$ 1,558	$ (59,105)

(1) Relates to deferred rent and exit costs associated with existing leases.

Adoption of this accounting pronouncement had no impact on our other financial statements.

See above for our lease accounting policy.

Recently Issued Accounting Pronouncements

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

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement.* The amendments in this update modify the disclosure requirements in Topic 820, with a particular focus on Level 3 investments, by eliminating certain required disclosures and incorporating others. The amendments are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. We do not expect the adoption of this standard to have a material impact on our Consolidated Financial Statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments*. The amendments in this update provide financial statement users with more useful information about expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. In April 2019, the FASB issued ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments.* These amendments clarify and improve areas of guidance related to recently issued standards on the topics of credit losses, hedging and recognition and measurements. In May 2019, the FASB issued ASU 2019-05, *Financial Instruments - Credit Losses (Topic 326): Targeted Transition Relief*, which provides entities that have certain instruments an option to irrevocably elect the

fair value option in Subtopic 825-10. In November 2019, the FASB issued ASU 2019-11, *Codification Improvements to Topic 326 - Financial Instruments - Credit Losses*, which clarifies guidance on how to report expected recoveries. In February 2020, the FASB issued ASU 2020-02, *Financial Instruments - Credit Losses (Topic 326) and Leases (Topic 842): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Related to Accounting Standards Update No. 2016-02, Leases (Topic 842)*, which adds a paragraph on loan losses to FASB Codification Topic 326. The amendments in these updates are effective for us for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. We are currently evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The amendments in this update eliminate the need for an organization to analyze whether certain exceptions apply for tax purposes. It also simplifies GAAP for certain taxes. The amendments in these updates are effective for us for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. We are currently evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The amendments in this update are elective and apply to all entities that have contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued. The amendments in this update provide temporary optional guidance to ease the potential burden in accounting for reference rate reform. An entity may elect to apply the amendments prospectively through December 31, 2022. We are currently evaluating the impact of adopting this guidance on our Consolidated Financial Statements.

2. Divestiture

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

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

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

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

3. Accounts Receivable

Accounts receivable consist of the following:

	March 31,	
(In thousands)	**2020**	**2019**
Components of Accounts Receivable		
Trade accounts receivable	$ 170,151	$ 161,047
Other receivables	560	705
	170,711	161,752
Less allowances for discounts, returns and uncollectible accounts	(20,194)	(12,965)
Accounts receivable, net	$ 150,517	$ 148,787

4. Inventories

Inventories consist of the following:

	March 31,	
(In thousands)	**2020**	**2019**
Components of Inventories		
Packaging and raw materials	$ 9,803	$ 17,082
Work in process	355	161
Finished goods	105,868	102,637
Inventories	$ 116,026	$ 119,880

Inventories are carried and depicted above at the lower of cost or net realizable value, which includes a reduction in inventory values of $6.5 million and $5.5 million at March 31, 2020 and 2019, respectively, related to obsolete and slow-moving inventory.

5. Property, Plant and Equipment

Property, plant and equipment, net consist of the following:

	March 31,	
(In thousands)	**2020**	**2019**
Components of Property, Plant and Equipment		
Land	$ 550	$ 550
Building	16,508	13,960
Machinery	42,299	38,761
Computer equipment	22,396	20,716
Furniture and fixtures	3,242	3,200
Leasehold improvements	8,964	9,090
Construction in progress	7,769	3,711
	101,728	89,988
Accumulated depreciation	(45,740)	(38,812)
Property, plant and equipment, net	$ 55,988	$ 51,176

We recorded depreciation expense of $8.8 million, $10.0 million, and $10.1 million for 2020, 2019, and 2018, respectively.

6. Goodwill

The following table summarizes the changes in the carrying value of goodwill by operating segment for each of 2018, 2019, and 2020:

(In thousands)	**North American OTC Healthcare**	**International OTC Healthcare**	**Household Cleaning**	**Consolidated**
Balance – March 31, 2018				
Goodwill	$ 711,104	$ 32,919	$ 71,405	$ 815,428
Accumulated impairment losses	(130,170)	—	(65,160)	(195,330)
Balance - March 31, 2018	580,934	32,919	6,245	620,098
2019 Reductions:				
Goodwill [(a)]	—	—	(71,405)	(71,405)
Accumulated impairment loss [(a)]	—	—	65,160	65,160
Effects of foreign currency exchange rates	—	(1,729)	—	(1,729)
Impairment loss	(33,541)	—	—	(33,541)
Balance – March 31, 2019				
Goodwill	711,104	31,190	—	742,294
Accumulated impairment losses	(163,711)	—	—	(163,711)
Balance - March 31, 2019	$ 547,393	$ 31,190	$ —	$ 578,583
2020 Reductions:		—	—	—
Goodwill [(b)]	(750)	—	—	(750)
Effects of foreign currency exchange rates	—	(2,654)	—	(2,654)
Balance – March 31, 2020				
Goodwill	710,354	28,536	—	738,890
Accumulated impairment losses	(163,711)	—	—	(163,711)
Balance - March 31, 2020	$ 546,643	$ 28,536	$ —	$ 575,179

(a) As discussed in Note 2, on July 2, 2018, we sold our Household Cleaning segment. As a result, we decreased goodwill by $6.2 million, net of accumulated impairment charges.
(b) Amount relates to cash received from escrow associated with our acquisition of Fleet.

At February 29, 2020, in conjunction with the annual test for goodwill impairment, which coincides with our annual strategic planning process, there were no indicators of impairment under the analysis and accordingly, no impairment charge was taken.

At February 28, 2019, in conjunction with our annual test for goodwill impairment, we recorded an impairment charge of $33.5 million relating to our North American Oral Care reporting unit. The goodwill impairment was primarily a result of the *DenTek* and *Efferdent/Effergrip* tradename impairments discussed in Note 7.

We identify our reporting units in accordance with the FASB ASC Subtopic 280. 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. 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. We also considered our market capitalization at February 29, 2020 and February 28, 2019, as compared to the aggregate fair values of our reporting units, to assess the reasonableness of our estimates pursuant to the discounted cash flow methodology. The estimates and assumptions made in assessing the fair value of our reporting units and the valuation of the underlying assets and liabilities are inherently subject to significant uncertainties. Consequently, changing rates of interest and inflation, declining sales or margins, increases in competition, changing consumer preferences, technical advances, reductions in advertising and promotion, or the potential impacts of COVID-19 may require an impairment charge to be recorded in the future.

As a result of our analysis at February 29, 2020, all reporting units tested had a fair value that exceeded their carrying value by at least 10%. We performed a sensitivity analysis on our weighted average cost of capital and we determined that a 50 basis point increase in the weighted average cost of capital would not have resulted in any of our reporting unit’s fair value being less than their carrying value. Additionally, a 50 basis point decrease in the terminal growth rate used for each reporting unit would also not have resulted in any of our reporting unit's fair value being less than their carrying value.

7. Intangible Assets

A reconciliation of the activity affecting intangible assets, net for each of 2020 and 2019 is as follows:

	Year Ended March 31, 2020		
(In thousands)	**Indefinite-Lived Tradenames**	**Finite-Lived Tradenames and Customer Relationships**	**Totals**
Gross Carrying Amounts			
Balance – March 31, 2019	$ 2,273,191	$ 390,283	$ 2,663,474
Additions [(a)]	2,760	—	2,760
Effects of foreign currency exchange rates	(10,620)	(482)	(11,102)
Balance – March 31, 2020	$ 2,265,331	$ 389,801	$ 2,655,132
Accumulated Amortization			
Balance – March 31, 2019	$ —	$ 156,264	$ 156,264
Additions	—	19,633	19,633
Effects of foreign currency exchange rates	—	(156)	(156)
Balance – March 31, 2020	$ —	$ 175,741	$ 175,741
Intangible assets, net – March 31, 2020	$ 2,265,331	$ 214,060	$ 2,479,391
Intangible Assets, net by Reportable Segment:			
North American OTC Healthcare	$ 2,195,617	$ 209,604	$ 2,405,221
International OTC Healthcare	69,714	4,456	74,170
Intangible assets, net – March 31, 2020	$ 2,265,331	$ 214,060	$ 2,479,391

(a) Amount relates to the acquisition of additional rights to an existing tradename.

(In thousands)	Year Ended March 31, 2019		
	Indefinite-Lived Tradenames	Finite-Lived Tradenames and Customer Relationships	Totals
Gross Carrying Amounts			
Balance – March 31, 2018	$ 2,490,303	$ 441,314	$ 2,931,617
Reclassifications	(25,152)	25,152	—
Reductions	(30,562)	(34,889)	(65,451)
Tradename impairment	(154,967)	(40,953)	(195,920)
Effects of foreign currency exchange rates	(6,431)	(341)	(6,772)
Balance – March 31, 2019	$ 2,273,191	$ 390,283	$ 2,663,474
Accumulated Amortization			
Balance – March 31, 2018	$ —	$ 150,701	$ 150,701
Additions	—	21,767	21,767
Reductions	—	(16,136)	(16,136)
Effects of foreign currency exchange rates	—	(68)	(68)
Balance – March 31, 2019	$ —	$ 156,264	$ 156,264
Intangible assets, net – March 31, 2019	$ 2,273,191	$ 234,019	$ 2,507,210
Intangible Assets, net by Reportable Segment:			
North American OTC Healthcare	$ 2,195,617	$ 228,743	$ 2,424,360
International OTC Healthcare	77,574	5,276	82,850
Intangible assets, net – March 31, 2019	$ 2,273,191	$ 234,019	$ 2,507,210

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

During the fourth quarter of each fiscal year, in conjunction with our strategic planning process, we perform our annual impairment analysis. We utilized the excess earnings method to estimate the fair value of our individual indefinite-lived intangible assets. The discount rate utilized in the analyses, as well as future cash flows, may be influenced by such factors as changes in interest rates and rates of inflation. Additionally, should the related fair values of intangible assets be adversely affected as a result of declining sales or margins caused by competition, changing consumer needs or preferences, technological advances, changes in advertising and promotional expenses, or the potential impacts of COVID-19 we may be required to record impairment charges in the future.

At February 29, 2020, in conjunction with the annual test for impairment of intangible assets, there were no indicators of impairment under the analysis and accordingly, no impairment charge was taken.

As a result of our analysis at February 28, 2019, the fair values of three of our indefinite-lived intangible assets, *Fleet*, *DenTek* and *Efferdent/Effergrip*, did not exceed the carrying values and as such, impairment charges of $155.0 million were recorded. In addition, in connection with the impairment analysis, the *Efferdent*/*Effergrip* intangible asset was determined to have a finite life, and as such, we began amortizing it prospectively over its estimated remaining useful life. The impairment charges were the result of our reassessment of the long-term sales projections for these brands during our annual planning cycle as well as an overall increase in the discount rate used to value the brands.

As a result of our analysis at February 29, 2020, all indefinite-lived intangible assets tested had a fair value that exceeded their carrying value by at least 10%. We performed a sensitivity analysis of our weighted average cost of capital and we determined that a 50 basis point increase in the weighted average cost of capital used to value the indefinite-lived intangible assets would not have resulted in any of our indefinite-lived intangible assets' fair value being less than their carrying value. Additionally, a 50 basis point decrease in the terminal growth rate used for each of our indefinite-lived intangible assets' would also not have resulted in any of our indefinite-lived intangible assets' fair value being less than their carrying value.

As a result of our analysis at February 28, 2019, the fair value of several of our non-core finite-lived trademarks did not exceed their carrying values, and as such, impairment charges of $41.0 million were recorded. The impairment charges were the result of our reassessment of the long-term sales projections for the associated brands during our annual planning cycle, in certain instances the discontinuance of brands, as well as an overall increase in the discount rate used to value the brands.

The assets impaired in 2019 are all part of our North America OTC segment.

The weighted average remaining life for finite-lived intangible assets at March 31, 2020 was approximately 10.9 years, and the amortization expense for the year ended March 31, 2020 was $19.6 million. At March 31, 2020, finite-lived intangible assets are expected to be amortized over their estimated useful life, which ranges from a period of 10 to 30 years, and the estimated amortization expense for each of the five succeeding years and periods thereafter is as follows (in thousands):

(In thousands)

Year Ending March 31,	**Amount**
2021	19,606
2022	19,605
2023	19,605
2024	19,578
2025	17,535
Thereafter	118,131
	$ 214,060

8. Leases

The components of lease expense for the year ended March 31, 2020 were as follows:

(In thousands)

Finance lease cost:	
Amortization of right-of-use assets	$ 522
Interest on lease liabilities	84
Operating lease cost	7,914
Short term lease cost	104
Variable lease cost	64,230
Sublease income	(3,441)
Total net lease cost	$ 69,413

As of March 31, 2020, the maturities of lease liabilities were as follows:

(In thousands)			
Year Ending March 31,	**Operating Leases**	**Financing Leases**	**Total**
2021	$ 7,019	$ 1,404	$ 8,423
2022	6,497	1,404	7,901
2023	6,305	1,404	7,709
2024	6,294	1,404	7,698
2025	4,123	700	4,823
Thereafter	4,973	—	4,973
Total undiscounted lease payments	35,211	6,316	41,527
Less amount of lease payments representing interest	(4,722)	(470)	(5,192)
Total present value of lease payments	$ 30,489	$ 5,846	$ 36,335

The weighted average remaining lease term and weighted average discount rate were as follows:

	March 31, 2020
Weighted average remaining lease term (years)	
Operating leases	5.40
Financing leases	4.50
Weighted average discount rate	
Operating leases	5.28 %
Financing leases	3.55 %

The following table summarizes future minimum lease payments for our operating leases as of March 31, 2019, before adoption of Topic 842:

(In thousands)	**Facilities**	**Equipment**	**Total**
Year Ending March 31,			
2020	$ 2,828	$ 314	$ 3,142
2021	2,633	248	2,881
2022	2,265	213	2,478
2023	1,684	105	1,789
2024	1,705	—	1,705
Thereafter	6,780	—	6,780
	$ 17,895	$ 880	$ 18,775

In May 2019, we entered into a Master Logistics Services Agreement with GEODIS Logistics LLC (“GEODIS”), pursuant to which GEODIS serves as a new third party logistics provider. The agreement has an initial term of five years with an option to renew for an additional five year term. Under the Master Logistics Services Agreement, we authorized GEODIS to lease a facility under a five year term. The lease commenced in July 2019, and the lease and non-lease components were recorded in our second quarter fiscal year 2020 financial statements. The ROU asset and operating lease liability at lease commencement was $18.9 million. In late fiscal 2020, we recorded a finance lease for assets purchased by GEODIS for our use per the Master Logistics Service Agreement.

9. Other Accrued Liabilities

Other accrued liabilities consist of the following:

	March 31,	
(In thousands)	**2020**	**2019**
Accrued marketing costs	$ 34,450	$ 31,228
Accrued compensation costs	13,393	10,958
Accrued broker commissions	1,491	1,361
Income taxes payable	3,210	88
Accrued professional fees	4,183	2,441
Accrued production costs	5,628	6,788
Accrued sales tax	1,917	4
Other accrued liabilities	6,491	7,795
	$ 70,763	$ 60,663

10. Long-Term Debt

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

(In thousands, except percentages)	**March 31, 2020**	**March 31, 2019**
2016 Senior Notes bearing interest at 6.375%, with interest payable on March 1 and September 1 of each year. The 2016 Senior Notes mature on March 1, 2024.	$ 600,000	$ 600,000
2013 Senior Notes bearing interest at 5.375%, with interest payable on June 15 and December 15 of each year. The 2013 Senior Notes mature on December 15, 2021, and were redeemed on December 16, 2019.	—	400,000
2019 Senior Notes bearing interest at 5.125%, with interest payable on January 15 and July 15 of each year. The 2019 Senior Notes mature on January 15, 2028.	400,000	—
2012 Term B-5 Loans bearing interest at the Borrower's option at either LIBOR plus a margin of 2.00%, with a LIBOR floor of 0.00%, or an alternate base rate plus a margin of 1.00% with a floor of 1.00% due on January 26, 2024.	690,000	738,000
2012 ABL Revolver bearing interest at the Borrower's option at either a base rate plus applicable margin or LIBOR plus applicable margin. Any unpaid balance is due on December 11, 2024.	55,000	75,000
Long-term debt	1,745,000	1,813,000
Less: unamortized debt costs	(14,700)	(14,402)
Long-term debt, net	$ 1,730,300	$ 1,798,598

At March 31, 2020, we had $55.0 million outstanding on the 2012 ABL Revolver and a borrowing capacity of $107.3 million.

2012 Term Loan and 2012 ABL Revolver:

On January 31, 2012, the Borrower entered into a senior secured credit facility, which consists of (i) a $660.0 million 2012 Term Loan with an original 7-year maturity and (ii) a $50.0 million asset-based revolving credit facility (the “2012 ABL Revolver”) with an original 5-year maturity. In subsequent years, we have utilized portions of our accordion feature to increase the amount of our borrowing capacity under the 2012 ABL Revolver by $85.0 million to $135.0 million and reduced our borrowing rate on the 2012 ABL Revolver by 0.25% (discussed below). The 2012 Term Loan was issued with an original issue discount of 1.5% of the principal amount thereof, resulting in net proceeds to the Borrower of $650.1 million. The 2012 Term Loan is unconditionally guaranteed by Prestige Consumer Healthcare Inc. and certain of its domestic 100% owned subsidiaries, other than 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 or to make payments to the Borrower or the Company.

On February 21, 2013, we entered into Amendment No. 1 ("Term Loan Amendment No. 1") to the 2012 Term Loan. Term Loan Amendment No. 1 provided for the refinancing of all of the Borrower's existing Term B Loans with new Term B-1 Loans (the "Term B-1 Loans"). The interest rate on the Term B-1 Loans under Term Loan Amendment No. 1 was based, at our option, on a LIBOR rate plus a margin of 2.75% per annum, with a LIBOR floor of 1.00%, or an alternate base rate, with a floor of 2.00%, plus a margin. In addition, Term Loan Amendment No. 1 provided the Borrower with certain additional capacity to prepay subordinated debt, the 2012 Senior Notes and certain other unsecured indebtedness permitted to be incurred under the credit agreement governing the 2012 Term Loan and 2012 ABL Revolver.

On September 3, 2014, we entered into Amendment No. 2 ("Term Loan Amendment No. 2") to the 2012 Term Loan. Term Loan Amendment No. 2 provided for (i) the creation of a new class of Term B-2 Loans under the 2012 Term Loan (the "Term B-2 Loans") in an aggregate principal amount of $720.0 million, (ii) increased flexibility under the credit agreement governing the 2012 Term Loan and 2012 ABL Revolver, including additional investment, restricted payment and debt incurrence flexibility and financial maintenance covenant relief, and (iii) an interest rate on (x) the Term B-1 Loans that was based, at our option, on a LIBOR rate plus a margin of 3.125% per annum, with a LIBOR floor of 1.00%, or an alternate base rate, with a floor of 2.00%, plus a margin, and (y) the Term B-2 Loans that was based, at our option, on a LIBOR rate plus a margin of 3.50% per annum, with a LIBOR floor of 1.00%, or an alternate base rate, with a floor of 2.00%, plus a margin (with a margin step-down to 3.25% per annum, based upon achievement of a specified secured net leverage ratio).

Also on September 3, 2014, we entered into Amendment No. 3 ("ABL Amendment No. 3") to the 2012 ABL Revolver. ABL Amendment No. 3 provided for (i) a $40.0 million increase in revolving commitments under the 2012 ABL Revolver and (ii) increased flexibility under the credit agreement governing the 2012 Term Loan and 2012 ABL Revolver, including additional investment, restricted payment and debt incurrence flexibility. Borrowings under the 2012 ABL Revolver, as amended, bore interest at a rate per annum equal to an applicable margin, plus, at our option, either (i) a base rate determined by reference to the highest of (a) the Federal Funds rate plus 0.50%, (b) the prime rate of Citibank, N.A., and (c) the LIBOR rate determined by reference to the cost of funds for U.S. dollar deposits for an interest period of one month, adjusted for certain additional costs, plus 1.00% or (ii) a LIBOR rate determined by reference to the costs of funds for U.S. dollar deposits for the interest period relevant to such borrowing, adjusted for certain additional costs. The applicable margin for borrowings under the 2012 ABL Revolver could be increased to 2.00% or 2.25% for LIBOR borrowings and 1.00% or 1.25% for base-rate borrowings, depending on average excess availability under the 2012 ABL Revolver during the prior fiscal quarter. In addition to paying interest on outstanding principal under the 2012 ABL Revolver, we are required to pay a commitment fee to the lenders under the 2012 ABL Revolver in respect of the unutilized commitments thereunder. The initial commitment fee rate is 0.50% per annum. The commitment fee rate will be reduced to 0.375% per annum at any time when the average daily unused commitments for the prior quarter is less than a percentage of total commitments by an amount set forth in the credit agreement covering the 2012 ABL Revolver. We may voluntarily repay outstanding loans under the 2012 ABL Revolver at any time without a premium or penalty.

On May 8, 2015, we entered into Amendment No. 3 ("Term Loan Amendment No. 3") to the 2012 Term Loan. Term Loan Amendment No. 3 provided for (i) the creation of a new class of Term B-3 Loans under the 2012 Term Loan (the "Term B-3 Loans") in an aggregate principal amount of $852.5 million, which combined the outstanding balances of the Term B-1 Loans of $207.5 million and the Term B-2 Loans of $645.0 million, and (ii) increased flexibility under the credit agreement governing the 2012 Term Loan and 2012 ABL Revolver, including additional investment, restricted payment, and debt incurrence flexibility and financial maintenance covenant relief. The maturity date of the Term B-3 Loans remained the same as the Term B-2 Loans' original maturity date of September 3, 2021.

On June 9, 2015, we entered into Amendment No. 4 (“ABL Amendment No. 4”) to the 2012 ABL Revolver. ABL Amendment No. 4 provided for (i) a $35.0 million increase in the accordion feature under the 2012 ABL Revolver and (ii) increased flexibility under the credit agreement governing the 2012 Term Loan and the 2012 ABL Revolver, including additional investment, restricted payment, and debt incurrence flexibility and financial maintenance covenant relief and (iii) extended the maturity date of the 2012 ABL Revolver to June 9, 2020, which is five years from the effective date of ABL Amendment No. 4.

In connection with the DenTek acquisition on February 5, 2016, we entered into Amendment No. 5 (“ABL Amendment No. 5”) to the 2012 ABL Revolver. ABL Amendment No. 5 temporarily suspended certain financial and related reporting covenants in the 2012 ABL Revolver until the earliest of (i) the date that was 60 calendar days following February 4, 2016, (ii) the date upon which certain of DenTek’s assets were included in the Company’s borrowing base under the 2012 ABL Revolver and (iii) the date upon which the Company received net proceeds from an offering of debt securities.

In connection with the Fleet acquisition, on January 26, 2017, we entered into Amendment No. 4 ("Term Loan Amendment No. 4") to the 2012 Term Loan. Term Loan Amendment No. 4 provided for (i) the refinancing of all of our outstanding term loans and the creation of a new class of Term B-4 Loans under the 2012 Term Loan (the "Term B-4 Loans") in an aggregate principal

amount of $1,427.0 million and (ii) increased flexibility under the credit agreement governing the 2012 Term Loan and the 2012 ABL Revolver, including additional investment, restricted payment, and debt incurrence flexibility and financial maintenance covenant relief. The maturity date was extended to January 26, 2024. In addition, Citibank, N.A. was succeeded by Barclays Bank PLC as administrative agent under the 2012 Term Loan.

Also on January 26, 2017, we entered into Amendment No. 6 ("ABL Amendment No. 6") to the 2012 ABL Revolver. ABL Amendment No. 6 provides for (i) a $40.0 million increase in revolving commitments under the 2012 ABL Revolver, (ii) an extension of the maturity date of revolving commitments to January 26, 2022, and (iii) increased flexibility under the credit agreement governing the 2012 Term Loan and the 2012 ABL Revolver, including additional investment, restricted payment and debt incurrence flexibility consistent with Term Loan Amendment No. 4. We may voluntarily repay outstanding loans under the 2012 ABL Revolver at any time without a premium or penalty.

On March 21, 2018, we entered into Amendment No. 5 (“Term Loan Amendment No. 5”) to the 2012 Term Loan. Term Loan Amendment No. 5 ("Term B-5 Loans") provided for the repricing of the Term B-4 Loans under the Credit Agreement to an interest rate that is based, at our option, on a LIBOR rate plus a margin of 2.00% per annum, with a LIBOR floor of 0.00%, or an alternative base rate plus a margin of 1.00% per annum with a floor of 1.00%.

On December 11, 2019, we entered into Amendment No. 7 ("ABL Amendment No. 7") to the 2012 ABL Revolver. ABL Amendment No. 7 provides for (i) an extension of the maturity date of the revolving credit facility to December 11, 2024, which is five years from the effective date of the amendment, (ii) increased flexibility under the 2012 ABL Revolver, including additional investment, restricted payment, and debt incurrence flexibility, (iii) an initial applicable margin for borrowings under the 2012 ABL Revolver that is 1.00% with respect to LIBOR borrowings and 0.0% with respect to base-rate borrowings (which may be increased to 1.25% or 1.50% for LIBOR borrowings and 0.25% or 0.50% for base-rate borrowings, depending on average excess availability under the facility during the prior fiscal quarter) and (iv) a commitment fee to the lenders under the 2012 ABL Revolver in respect of the unutilized commitments thereunder of 0.25% per annum.

For the year ended March 31, 2020, the average interest rate on the 2012 Term Loan was 4.6% and the average interest rate on the amounts borrowed under the 2012 ABL Revolver was 4.0%.

2013 Senior Notes:
On December 17, 2013, the Borrower issued $400.0 million of senior unsecured notes, with an interest rate of 5.375% and a maturity date of December 15, 2021 (the "2013 Senior Notes"). These notes were redeemed on December 16, 2019 using the funds from the issuance of our 2019 Senior Notes described below.

2016 Senior Notes:
On February 19, 2016, the Borrower completed the sale of $350.0 million aggregate principal amount of 6.375% senior notes due March 1, 2024 (the “Initial Notes”), pursuant to a purchase agreement, dated February 16, 2016, among the Borrower, the guarantors party thereto (the “Guarantors”) and the initial purchasers party thereto. The 2016 Senior Notes are guaranteed by Prestige Consumer Healthcare Inc. and certain of its domestic 100% owned subsidiaries, other than 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 or to make payments to the Borrower or the Company.

The 2016 Senior Notes were issued pursuant to an indenture, dated February 19, 2016 (the “Indenture”). The Indenture provides, among other things, that interest will be payable on the 2016 Senior Notes on March 1 and September 1 of each year, beginning on September 1, 2016, until their maturity date of March 1, 2024. The 2016 Senior Notes are senior unsecured obligations of the Borrower.

On March 21, 2018, we completed the sale of $250.0 million aggregate principal amount of 6.375% senior notes due 2024 (the “Additional Notes”), at an issue price of 101.0%, pursuant to a purchase agreement, dated March 16, 2018, among Prestige Consumer Healthcare Inc., the guarantors party thereto and the initial purchasers party thereto. The Additional Notes are senior unsecured obligations of Prestige Consumer Healthcare Inc. and are guaranteed by each of Prestige Consumer Healthcare's domestic subsidiaries that guarantee its obligations under the 2012 Term Loan. We used the proceeds from the issuance of the Additional Notes to repay a portion of our outstanding obligations under the 2012 Term Loan and to pay related fees and expenses. The Additional Notes will be treated as a single series with the $350.0 million aggregate principle amount of Initial Notes (the Initial Notes and, together with the Additional Notes, the “2016 Senior Notes”).

2019 Senior Notes:
On December 2, 2019, we issued $400.0 million aggregate principal amount of 5.125% senior notes ("2019 Senior Notes") pursuant to an indenture dated December 2, 2019, among Prestige Brands, Inc., the guarantors party thereto (including the Company) and the U.S. Bank National Association, as a trustee. The 2019 Senior Notes mature on January 15, 2028. We used the net proceeds from the 2019 Senior Notes, together with cash on hand, to redeem all $400.0 million of our outstanding 2013 Senior Notes, which were due in 2021, and to pay related fees and expenses. In conjunction with the redemption of our 2013 Senior Notes, we wrote off related debt costs of $2.2 million.

Redemptions and Restrictions:
We have the option to redeem all or a portion of the 2016 Senior Notes at any time on or after March 1, 2019 at the redemption prices set forth in the Indenture, plus accrued and unpaid interest, if any. Subject to certain limitations, in the event of a change of control (as defined in the Indenture), we will be required to make an offer to purchase the 2016 Senior Notes at a price equal to 101% of the aggregate principal amount of the notes repurchased, plus accrued and unpaid interest, if any, to the date of repurchase.

The indentures governing the 2019 Senior Notes and the 2016 Senior Notes contain provisions that restrict us from undertaking specified corporate actions, such as asset dispositions, acquisitions, dividend payments, repurchases of common shares outstanding, changes of control, incurrences of indebtedness, issuance of equity, creation of liens, making of loans and transactions with affiliates. Additionally, the credit agreement governing the 2012 Term Loan and the 2012 ABL Revolver and the indentures governing the 2019 Senior Notes and the 2016 Senior Notes contain cross-default provisions, whereby a default pursuant to the terms and conditions of certain indebtedness will cause a default on the remaining indebtedness under the credit agreement governing the 2012 Term Loan and the 2012 ABL Revolver and the indentures governing the 2019 Senior Notes and the 2016 Senior Notes. At March 31, 2020, we were in compliance with the covenants under our long-term indebtedness.

Interest Rate Swaps:
In January 2020, we entered into two interest rate swaps to hedge a total of $400.0 million of our variable interest debt (see Note 12 for further details).

At March 31, 2020, we had an aggregate of $1.1 million of unamortized debt costs related to the 2012 ABL Revolver included in other long-term assets, and $14.7 million of unamortized debt costs included in long-term debt costs, the total of which is comprised of $5.8 million related to the 2019 Senior Notes, $3.5 million related to the 2016 Senior Notes, and $5.4 million related to the 2012 Term Loan.

At March 31, 2019, we had an aggregate of $0.8 million of unamortized debt costs related to the 2012 ABL Revolver included in other long-term assets, and $14.4 million of unamortized debt costs included in long-term debt costs, the total of which is comprised of $2.8 million related to the 2013 Senior Notes, $4.3 million related to the 2016 Senior Notes, and $7.3 million related to the 2012 Term Loan.

As of March 31, 2020, aggregate future principal payments required in accordance with the terms of the 2012 Term Loan, 2012 ABL Revolver and the indentures governing the 2016 Senior Notes and the 2019 Senior Notes are as follows:

(In thousands)

Year Ending March 31,	Amount
2021	$ —
2022	—
2023	—
2024	1,290,000
2025	55,000
Thereafter	400,000
	$ 1,745,000

11. Fair Value Measurements

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

The Fair Value Measurements and Disclosures topic of the FASB ASC 820 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, as well as quoted prices for identical or similar instruments in markets that are not considered active; and

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

The market values have been determined based on market values for similar instruments adjusted for certain factors. As such, the 2016 Senior Notes, the 2019 Senior Notes, the Term B-5 Loans, the 2012 ABL Revolver and our interest rate swaps are measured in Level 2 of the above hierarchy (see summary below detailing the carrying amounts and estimated fair values of these instruments at March 31, 2020 and 2019).

	March 31, 2020		March 31, 2019	
(In thousands)	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
2016 Senior Notes	$ 600,000	$ 603,000	$ 600,000	$ 606,000
2013 Senior Notes	—	—	400,000	401,500
2019 Senior Notes	400,000	386,000	—	—
2012 Term B-5 Loans	690,000	638,250	738,000	728,775
2012 ABL Revolver	55,000	55,000	75,000	75,000
Interest rate swaps	6,317	6,317	—	—

At March 31, 2020 and 2019, we did not have any assets or liabilities measured in Level 1 or 3. During 2020, 2019 and 2018, there were no transfers of assets or liabilities between Levels 1, 2 and 3.

In accordance with ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, investments that are measured at fair value using net asset value ("NAV") per share as a practical expedient have not been classified in the fair value hierarchy.

12. Derivative Instruments

Changes in interest rates expose us to risks. To help us manage these risks, in January 2020 we entered into two interest rate swaps to hedge a total of $400.0 million of our variable interest debt. The fair value of these interest rate swaps is reflected in the Consolidated Balance Sheets in other accrued liabilities and other long-term liabilities. We do not use derivatives for trading purposes.

The following table summarizes the fair values of our derivative instruments as of the March 31, 2020:

(In thousands)	**Hedge Type**	**Final Settlement Date**	**Notional Amount**	**Other Accrued Liabilities**	**Other Long-Term Liabilities**
Interest rate swap	Cash flow	1/31/2021	$ 200,000	$ (1,905)	$ —
Interest rate swap	Cash flow	1/31/2022	$ 200,000	—	(4,412)
Total fair value				$ (1,905)	$ (4,412)

The following table summarizes our interest rate swaps, net of tax, for the periods shown:

(In thousands)	**Location**	**2020**	**2019**
Loss Recognized in Other Comprehensive Loss (effective portion)	Other comprehensive income (loss)	(4,864)	$ —
Gain (Loss) Reclassified from Accumulative Other Comprehensive Loss into Income	Interest expense	—	—
Gain Recognized as Income	Interest expense	62	—

We expect pre-tax losses of $1.9 million associated with interest rate swaps, currently reported in accumulated other comprehensive loss, to be reclassified into income over the next twelve months. The amount ultimately realized, however, will differ as interest rates change and the underlying contracts settle.

Counterparty Credit Risk:
Interest rate swaps expose us to counterparty credit risk for non-performance. We manage our exposure to counterparty credit risk by only dealing with counterparties who are substantial international financial institutions with significant experience using such derivative instruments.

13. Stockholders' Equity

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

Each share of common stock has the right to one vote on all matters submitted to a vote of stockholders. The holders of common stock are also entitled to receive dividends whenever funds are legally available and when declared by the Board of Directors, subject to prior rights of holders of all classes of stock outstanding having priority rights as to dividends. No dividends have been declared or paid on the Company's common stock through March 31, 2020.

During the years ended March 31, 2020 and 2019, we repurchased shares of our common stock and recorded them as treasury stock. Our share repurchases consisted of the following:

	Year Ended March 31,	
	2020	2019
Shares repurchased pursuant to the provisions of the various employee restricted stock awards:		
Number of shares	31,018	68,939
Average price per share	$31.39	$33.09
Total amount repurchased	$1.0 million	$2.3 million
Shares repurchased in conjunction with our share repurchase program:		
Number of shares	1,816,901	1,449,750
Average price per share	$31.22	$34.47
Total amount repurchased	$56.7 million	$50.0 million

14. Share-Based Compensation

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

During 2020, pre-tax share-based compensation costs charged against income and the related income tax benefit recognized were $7.6 million and $1.2 million, respectively.

During 2019, pre-tax share-based compensation costs charged against income and the related income tax benefit recognized were $7.4 million and $1.4 million, respectively.

During 2018, pre-tax share-based compensation costs charged against income and the related income tax benefit recognized were $8.9 million and $1.8 million, respectively.

At March 31, 2020, there were $6.0 million of unrecognized compensation costs related to unvested share-based compensation arrangements under the Plan, based on management's estimate of the shares that will ultimately vest. We expect to recognize such costs over a weighted-average period of 1 year. The total fair value of options and RSUs vested during 2020, 2019, and 2018 was $7.8 million, $12.0 million and $6.8 million, respectively. Cash received from the exercise of stock options was $1.3 million during 2020, and we realized $0.7 million in tax benefits for the tax deductions resulting from RSU issuances and option exercises in 2020. Cash received from the exercise of stock options was $2.9 million during 2019, and we realized $1.3 million in tax benefits for the tax deductions resulting from RSU issuances and option exercises in 2019. Cash received from the exercise of stock options was $1.6 million during 2018, and we realized $1.1 million in tax benefits for the tax deductions from RSU issuances and option exercises in 2018. At March 31, 2020, there were 1.5 million shares available for issuance under the Plan.

On May 6, 2019, the Compensation and Talent Management Committee of our Board of Directors granted 98,644 performance stock units, 89,286 RSUs and stock options to acquire 281,487 shares of our common stock under the Plan to certain executive officers and employees. The stock options were granted at an exercise price of $30.56 per share, which was equal to the closing price for our common stock on the date of the grant.

On May 13, 2019, the Compensation and Talent Management Committee of our Board of Directors granted 7,287 RSUs and stock options to acquire 21,194 shares of our common stock under the Plan to a recently hired executive officer. The stock options were granted at an exercise price of $30.19 per share, which was equal to the closing price for our common stock on the date of the grant.

Each of the independent members of the Board of Directors received a grant under the Plan of 4,183 RSUs on July 30, 2019.

Restricted Stock Units

RSUs granted to employees under the Plan generally vest in three years, primarily upon the attainment of certain time vesting thresholds, and, in the case of performance share units, may also be contingent on the attainment of certain performance goals of the Company, including revenue and earnings before interest, income taxes, depreciation and amortization targets. The RSUs provide for accelerated vesting if there is a change of control, as defined in the Plan. The RSUs granted to employees generally vest either ratably over three years or in their entirety on the three-year anniversary of the date of the grant. Upon vesting, the units will be settled in shares of our common stock. Termination of employment prior to vesting will result in forfeiture of the RSUs, unless otherwise accelerated by the Compensation and Talent Management Committee or, in the case of RSUs granted in May 2017, 2018 and 2019, subject to pro-rata vesting in the event of death, disability or retirement. The RSUs granted to directors prior to fiscal 2020 vest immediately upon grant, and will be settled by delivery to the director of one share of our common stock for each vested RSU promptly following the earliest of the (i) director's death, (ii) director's disability or (iii) six-month anniversary of the date on which the director's Board membership ceases for reasons other than death or disability. The RSUs granted to directors in July 2019 vest immediately upon grant, and will be settled by delivery to the director of one share of our common stock for each vested RSU promptly following the earliest of (i) the director's death, (ii) the director's separation from service or (iii) a change in control of the Company.

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

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

RSUs	Shares (in thousands)	Weighted-Average Grant-Date Fair Value
Vested and unvested at March 31, 2017	350.1	$ 39.29
Granted	105.8	55.61
Vested and issued	(53.3)	34.30
Forfeited	(9.1)	48.76
Vested and unvested at March 31, 2018	393.5	44.13
Vested at March 31, 2018	90.5	29.88
Granted	226.4	30.09
Vested and issued	(175.8)	43.05
Forfeited	(31.1)	48.32
Vested and unvested at March 31, 2019	413.0	36.58
Vested at March 31, 2019	113.2	31.05
Granted	220.3	31.02
Vested and issued	(87.0)	46.78
Forfeited	(34.2)	35.97
Vested and unvested at March 31, 2020	512.1	32.49
Vested at March 31, 2020	124.2	30.54

Options

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

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

	Year Ended March 31,		
	2020	2019	2018
Expected volatility	30.9-31.3 %	29.6 %	35.2 %
Expected dividends	—	—	—
Expected term in years	6.0 to 7.0	6.0	6.0
Risk-free rate	2.3% to 2.4%	2.9 %	2.2 %
Weighted-average grant date fair value of options granted	$ 10.83	$ 10.22	$ 21.20

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

Options	Shares (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (in thousands)
Outstanding at March 31, 2017	772.3	$ 37.70		
Granted	182.8	56.11		
Exercised	(55.7)	29.08		
Forfeited or expired	(26.2)	48.19		
Outstanding at March 31, 2018	873.2	41.79		
Granted	294.5	29.46		
Exercised	(97.7)	30.02		
Forfeited or expired	(125.4)	47.16		
Outstanding at March 31, 2019	944.6	38.45		
Granted	302.7	30.53		
Exercised	(47.9)	27.60		
Forfeited or expired	(179.2)	42.49		
Outstanding at March 31, 2020	1,020.2	35.90	6.7	$ 6,214
Exercisable at March 31, 2020	566.2	38.66	5.2	$ 3,514

The aggregate intrinsic value of options exercised during 2020, 2019 and 2018 was $0.4 million, $0.8 million and $1.2 million, respectively.

15. Accumulated Other Comprehensive Loss

The table below presents accumulated other comprehensive income (loss) (“AOCI”), which affects equity and results from recognized transactions and other economic events, other than transactions with owners in their capacity as owners.

AOCI consisted of the following at March 31, 2020 and 2019:

(In thousands)	March 31, 2020	March 31, 2019
Components of Accumulated Other Comprehensive Loss		
Cumulative translation adjustment	$ (39,241)	$ (26,878)
Unrealized loss on interest rate swaps, net of tax of $1,453	(4,864)	—
Unrecognized net (loss) gain on pension plans, net of tax of $(17) and $338, respectively	(56)	1,131
Accumulated other comprehensive loss, net of tax	$ (44,161)	$ (25,747)

As of March 31, 2020 and 2019, no amounts were reclassified from accumulated other comprehensive income into earnings.

16. Income Taxes

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Act. The Tax Act represented significant U.S. federal tax reform legislation that included a permanent reduction to the U.S. federal corporate income tax rate. The permanent reduction to the federal corporate income tax rate resulted in a one-time benefit of $267.0 million related to the value of our deferred tax liabilities and a benefit of $3.2 million related to the lower blended tax rate on our earnings, in the year ended March 31, 2018, resulting in a net benefit of $270.2 million. Additionally, the tax reform

legislation subjects certain of our cumulative foreign earnings and profits to U.S. income taxes through a deemed repatriation, which resulted in a charge of $1.9 million in the year ended March 31, 2018.

On March 27, 2020, the CARES Act was enacted and signed into law in response to the COVID-19 pandemic. Certain provisions of the CARES Act impacted us and were reflected in our 2020 income tax provision computations. The CARES Act contains modifications on the limitation of business interest for tax years beginning in 2019 and 2020. The modifications to Section 163(j) increase the allowable business interest deduction from 30% of adjusted taxable income to 50% of adjusted taxable income. This modification increased our allowable interest expense deduction and resulted in a lower taxable income for 2020. As a result of the CARES Act, it is anticipated that we will fully utilize the interest expense deduction on our 2020 tax return.

Income (loss) before income taxes consists of the following:

	Year Ended March 31,		
(In thousands)	**2020**	**2019**	**2018**
United States	$ 167,508	$ (52,313)	$ 84,435
Foreign	23,643	14,258	22,651
	$ 191,151	$ (38,055)	$ 107,086

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

	Year Ended March 31,		
(In thousands)	**2020**	**2019**	**2018**
Current			
Federal	$ 24,051	$ 27,629	$ 31,327
State	2,506	3,156	2,686
Foreign	8,473	7,193	5,588
Deferred			
Federal	14,119	(35,760)	(270,796)
State	(341)	(4,101)	(1,240)
Foreign	62	(372)	(49)
Total provision (benefit) for income taxes	$ 48,870	$ (2,255)	$ (232,484)

The principal components of our deferred tax balances are as follows:

(In thousands)	March 31, 2020	March 31, 2019
Deferred Tax Assets		
Allowance for doubtful accounts and sales returns	$ 4,996	$ 3,285
Inventory capitalization	1,168	1,245
Inventory reserves	705	1,267
Net operating loss carryforwards	115	226
State income taxes	8,896	9,003
Accrued liabilities	1,308	1,785
Accrued compensation	4,472	4,416
Stock compensation	4,334	4,206
Foreign tax credit	5,441	3,236
Interest	—	154
Lease liability	8,228	—
Unrealized foreign exchange loss	257	—
Other	13,191	7,691
Total deferred tax assets	$ 53,111	$ 36,514
Deferred Tax Liabilities		
Property, plant and equipment	$ (7,590)	$ (6,002)
Intangible assets	(438,601)	(425,134)
Deferred cumulative catch-up adjustments - revenue recognition adjustments	(522)	(721)
Right-of-use asset	(7,876)	—
Total deferred tax liabilities	$ (454,589)	$ (431,857)
Net deferred tax liability before valuation allowance	$ (401,478)	$ (395,343)
Valuation allowance	(5,441)	(3,236)
Net deferred tax liability	$ (406,919)	$ (398,579)

The net deferred tax liability shown above is net of $0.9 million of foreign deferred tax assets as of March 31, 2020 and $1.0 million of foreign deferred tax assets as of March 31, 2019.

At March 31, 2020 and 2019, we have a valuation allowance of $5.4 million and $3.2 million, respectively, related to certain deferred tax assets that we have concluded are not more likely than not to be realized. The increase in the valuation allowance related to unutilized foreign tax credit carryovers, as further described below.

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

	Year Ended March 31,					
	2020		2019		2018	
(In thousands)		%		%		%
Income tax provision (benefit) at statutory rate	$ 40,142	21.0	$ (7,992)	21.0	$ 37,480	35.0
Foreign tax provision (benefit)	2,498	1.3	2,866	(7.5)	(2,084)	(1.9)
State income taxes, net of federal income tax benefit	1,606	0.8	(1,710)	4.5	1,414	1.3
Impact of tax legislation	—	—	—	—	(268,244)	(250.5)
Goodwill impairment	—	—	5,616	(14.8)	—	—
R&D	(320)	(0.2)	(629)	1.7	—	—
Compensation limitations	562	0.3	296	(0.8)	—	—
Valuation allowance	2,205	1.2	2,627	(6.9)	(2,828)	(2.6)
Gain on sale	—	—	1,312	(3.4)	—	—
Other	2,177	1.2	(4,641)	12.1	1,778	1.6
Total provision (benefit) for income taxes	$ 48,870	25.6	$ (2,255)	5.9	$ (232,484)	(217.1)

Uncertain tax liability activity is as follows:

	2020	2019	2018
(In thousands)			
Balance – beginning of year	$ 9,874	$ 10,827	$ 3,651
Additions based on tax positions related to the current year	495	585	7,286
Reductions based on lapse of statute of limitations	—	(650)	(110)
Payments and other movements	—	(888)	—
Balance – end of year	$ 10,369	$ 9,874	$ 10,827

We recognize interest and penalties related to uncertain tax positions as a component of income tax (benefit) expense. We did not incur any material interest or penalties related to income taxes in 2020, 2019 or 2018. We reasonably anticipate that uncertain tax positions could decrease in the next year by approximately $6.7 million, principally due to the statute of limitation expirations if recognized and would impact the effective tax rate in a future period. We are subject to taxation in the United States and various state and foreign jurisdictions, and we are generally open to examination from the year ended March 31, 2016 forward.

In January 2018, the FASB released guidance on the accounting for tax on the global intangible low-taxed income (“GILTI”) provisions of the Tax Act. The GILTI provisions impose a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. Pursuant to the FASB guidance, we elected to treat any potential GILTI inclusions as a period cost without recognizing any related potential deferred tax liabilities or assets.

Our current foreign tax credit analysis is suggestive of annual foreign tax credit limitation anticipated to be less than foreign income taxes accrued during the year. The operating conditions giving rise to such excess credit condition may be anticipated to continue into future tax years. As a result, we have recognized a full valuation allowance for the deferred tax asset recognized in respect of unutilized foreign tax credit carryovers, which are limited to ten-year carryovers under IRC §904(c). Such excess credit condition did not exist in prior years; however, the Tax Act, enacted in 2017, required substantial changes in the manner of calculating foreign tax credit limitation.

17. Employee Retirement Plans

We have a defined contribution plan in which all U.S. full-time employees are eligible to participate. The participants may contribute from 1% to 70% of their compensation, as defined in the plan. We match 100% of the first 3%, plus 50% of the next 3%, of each participant's base compensation with full vesting immediately. We may also make additional contributions to the

plan as determined by the Board of Directors. The total expense for the defined contribution plan was $1.5 million, $1.5 million and $1.6 million for 2020, 2019 and 2018, respectively.

Certain employees of our Lynchburg manufacturing facility are covered by defined benefit pension plans. The Company's policy is to contribute at least the minimum amount required under ERISA. The Company may elect to make additional contributions. Benefits are based on years of service and levels of compensation. On December 16, 2014, the decision was made to freeze the benefits under the Company's U.S. qualified defined benefit pension plan with an effective date of March 1, 2015.

Benefit Obligations and Plan Assets

The following table summarizes the changes in the U.S. pension plan obligations and plan assets and includes a statement of the plans' funded status as of March 31, 2020 and 2019:

	March 31,	
(In thousands)	**2020**	**2019**
Change in benefit obligation:		
Projected benefit obligation at beginning of period	$ 60,334	$ 61,882
Interest cost	2,327	2,380
Actuarial (gain) loss	2,375	(744)
Benefits paid	(3,466)	(3,184)
Projected benefit obligations at end of year	$ 61,570	$ 60,334
Change in plan assets:		
Fair value of plan assets at beginning of period	$ 51,115	$ 50,508
Actual return on plan assets	3,742	2,416
Employer contribution	1,369	1,375
Benefits paid	(3,466)	(3,184)
Fair value of plan assets at end of year	$ 52,760	$ 51,115
Funded status at end of year	$ (8,810)	$ (9,219)

Amounts recognized in the balance sheet at the end of the period consist of the following:

	March 31,	
(In thousands)	**2020**	**2019**
Current liability	$ 359	361
Long-term liability	8,451	8,858
Total	$ 8,810	$ 9,219

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

	Year Ended March 31,		
(In thousands)	**2020**	**2019**	**2018**
Interest cost	$ 2,327	$ 2,380	$ 2,529
Expected return on assets	(2,886)	(3,070)	(2,901)
Net periodic benefit (income)	$ (559)	$ (690)	$ (372)

The accumulated benefit obligation, which represents benefits earned to the measurement date, was $61.6 million at March 31, 2020, and $60.3 million at March 31, 2019 and we had a net periodic benefit (income) of less than $1.0 million for 2020, 2019 and 2018, respectively.

The pension benefit amounts stated above include one pension plan that is an unfunded plan. The projected benefit obligation and accumulated benefit obligation for this unfunded plan were $4.6 million as of March 31, 2020 and $4.6 million as of March 31, 2019.

The following table includes amounts that are expected to be contributed to the plans by the Company. It reflects benefit payments that are made from the plans' assets as well as those made directly from the Company's assets. The amounts in the table are actuarially determined and reflect the Company's best estimate given its current knowledge; actual amounts could be materially different.

(In thousands)	**Pension Benefits**
Employer contributions:	
2021 (expectation) to participant benefits	$ 1,359
Expected benefit payments year ending March 31,	
2021	$ 3,476
2022	3,592
2023	3,669
2024	3,743
2025	3,718
2026-2030	18,670

During both 2020 and 2019, we contributed $1.0 million to our qualified defined benefit plan. During 2018, we made no contribution to the qualified plan.

The Company's primary investment objective for its qualified pension plan assets is to provide a source of retirement income for the plans' participants and beneficiaries. The asset allocation for the Company's funded retirement plan as of March 31, 2020 and 2019, and the target allocation by asset category are as follows:

	Percentage of Plan Assets		
Asset Category	**Target Allocation**	**March 31, 2020**	**March 31, 2019**
Domestic large cap equities	16 %	16 %	18 %
Domestic small/mid cap equities	6	5	5
International equities	14	15	15
Real estate	5	5	—
Fixed income and cash	59	59	62
Total	100 %	100 %	100 %

The plan assets are invested in a diversified portfolio consisting primarily of domestic fixed income and publicly traded equity securities held within group trust funds at March 31, 2020 and 2019. These assets are fair valued using NAV.

The following tables show the unrecognized actuarial loss (gain) included in accumulated other comprehensive income (loss) at March 31, 2020, 2019 and 2018, as well as the prior service cost credit and actuarial loss expected to be reclassified from accumulated other comprehensive income (loss) to retirement expense during 2021:

(In thousands)		
Balances in accumulated other comprehensive loss as of March 31, 2018:		
Unrecognized actuarial (gain)	$	(1,407)
Unrecognized prior service credit		—
Balances in accumulated other comprehensive (income) as of March 31, 2019:		
Unrecognized actuarial (gain)	$	(1,469)
Unrecognized prior service credit		—
Balances in accumulated other comprehensive loss as of March 31, 2020:		
Unrecognized actuarial loss	$	73
Unrecognized prior service credit		—
Amounts expected to be reclassified from accumulated other comprehensive income (loss) during 2021:		
Unrecognized actuarial gain (loss)	$	—
Unrecognized prior service credit		—

Assumptions used in determining the actuarial present value of the benefit obligation as of March 31, 2020 and 2019 were as follows:

	March 31,	
	2020	**2019**
Key assumptions:		
Discount rate	3.37% to 3.55%	3.80% to 3.99%
Expected return on plan assets, net of administrative fees	5.00%	5.75%
Rate of compensation increase	—	—

The determination of the expected long-term rate of return was derived from an optimized portfolio using an asset allocation software program. The risk and return assumptions, along with the correlations between the asset classes, were entered into the program. Based on these assumptions and historical experience, the portfolio is expected to achieve a long-term rate of return of 5.00%. The investment managers engaged to manage the portfolio are expected to outperform their expected benchmarks on a relative basis over a full market cycle.

18. Commitments and Contingencies

We are involved from time to time in routine legal matters and other claims incidental to our business. We review 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). We believe the resolution of routine legal matters and other claims incidental to our business, taking our reserves into account, will not have a material adverse effect on our business, financial condition, or results of operations.

Lease Commitments
See Note 8 for a description of our operating and finance leases.

Purchase Commitments
We have supply agreements for the manufacture of some of our products. The following table shows the minimum amounts that we are committed to pay under these agreements:

(In thousands)

Year Ending March 31,	Amount
2021	$ 12,163
2022	11,929
2023	4,117
2024	2,364
2025	2,399
Thereafter	6,153
	$ 39,125

19. Concentrations of Risk

Our revenues are concentrated in the areas of OTC Healthcare. We sell our products to mass merchandisers and drug, food, dollar, convenience and club stores and e-commerce channels. During 2020, 2019, and 2018, approximately 42.6%, 42.9%, and 41.2%, respectively, of our gross revenues were derived from our five top selling brands. One customer, Walmart, accounted for more than 10% of our gross revenues for each of the periods presented. During 2020, 2019, and 2018, Walmart accounted for approximately 23.1%, 23.7%, and 23.8%, respectively, of our gross revenues. At March 31, 2020, approximately 20.2% of our accounts receivable were owed by Walmart.

Our product distribution in the United States is managed by a third party through one primary distribution center in Clayton, Indiana. In addition, we operate one manufacturing facility for certain of our products located in Lynchburg, Virginia. A natural disaster, such as tornado, earthquake, flood, or fire, could damage our inventory and/or materially impair our ability to distribute our products to customers in a timely manner or at a reasonable cost. In addition, a serious disruption caused by performance or contractual issues with our third party distribution manager or COVID-19 or other public health emergencies could also materially impact our product distribution. Any disruption as a result of third party performance at our distribution center could result in increased costs, expense and/or shipping times, and could cause us to incur customer fees and penalties. In addition, any serious disruption to our Lynchburg manufacturing facility could materially impair our ability to manufacture many of the products associated with our acquisition of Fleet, which would also limit our ability to provide those products to customers in a timely manner or at a reasonable cost. We could also incur significantly higher costs and experience longer lead times if we need to replace our distribution center, the third party distribution manager or the manufacturing facility. As a result, any serious disruption could have a material adverse effect on our business, financial condition and results of operations.

At March 31, 2020, we had relationships with 113 third party manufacturers. Of those, we had long-term contracts with 14 manufacturers that produced items that accounted for approximately 62.3% of our gross sales for 2020, compared to 33 manufacturers with long-term contracts that accounted for approximately 65.6% of gross sales in 2019. The fact that we do not have long-term contracts with certain manufacturers means that they could cease manufacturing our products at any time and for any reason or initiate arbitrary and costly price increases, which could have a material adverse effect on our business and results from operations. Although we are in the process of negotiating long-term contracts with certain key manufacturers, we may not be able to reach a timely agreement, which could have a material adverse effect on our business and results of operations.

20. Business Segments

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

The tables below summarize information about our operating and reportable segments.

(In thousands)	Year Ended March 31, 2020			
	North American OTC Healthcare	International OTC Healthcare	Household Cleaning	Consolidated
Total segment revenues*	$ 859,368	$ 103,642	$ —	$ 963,010
Cost of sales	372,133	38,654	—	410,787
Gross profit	487,235	64,988	—	552,223
Advertising and promotion	127,972	19,222	—	147,194
Contribution margin	$ 359,263	$ 45,766	$ —	405,029
Other operating expenses				113,874
Operating income				291,155

*Intersegment revenues of $3.5 million were eliminated from the North American OTC Healthcare segment.

(In thousands)	Year Ended March 31, 2019			
	North American OTC Healthcare	International OTC Healthcare	Household Cleaning	Consolidated
Total segment revenues*	$ 862,446	$ 93,520	$ 19,811	$ 975,777
Cost of sales	364,533	39,080	16,588	420,201
Gross profit	497,913	54,440	3,223	555,576
Advertising and promotion	126,374	16,286	430	143,090
Contribution margin	$ 371,539	$ 38,154	$ 2,793	412,486
Other operating expenses**				344,983
Operating income				67,503

* Intersegment revenues of $7.4 million were eliminated from the North American OTC Healthcare segment.
**Other operating expenses for the year ended March 31, 2019 includes a tradename impairment charge of $195.9 million and a goodwill impairment charge of $33.5 million.

(In thousands)	Year Ended March 31, 2018			
	North American OTC Healthcare	International OTC Healthcare	Household Cleaning	Consolidated
Total segment revenues*	$ 868,874	$ 91,658	$ 80,647	$ 1,041,179
Cost of sales	357,298	40,244	67,132	464,674
Gross profit	511,576	51,414	13,515	576,505
Advertising and promotion	129,058	16,267	1,961	147,286
Contribution margin	$ 382,518	$ 35,147	$ 11,554	429,219
Other operating expenses**				213,745
Operating income				215,474

*Intersegment revenues of $7.7 million were eliminated from the North America OTC Healthcare segment.
**Other operating expenses for the year ended March 31, 2018 includes a tradename impairment charge of $99.9 million.

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

	Year Ended March 31, 2020			
(In thousands)	**North American OTC Healthcare**	**International OTC Healthcare**	**Household Cleaning**	**Consolidated**
Analgesics	$ 113,130	$ 877	$ —	$ 114,007
Cough & Cold	87,601	23,505	—	111,106
Women's Health	239,330	12,221	—	251,551
Gastrointestinal	130,088	42,820	—	172,908
Eye & Ear Care	100,245	11,911	—	112,156
Dermatologicals	100,591	2,421	—	103,012
Oral Care	83,323	9,882	—	93,205
Other OTC	5,060	5	—	5,065
Household Cleaning	—	—	—	—
Total segment revenues	$ 859,368	$ 103,642	$ —	$ 963,010

	Year Ended March 31, 2019			
(In thousands)	**North American OTC Healthcare**	**International OTC Healthcare**	**Household Cleaning**	**Consolidated**
Analgesics	$ 113,563	$ 615	$ —	$ 114,178
Cough & Cold	83,168	19,955	—	103,123
Women's Health	244,927	13,552	—	258,479
Gastrointestinal	125,416	35,046	—	160,462
Eye & Ear Care	101,128	11,709	—	112,837
Dermatologicals	95,801	2,171	—	97,972
Oral Care	92,964	10,468	—	103,432
Other OTC	5,479	4	—	5,483
Household Cleaning	—	—	19,811	19,811
Total segment revenues	$ 862,446	$ 93,520	$ 19,811	$ 975,777

	Year Ended March 31, 2018			
(In thousands)	**North American OTC Healthcare**	**International OTC Healthcare**	**Household Cleaning**	**Consolidated**
Analgesics	$ 118,610	$ 807	$ —	$ 119,417
Cough & Cold	93,537	18,310	—	111,847
Women's Health	247,244	12,140	—	259,384
Gastrointestinal	117,627	34,609	—	152,236
Eye & Ear Care	92,308	11,744	—	104,052
Dermatologicals	94,775	2,113	—	96,888
Oral Care	99,072	11,930	—	111,002
Other OTC	5,701	5	—	5,706
Household Cleaning	—	—	80,647	80,647
Total segment revenues	$ 868,874	$ 91,658	$ 80,647	$ 1,041,179

Our total segment revenues by geographic area are as follows:

	Year Ended March 31,		
	2020	2019	2018
United States	$ 812,653	$ 837,049	$ 903,511
Rest of world	150,357	138,728	137,668
Total	$ 963,010	$ 975,777	$ 1,041,179

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

March 31, 2020 ***(In thousands)***	North American OTC Healthcare	International OTC Healthcare	Consolidated
Goodwill	$ 546,643	$ 28,536	$ 575,179
Intangible assets			
Indefinite-lived	2,195,617	69,714	2,265,331
Finite-lived	209,604	4,456	214,060
Intangible assets, net	$ 2,405,221	74,170	2,479,391
Total	$ 2,951,864	$ 102,706	$ 3,054,570

March 31, 2019 ***(In thousands)***	North American OTC Healthcare	International OTC Healthcare	Consolidated
Goodwill	$ 547,393	$ 31,190	$ 578,583
Intangible assets			
Indefinite-lived	2,195,617	77,574	2,273,191
Finite-lived	228,743	5,276	234,019
Intangible assets, net	2,424,360	82,850	2,507,210
Total	$ 2,971,753	$ 114,040	$ 3,085,793

Our goodwill and intangible assets by geographic area are as follows:

	Year Ended March 31,	
	2020	2019
United States	$ 2,951,864	$ 2,971,753
Rest of world	102,706	114,040
Total	$ 3,054,570	$ 3,085,793

21. Unaudited Quarterly Financial Information

Unaudited quarterly financial information for 2020 and 2019 is as follows:

Year Ended March 31, 2020

	Quarterly Period Ended			
(In thousands, except for per share data)	**June 30, 2019**	**September 30, 2019**	**December 31, 2019**	**March 31, 2020**
Total revenues	$ 232,154	$ 238,069	$ 241,552	$ 251,235
Cost of sales	98,087	101,318	104,057	107,325
Gross profit	134,067	136,751	137,495	143,910
Operating expenses				
Advertising and promotion	34,801	38,667	33,559	40,167
General and administrative	21,706	22,514	21,308	23,584
Depreciation and amortization	6,074	6,222	6,224	6,242
Total operating expenses	62,581	67,403	61,091	69,993
Operating income	71,486	69,348	76,404	73,917
Interest expense, net of interest income	25,020	24,477	24,275	22,452
Loss on extinguishment of debt	—	—	2,155	—
Other expense (income), net	416	859	(580)	930
Income before income taxes	46,050	44,012	50,554	50,535
Provision for income taxes	12,125	10,760	12,496	13,489
Net income	$ 33,925	$ 33,252	$ 38,058	$ 37,046
Earnings per share:				
Basic	$ 0.66	$ 0.66	$ 0.76	$ 0.74
Diluted	$ 0.65	$ 0.65	$ 0.75	$ 0.73
Weighted average shares outstanding:				
Basic	51,697	50,455	50,378	50,367
Diluted	52,047	50,811	50,831	50,878
Comprehensive (loss) income, net of tax:				
Currency translation adjustments	(224)	(3,584)	3,497	(12,052)
Unrealized loss on interest rate swaps	—	—	—	(4,864)
Unrecognized net gain on pension plans	—	—	—	(1,187)
Total other comprehensive (loss) income	(224)	(3,584)	3,497	(18,103)
Comprehensive income	$ 33,701	$ 29,668	$ 41,555	$ 18,943

Year Ended March 31, 2019

	Quarterly Period Ended			
(In thousands, except for per share data)	**June 30, 2018**	**September 30, 2018**	**December 31, 2018**	**March 31, 2019**
Total revenues	$ 253,980	$ 239,357	$ 241,414	$ 241,026
Cost of sales	113,357	101,885	102,179	102,780
Gross profit	140,623	137,472	139,235	138,246
Operating expenses				
Advertising and promotion	37,111	37,042	34,504	34,433
General and administrative	23,941	24,034	20,485	21,299
Depreciation and amortization	7,084	6,756	6,705	6,502
Gain on divestiture	—	(1,284)	—	—
Goodwill and tradename impairment	—	—	—	229,461
Total operating expenses	68,136	66,548	61,694	291,695
Operating income (loss)	72,487	70,924	77,541	(153,449)
Interest expense, net of interest income	25,940	27,070	26,327	25,745
Other expense (income), net	87	335	218	(164)
Income (loss) before income taxes	46,460	43,519	50,996	(179,030)
Provision (benefit) for income taxes	11,994	12,678	12,829	(39,756)
Net income (loss)	$ 34,466	$ 30,841	$ 38,167	$ (139,274)
Earnings (loss) per share:				
Basic	$ 0.65	$ 0.59	$ 0.74	$ (2.68)
Diluted	$ 0.65	$ 0.59	$ 0.73	$ (2.68)
Weighted average shares outstanding:				
Basic	52,640	51,841	51,881	51,912
Diluted	52,942	52,153	52,202	51,912
Comprehensive (loss) income, net of tax:				
Currency translation adjustments	(2,974)	(2,145)	(2,020)	659
Unrecognized net loss on pension plans	—	—	—	48
Total other comprehensive (loss) income	(2,974)	(2,145)	(2,020)	707
Comprehensive income (loss)	$ 31,492	$ 28,696	$ 36,147	$ (138,567)

22. Subsequent Events

Share Based Compensation

On May 4, 2020, the Compensation and Talent Management Committee of our Board of Directors granted 79,070 performance units, 73,637 RSUs and stock options to acquire 249,874 shares of our common stock to certain executive officers and employees under the Plan. Performance units are earned based on achievement of the performance objectives set by the Compensation and Talent Management Committee and, if earned, vest in their entirety on the three-year anniversary of the date of grant. In light of the uncertain economic environment, the Committee elected to set the performance objectives applicable to the awards at a later date. RSUs vest either 33.3% per year over three years or in their entirety on the three-year anniversary of the date of grant. Upon vesting, both performance units and RSUs will be settled in shares of our common stock. The stock options will vest 33.3% per year over three years and are exercisable for up to ten years from the date of grant. These stock options were granted at an exercise price of $39.98 per share, which is equal to the closing price for our common stock on the date of the grant. Except in cases of death, disability or retirement, termination of employment prior to vesting will result in forfeiture of the unvested performance units, RSUs and the stock options. Vested stock options will remain exercisable by the employee after termination, subject to the terms of the Plan.

Also on May 4, 2020, Dawn M. Zier was elected to our Board of Directors and the Compensation and Talent Management Committee of our Board of Directors granted her 907 RSUs. The RSUs vest one year after the date of grant so long as membership on the Board of Directors continues through the vesting date, with settlement in common stock to occur on the earliest of Ms. Zier’s death, disability or the date on which her board membership ceases for reasons other than death or disability.

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS

(In thousands)	**Balance at Beginning of Year**	**Amounts Charged to Expense**	**Deductions**	**Other**	**Balance at End of Year**
Year Ended March 31, 2020					
Reserves for sales returns and allowance	$ 8,973	$ 57,505	$ (50,669)	$ —	$ 15,809
Reserves for trade promotions	15,491	88,502	(85,604)	—	18,389
Reserves for consumer coupon redemptions	1,175	4,555	(3,667)	—	2,063
Allowance for doubtful accounts	1,259	750	(624)	—	1,385
Deferred tax valuation allowance	3,236	2,205 (a)	—	—	5,441
Year Ended March 31, 2019					
Reserves for sales returns and allowance	8,813	56,276	(56,116)	—	8,973
Reserves for trade promotions	13,062 (b)	90,844	(88,415)	—	15,491
Reserves for consumer coupon redemptions	2,645	5,199	(6,669)	—	1,175
Allowance for doubtful accounts	1,203	203	(147)	—	1,259
Deferred tax valuation allowance	609	2,627 (c)	—	—	3,236
Year Ended March 31, 2018					
Reserves for sales returns and allowance	9,429	62,953	(63,569)	—	8,813
Reserves for trade promotions	15,193	78,669	(82,427)	—	11,435
Reserves for consumer coupon redemptions	4,614	7,283	(9,252)	—	2,645
Allowance for doubtful accounts	1,352	187	(336)	—	1,203
Deferred tax valuation allowance	3,437	—	—	(2,828) (d)	609

(a) Relates to the unutilized foreign tax credit carryovers.
(b) Reflects opening balance sheet adjustment related to the adoption of new revenue recognition standard.
(c) Relates to the unutilized foreign tax credit carryovers.
(d) Reclassified into a FIN 48 liability.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rule 13a–15(e) of the Exchange Act, as of March 31, 2020. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2020, the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports the Company files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

The report of management on our internal control over financial reporting as of March 31, 2020 and the attestation report of our independent registered public accounting firm on our internal control over financial reporting are set forth in Part II, Item 8. "Financial Statements and Supplementary Data" beginning on page 48 of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the quarter ended March 31, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

Part III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required to be disclosed by this Item will be contained in the Company's 2020 Proxy Statement under the headings "Election of Directors," "Executive Compensation and Other Matters," "Delinquent Section 16(a) Reports" and "Governance of the Company", which information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information required to be disclosed by this Item, including Items 402 (b) and 407 (e)(4) and (e)(5) of Regulation S-K, will be contained in the Company's 2020 Proxy Statement under the headings "Executive Compensation and Other Matters", "Governance of the Company", "Compensation Discussion and Analysis", "Compensation Committee Report", and "Compensation Committee Interlocks and Insider Participation", which information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required to be disclosed by this Item will be contained in the Company's 2020 Proxy Statement under the headings "Security Ownership of Certain Beneficial Owners and Management" and "Securities Authorized for Issuance Under Equity Compensation Plans", which information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required to be disclosed by this Item will be contained in the Company's 2020 Proxy Statement under the headings "Certain Relationships and Related Transactions", "Election of Directors" and "Governance of the Company", which information is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information required to be disclosed by this Item will be contained in the Company's 2020 Proxy Statement under the heading "Ratification of Appointment of the Independent Registered Public Accounting Firm", which information is incorporated herein by reference.

Part IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

The financial statements and financial statement schedules listed below are set forth under Part II, Item 8 (pages 48 through 90) of this Annual Report on Form 10-K, which are incorporated herein to this Item as if copied verbatim.

Prestige Consumer Healthcare Inc.

Report of Independent Registered Public Accounting Firm, PricewaterhouseCoopers LLP

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) for each of the three years in the period ended March 31, 2020

Consolidated Balance Sheets at March 31, 2020 and 2019

Consolidated Statements of Changes in Stockholders' Equity for each of the three years in the period ended March 31, 2020

Consolidated Statements of Cash Flows for each of the three years in the period ended March 31, 2020

Notes to Consolidated Financial Statements

Schedule II—Valuation and Qualifying Accounts for the years ended March 31, 2020, 2019 and 2018

(a)(2) Financial Statement Schedules

Schedule II - Valuation and Qualifying Accounts listed in (a)(1) above is incorporated herein by reference as if copied verbatim. Schedules other than those listed in the preceding sentence have been omitted as they are either not required, not applicable, or the information has otherwise been shown in the Consolidated Financial Statements or notes thereto.

(b) Exhibit Index

Exhibit No.	Description
2.1	Stock Purchase Agreement, dated April 25, 2014, by and among Medtech Products Inc., Insight Pharmaceuticals Corporation, SPC Partners IV, L.P. and the other seller parties thereto (filed as Exhibit 2.5 to the Company's Annual Report on Form 10-K filed with the SEC on May 19, 2014).+
2.2	Agreement and Plan of Merger, dated as of December 21, 2016, by and among Medtech Products Inc., AETAGE LLC, C.B. Fleet TopCo, LLC and Gryphon Partners 3.5, L.P. (filed as Exhibit 2.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on February 2, 2017).+
3.1	Amended and Restated Certificate of Incorporation of Prestige Consumer Healthcare Inc. (filed as Exhibit 3.1 to the Company's Form S-1/A filed with the SEC on February 8, 2005).+
3.1.1	Amendment to Amended and Restated Certificate of Incorporation of Prestige Consumer Healthcare Inc. (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on August 2, 2018).+
3.2	Amended and Restated Bylaws of Prestige Consumer Healthcare Inc. as amended, effective October 29, 2018 (filed as Exhibit 3.2 to the Company's Quarterly Report on form 10-Q filed with the SEC on February 7, 2019).+
3.3	Certificate of Designations of Series A Preferred Stock of Prestige Consumer Healthcare Inc. as filed with the Secretary of State of the State of Delaware on February 27, 2012 (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on February 28, 2012).+
4.1	Form of stock certificate for common stock (filed as Exhibit 4.1 to the Company's Form S-1/A filed with the SEC on January 26, 2005).+
4.2	Indenture, dated as of December 17, 2013, among Prestige Brands, Inc., as issuer, the Company and certain subsidiaries, as guarantors, and U.S. Bank National Association, as Trustee with respect to 5.375% Senior Notes due 2021 (filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on February 7, 2014).+

4.3	Second Supplemental Indenture, dated December 17, 2013 by and among Prestige Brands, Inc., the guarantors party thereto from time to time and U.S. Bank National Association, as trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on December 17, 2013).+
4.4	Form of 5.375% Senior Note due 2021 (filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on February 7, 2014). +
4.5	Indenture, dated as of February 19, 2016, among Prestige Brands, Inc., as issuer, the Company and certain subsidiaries, as guarantors, and U.S. Bank National Association, as Trustee with respect to 6.375% Senior Notes due 2024 (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on February 19, 2016). +
4.6	First Supplemental Indenture, dated as of April 4, 2016, among DenTek Holdings, Inc. and DenTek Oral Care, Inc., as guaranteeing subsidiaries, Prestige Brands, Inc. and U.S. Bank National Association, as Trustee with respect to the 6.375% Senior Notes due 2024 (filed as Exhibit 4.6 to the Company's Annual Report on Form 10-K filed with the SEC on May 17, 2016). +
4.7	Third Supplemental Indenture, dated as of March 21, 2018, by and among Prestige Brands, Inc., as issuer, the Company and certain subsidiaries, as guarantors, and U.S. Bank National Association, as Trustee with respect to 6.375% Senior Notes due 2024 (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on March 21, 2018). +
4.8	Form of 6.375% Senior Notes due 2024 (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on February 19, 2016). +
4.9	Indenture, dated December 2, 2019, among Prestige Brands, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on December 2, 2019). +
4.10	Form of 5.125% Senior Notes due 2028 (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on December 2, 2019). +
4.11	Description of Prestige Consumer Healthcare Inc. Securities (filed as Exhibit 4.9 to the Company's Annual Report on Form 10-K filed with the SEC on May 13, 2019). +
10.1	$660,000,000 Term Loan Credit Agreement, dated as of January 31, 2012, among Prestige Brands Inc., the Company, and certain subsidiaries of the Company as guarantors, Citibank, N.A., Citigroup Global Markets Inc., Morgan Stanley Senior Funding, Inc. and RBC Capital Markets (filed as Exhibit 10.3 to the Company's Annual Report on Form 10-K filed with the SEC on May 18, 2012). +
10.2	Amendment No. 1, dated as of February 21, 2013, to the Term Loan Credit Agreement, dated as of January 31, 2012, among the Company, Prestige Brands, Inc., the other Guarantors from time to time party thereto, the lenders from time to time party thereto and Citibank, N.A. as administrative agent (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 25, 2013). +
10.3	Amendment No. 2, dated as of September 3, 2014, to the Term Loan Credit Agreement, dated as of January 31, 2012, among the Company, Prestige Brands, Inc., the other Guarantors from time to time party thereto, the lenders from time to time party thereto and Citibank, N.A. as administrative agent (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on February 5, 2015).+
10.4	Amendment No. 3, dated as of May 8, 2015, to the Term Loan Credit Agreement, dated as of January 31, 2012, among the Company, Prestige Brands, Inc., the other Guarantors from time to time party thereto, the lenders from time to time party thereto and Citibank, N.A. as administrative agent (filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K filed with the SEC on May 14, 2015).+
10.5	Amendment No. 4, dated as of January 26, 2017, to the Term Loan Credit Agreement, dated as of January 31, 2012, among the Company, Prestige Brands, Inc., the other guarantors from time to time party thereto, the lenders from time to time party thereto and Barclays Bank PLC (as successor in interest to Citibank, N.A.), as administrative agent (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on January 31, 2017). +
10.6	Amendment No. 5, dated as of March 21, 2018, to the Term Loan Credit Agreement, dated as of January 31, 2012, among the Company, Prestige Brands, Inc., the other guarantors from time to time party thereto, the lenders from time to time party thereto and Barclays Bank PLC (as successor in interest to Citibank, N.A.), as administrative agent (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 21, 2018).+
10.7	Term Loan Security Agreement, dated as of January 31, 2012, among Prestige Brands Inc., the Company and certain subsidiaries of the Company as guarantors, Citibank N.A. and U.S. Bank National Association, as Trustee (filed as Exhibit 10.4 to the Company's Annual Report on Form 10-K filed with the SEC on May 18, 2012).+
10.8	$50,000,000 ABL Credit Agreement, dated as of January 31, 2012, Among Prestige Brands, Inc., the Company, certain subsidiaries of the Company as guarantors, Citibank, N.A., Citigroup Global Markets Inc., Morgan Stanley Senior Funding, Inc. and RBC Capital Markets filed (filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K filed with the SEC on May 18, 2012.).+

10.9	Incremental Amendment, dated as of September 12, 2012, to the ABL Credit Agreement dated as of January 31, 2012 (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 7, 2012).+
10.10	Amendment, dated as of June 11, 2013, to the ABL Credit Agreement dated as of January 31, 2012 (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 1, 2013).+
10.11	Amendment No. 3, dated as of September 3, 2014, to the ABL Credit Agreement (as amended by that certain Incremental Amendment, dated as of September 12, 2012, and that certain Incremental Amendment, dated as of June 11, 2013), dated as of January 31, 2012, among the Company, Prestige Brands, Inc., the other Guarantors from time to time party thereto, the lenders from time to time party thereto and Citibank, N.A. as administrative agent, L/C issuer and swing line lender (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on September 3, 2014). +
10.12	Amendment No. 4, dated as of June 9, 2015, to the ABL Credit Agreement (as amended by that certain Incremental Amendment, dated as of September 12, 2012, and that certain Incremental Amendment, dated as of June 11, 2013, and that certain Incremental Amendment dated as of September 3, 2014), dated as of January 31, 2012, among the Company, Prestige Brands, Inc., the other Guarantors from time to time party thereto, the lenders from time to time party thereto and Citibank, N.A. as administrative agent, L/C issuer and swing line lender (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 6, 2015).+
10.13	Amendment No. 5, dated as of February 4, 2016, to the ABL Credit Agreement, originally dated as of January 31, 2012, among the Company, Prestige Brands, Inc., the other Guarantors from time to time party thereto, the lenders from time to time party thereto and Citibank, N.A. as administrative agent, L/C issuer and swing line lender (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on February 9, 2016). +
10.14	Amendment No. 6, dated as of January 26, 2017, to the ABL Credit Agreement, originally dated as of January 31, 2012, among the Company, Prestige Brands, Inc., the other guarantors from time to time party thereto, the lenders from time to time party thereto and Citibank, N.A., as administrative agent, L/C issue and swing line lender (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on January 31, 2017). +
10.15	Amendment No. 7, dated as of December 11, 2019, to the ABL Credit Agreement, originally dated as of January 31, 2012, among the Company, Prestige Brands, Inc., the other guarantors from time to time party thereto, the lenders from time to time party thereto and Citibank, N.A., as administrative agent, L/C issue and swing line lender (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 12, 2019). +
10.16	Agreement of Lease between RA 660 White Plains Road LLC and Prestige Brands, Inc. (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 9, 2012). +
10.17	Amendment to Agreement of Lease between RA 660 White Plains Road LLC and Prestige Brands, Inc. (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 7, 2014). +
10.18	Letter Agreement, dated August 26, 2014, to Amendment to Agreement of Lease between RA 660 White Plains Road LLC and Prestige Brands, Inc. (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 6, 2014).+
10.19	Second Amendment to Lease between GHP 660 LLC and Prestige Brands, Inc. (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 2, 2017). +
10.20	Master Logistics Services Agreement, dated May 13, 2019, by and between the Company and GEODIS Logistics LLC (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 1, 2019). +†
10.21	Prestige Brands Holdings, Inc. 2005 Long-Term Equity Incentive Plan (filed as Exhibit 10.38 to the Company's Form S-1/A filed with the SEC on January 26, 2005).+#
10.22	Form of Restricted Stock Grant Agreement (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 9, 2005). +#
10.23	Form of Nonqualified Stock Option Agreement (filed as Exhibit 10.20 to the Company's Annual Report on Form 10-K filed with the SEC on May 19, 2014). +#
10.24	Form of Award Agreement for Restricted Stock Units (filed as Exhibit 10.21 to the Company's Annual Report on Form 10-K filed with the SEC on May 19, 2014). +#
10.25	Form of Nonqualified Stock Option Agreement for grants beginning Fiscal 2018 (filed as Exhibit 10.30 to the Company's Annual Report on Form 10-K filed with the SEC on May 17, 2017). +#
10.26	Form of Award Agreement for Restricted Stock Units for grants beginning Fiscal 2018 (filed as Exhibit 10.31 to the Company's Annual Report on Form 10-K filed with the SEC on May 17, 2017). +#
10.27	Form of Award Agreement for Performance Units for grants beginning Fiscal 2018 (filed as Exhibit 10.32 to the Company's Annual Report on Form 10-K filed with the SEC on May 17, 2017). +#

10.28	Form of Director Indemnification Agreement (filed as Exhibit 10.21 to the Company's Annual Report on Form 10-K filed with the SEC on May 17, 2013). +@
10.29	Form of Officer Indemnification Agreement (filed as Exhibit 10.22 to the Company's Annual Report on Form 10-K filed with the SEC on May 17, 2013). +@
10.30	Supply Agreement, dated as of July 1, 2012, among Medtech Products Inc. and Pharmacare Limited T/A Aspen Pharmacare (filed as Exhibit 10.26 to the Company's Annual Report on Form 10-K filed with the SEC on May 17, 2013).+
10.31	Supply Agreement, dated as of November 16, 2012, among Medtech Products Inc. and BestSweet Inc. (filed as Exhibit 10.27 to the Company's Annual Report on Form 10-K filed with the SEC on May 17, 2013).+
10.32	Amended and Restated Executive Severance Plan, adopted as of October 29, 2018 (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q on November 1, 2018). +#
10.33	Asset Purchase Agreement, dated July 2, 2018, by and among KIK International LLC, Prestige Brands International, Inc., The Spic and Span Company, Medtech Holdings, Inc. (as guarantor only) and Prestige Brands Holdings, Inc. (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 2, 2018).+
10.34	AIA Document A141™-2014, Standard Form of Agreement, dated July 1, 2018, by and between C.B. Fleet Company, Incorporated, including its affiliates, subsidiaries, officers, directors, employees and agents and CRB Builders, LLC, including its affiliates, subsidiaries, officers, directors, employees and agents, as amended by Exhibit A Design-Build Amendment, dated March 16, 2020. *†
21.1	Subsidiaries of the Registrant.*
23.1	Consent of PricewaterhouseCoopers LLP.*
31.1	Certification of Principal Executive Officer of Prestige Consumer Healthcare Inc. pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of Principal Financial Officer of Prestige Consumer Healthcare Inc. pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of Principal Executive Officer of Prestige Consumer Healthcare Inc. pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification of Principal Financial Officer of Prestige Consumer Healthcare Inc. pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

*	Filed herewith.
†	Certain confidential portions have been omitted.
+	Incorporated herein by reference.
@	Represents a management contract.
#	Represents a compensatory plan.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Prestige Consumer Healthcare Inc.

By:	/s/ Christine Sacco
Name:	Christine Sacco
Title:	Chief Financial Officer
Date:	May 8, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	*Title*	*Date*
/s/ RONALD M. LOMBARDI Ronald M. Lombardi	Director, President and Chief Executive Officer (Principal Executive Officer)	May 8, 2020
/s/ CHRISTINE SACCO Christine Sacco	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	May 8, 2020
/s/ JOHN E. BYOM John E. Byom	Director	May 8, 2020
/s/ GARY E. COSTLEY Gary E. Costley	Director	May 8, 2020
/s/ SHEILA A. HOPKINS Sheila A. Hopkins	Director	May 8, 2020
/s/ JAMES M. JENNESS James M. Jenness	Director	May 8, 2020
/s/ NATALE S. RICCIARDI Natale S. Ricciardi	Director	May 8, 2020
/s/ CHRISTOPHER J. COUGHLIN Christopher J. Coughlin	Director	May 8, 2020
/s/ DAWN M. ZIER Dawn M. Zier	Director	May 8, 2020

[***] Certain identified information has been excluded from this exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

Exhibit 10.34

AIA® Document A141™ - 2014

Standard Form of Agreement Between Owner and Design-Builder

This AGREEMENT made as of the « 1st » day of «July » in the year « 2018 » ("Effective Date"), and includes and incorporates by reference herein the Clark, Richardson & Biskup Consulting Engineers, Inc. (CRB) Terms and Conditions, as mutually executed by the parties (defined herein) on November 29, 2017 ("Terms & Conditions"), the Basis of Design Narrative Report issued by Design-Builder (defined herein) on or by August 24, 2018 ("BOD", incorporated by reference herein), Exhibit A "Design-Build Amendment" (not yet executed as of the Effective Date), Exhibit B ("Insurance and Bonds"), and any and all other documents referenced herein, exhibits, attachments, schedules and/or amendments hereto (collectively referred to herein as the "Agreement" and also referred to herein as the "Contract"). All capitalized terms used but not defined in this Agreement shall have the meanings set forth for them in the Terms & Conditions. In the event of a conflict of terms between this Agreement and the BOD, the BOD shall govern.
(In words, indicate day, month and year.)

BETWEEN the Owner:
(Name, legal status, address and other information)

« C.B. Fleet Company, Incorporated, »« including its affiliates, subsidiaries, officers, directors, employees and agents with an address of»
« 4615 Murray Place »
« Lynchburg, VA 24502, ("Owner") »
« »

and the Design-Builder:
(Name, legal status, address and other information)

« CRB Builders, LLC, »« including its affiliates, subsidiaries, officers, directors, employees and agents with an address of, »
«1255 Crescent Green, Suite 350»
« Cary, NC 27518, ("Design-Builder") »
« »
(each, a "party"; collectively, the "parties")
for the following Project:
(Name, location and detailed description)

«Fleet Project [***] – Lynchburg, VA ("Facility") (referred to herein as the "Project").»
« »
« »

The Owner and Design-Builder agree as follows.

TABLE OF ARTICLES

1 GENERAL PROVISIONS

2 COMPENSATION AND PROGRESS PAYMENTS

3 GENERAL REQUIREMENTS OF THE WORK OF THE DESIGN-BUILD CONTRACT

4 WORK PRIOR TO EXECUTION OF THE DESIGN-BUILD AMENDMENT

5 WORK FOLLOWING EXECUTION OF THE DESIGN-BUILD AMENDMENT

6 CHANGES IN THE WORK

7 OWNER'S RESPONSIBILITIES

8 TIME

9 PAYMENT APPLICATIONS AND PROJECT COMPLETION

10 PROTECTION OF PERSONS AND PROPERTY

11 UNCOVERING AND CORRECTION OF WORK

12 COPYRIGHTS AND LICENSES

13 TERMINATION OR SUSPENSION

14 CLAIMS AND DISPUTE RESOLUTION

15 MISCELLANEOUS PROVISIONS

16 SCOPE OF THE AGREEMENT

TABLE OF EXHIBITS

A DESIGN-BUILD AMENDMENT

B INSURANCE AND BONDS

C OWNER'S CRITERIA

D SCHEDULE OF HOURLY CHARGE OUT RATES

ARTICLE 1 GENERAL PROVISIONS

§ 1.1 Owner's Criteria

This Agreement is based on the Owner's Criteria set forth in this Section 1.1.

(Note the disposition for the following items by inserting the requested information or a statement such as "not applicable" or "unknown at time of execution." If the Owner intends to provide a set of design documents, and the

requested information is contained in the design documents, identify the design documents and insert "see Owner's design documents" where appropriate.)
The parties acknowledge and agree that the Owner's Criteria has been delivered to the Design-Builder, and it is on the basis of such Owner's Criteria that the Design-Builder has prepared its Basis of Design Narrative Report (the "BOD"). Therefore, throughout this Agreement, any reference to "BOD" shall incorporate by reference the entirety of the Owner's Criteria.

§ 1.1.1 The Owner's program for the Project:
(Set forth the program, identify documentation in which the program is set forth, or state the manner in which the program will be developed.)

« The program for the Project shall be the Design-Builder's construction and commissioning of a new suite at the Facility ("Suite") [***]. Additional program details to be developed and approved by Owner, as reflected in the BOD. Design-Builder's work ("Work", as more specifically defined herein) as to all of the foregoing shall constitute "Services" as more specifically set forth herein. »

§ 1.1.2 The Owner's design requirements for the Project and related documentation:
(Identify below, or in an attached exhibit, the documentation that contains the Owner's design requirements, including any performance specifications for the Project.)

« Design-Builder shall adhere to the BOD, the Owner-Approved Preliminary Design (defined herein), as well as the requirements that the Facility comply with US (FDA) and Canada (WHO) regulations and regulatory guidelines. »

§ 1.1.3 The Project's physical characteristics:
(Identify or describe, if appropriate, size, location, dimensions, or other pertinent information, such as geotechnical reports; site, boundary and topographic surveys; traffic and utility studies; availability of public and private utilities and services; legal description of the site; etc.)

« Renovation of the Facility at the Lynchburg, VA plant to design, construct and commission the Suite, including the Process Equipment (defined herein). »

§ 1.1.4 The Owner's anticipated Sustainable Objective for the Project, if any:
(Identify the Owner's Sustainable Objective for the Project such as Sustainability Certification, benefit to the environment, enhancement to the health and well-being of building occupants, or improvement of energy efficiency. If the Owner identifies a Sustainable Objective, incorporate AIA Document A141™–2014, Exhibit C, Sustainable Projects, into this Agreement to define the terms, conditions and Work related to the Owner's Sustainable Objective.)

« Design-Builder shall take into account in its Services, utilization of cost-effective, sustainability measures to improve energy efficiency. »

§ 1.1.5 Incentive programs the Owner intends to pursue for the Project, including those related to the, and any deadlines for receiving the incentives that are dependent on, or related to, the Design-Builder's services, are as follows:
(Identify incentive programs the Owner intends to pursue for the Project and deadlines for submitting or applying for the incentive programs.)

« Owner and Design-Builder will establish a fee at risk bonus / penalty incentive as reflected in Exhibit A "Design-Build Amendment" (also referred to herein as "Ex. A Amendment").

»

§ 1.1.6 The Owner's budget for the Work to be provided by the Design-Builder is set forth below:
(Provide total for Owner's budget, and if known, a line item breakdown of costs.)

The Project budget for the Work to be provided by the Design-Builder is estimated at a Guaranteed Maximum Price of $11 million, and includes the following: a cost plus 4.5%, labor, materials, equipment, Design-Builder's purchase of certain Process Equipment, and Owner's purchase of certain long-lead time Process Equipment (estimated at approx. $4.5 million). Owner agrees that Design-Builder shall only be obligated to obtain Owner's prior written approval for those items Design-Builder proposes for its purchase that equal or exceed $350,000. Notwithstanding the foregoing, Design-Builder shall be required to submit to Owner monthly reports reflecting all Project costs and expenses.

§ 1.1.7 The Owner's design and construction milestone dates:

.1 Design phase milestone dates:

« Complete and Issue Basis of Design Proposal (delivered to Owner dated June 19, 2018)
Issue Basis of Design (Narrative) report (including evaluation of and incorporating by reference, the Owner's Criteria) for Owner's review by August 14, 2018
Complete and Issue Basis of Design (Narrative) report ("BOD") by August 24, 2018
Complete and Issue Preliminary Design ("Preliminary Design") for Review by October 5, 2018
Complete and Issue Design for Approval by October 26, 2018
Issue Construction Documents (defined herein) on or by November 9, 2018»

.2 Submission of Design-Builder Proposal:

« Submit Design-Builder Proposal ("Proposal") (including Gmax (defined below) by November 9, 2018 »

.3 Phased completion dates:

« Mechanical Completion by July 3, 2019
Facility Commissioning Complete by August 16, 2019 (To be confirmed with Fleet) »

.4 Substantial Completion date:

« August 16, 2019 (To be confirmed with Fleet) »

.5 Other milestone dates:

« Milestone completion dates shall more specifically be set forth in the "Timeline" as agreed-to by the parties and as set forth on Exhibit A ("Timeline", incorporated by reference into this Agreement). »

§ 1.1.8 The Owner requires the Design-Builder to retain the following Architect, Consultants and Contractors at the Design-Builder's cost:
(List name, legal status, address and other information.)

.1 Architect

« Design-Builder has represented to Owner that it is a licensed architect and shall be responsible itself for drawings and all related Applicable Laws (defined herein) filings and compliance. »

.2 Consultants

« To the extent that Design-Builder engages any third party consultant(s), Design-Builder shall in any event remain wholly and singly liable and responsible for any and all work performed by any of its consultants. In no event shall Owner be responsible for payment, or liable for any work benefits or workers compensation insurance or any other insurance for Design-Builder and/or any of Design-Builder's consultants. »

.3 Contractors

« To the extent that Design-Builder engages any third party contractor(s), Design-Builder shall in any event remain wholly and singly liable and responsible for any and all work performed by any of its contractors. In no event shall Owner be responsible for payment, or liable for any work benefits or workers compensation insurance or any other insurance for Design-Builder and/or any of Design-Builder's contractors. »

§ 1.1.9 Additional Owner's Criteria upon which the Agreement is based:
(Identify special characteristics or needs of the Project not identified elsewhere, such as historic preservation requirements.)

« Not applicable. »

§ 1.1.10 The Design-Builder shall confirm that the information included in the Owner's Criteria complies with all federal, state, local and municipal applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders and/or guidance of public authorities (collectively, "Applicable Laws").

§ 1.1.10.1 If the Owner's Criteria conflicts with Applicable Laws, the Design-Builder shall promptly notify the Owner of the conflict and work to modify the BOD so that it is compliant with all Applicable Laws.

§ 1.1.11 If there is a change in the Owner's Criteria, the Owner and the Design-Builder shall execute a Modification (defined herein) in accordance with Article 6, if necessary and only as applicable.

§ 1.1.12 If the Owner and Design-Builder intend to transmit Instruments of Service or any other information or documentation in digital form, they shall endeavor to establish necessary protocols governing such transmissions. Unless otherwise agreed, the parties will use AIA Document E203™–2013 to establish the protocols for the development, use, transmission, and exchange of digital data and building information modeling.

§ 1.2 Project Team
§ 1.2.1 The Owner identifies the following representative in accordance with Section 7.1.1:
(List name, address and other information.)

« Jeff Thompson, VP, Operations and Supply Chain, C.B. Fleet Company, Incorporated, Lynchburg Site Lead, 4615 Murray Place | Lynchburg, VA 24502, t: 434-329-3767 | C: 434-944-8595, Jeff.Thompson@cbfleet.com, Owner's designated site supervisor and representative with respect to all Project matters that impact the Contract Sum and/or require approval amounts less than or equal to $100,000. »

« Christine Sacco, Chief Financial Officer, 660 White Plains Road, Suite 250, Tarrytown, NY 10591, t: 914-524-6882, f: 914-524-7488, csacco@prestigebrands.com, and Timothy J. Connors, Executive Vice President, 660 White Plains Road, Suite 250, Tarrytown, NY 10591, t: 914-524-6839, f: 914-524-6813, tconnors@prestigebrands.com, Owner's joint designees representatives for the Owner with respect to all Project matters that impact the Contract Sum and/or require approval amounts over $100,000. »

Notice for any matters shall be sent by Design-Builder to Owner's project manager:

Joshua Bailey, Manager, Quality and Validation, C.B. Fleet Company, Incorporated, 4615 Murray Place | Lynchburg, VA 24502, t: 434-329-3734, joshua.bailey@cbfleet.com.

§ 1.2.2 The persons or entities, in addition to the Owner's representative, who are required to review the Design-Builder's Submittals are as follows:
(List name, address and other information.)

«N/A »

§ 1.2.3 The Owner will retain the following consultants and separate contractors:
(List discipline, scope of work, and, if known, identify by name and address.)«N/A »

§ 1.2.4 The Design-Builder identifies the following representative in accordance with Section 3.1.2:
(List name, address and other information.)

« A.L. Nesbitt, Project Manager
Wade Shelden, Project Director »

§ 1.2.5 Neither of the Design-Builder's representatives shall be changed without ten days' written notice to the Owner.

§ 1.3 Binding Dispute Resolution
For any Claim subject to, but not resolved by, mediation pursuant to Section 14.3, the method of binding dispute resolution shall be the following:
(Check the appropriate box. If the Owner and Design-Builder do not select a method of binding dispute resolution below, or do not subsequently agree in writing to a binding dispute resolution other than litigation, Claims will be resolved by litigation in a court of competent jurisdiction.)

[« X »] Arbitration pursuant to Section 14.4

[« »] Litigation in a court of competent jurisdiction

[« »] Other: (Specify)

§ 1.4 Definitions
§ 1.4.1 Contract Documents. The Contract Documents consist of this Agreement between Owner and Design-Builder, its attached Exhibits and the BOD as modified (as stated above, collectively, the "Agreement"); the Preliminary Design and Proposal (both referenced in Section 1.1.7.1) , other documents listed in this Agreement; and Modifications issued after execution of this Agreement. A Modification is (1) a written amendment to the Contract signed by both parties, including the Design-Build Amendment, (2) a Change Order, or (3) a Change Directive.

§ 1.4.2 The Contract. The Contract Documents form the Contract. The Contract represents the entire and integrated agreement between the parties and supersedes prior negotiations, representations or agreements, either written or oral. The Contract may be amended or modified only by a Modification. The Contract Documents shall not be construed to create a contractual relationship of any kind between any persons or entities other than the Owner and the Design-Builder.

§ 1.4.3 The Work. The term "Work" means the design, construction and related Services required to fulfill the Design-Builder's obligations under the Contract Documents, whether completed or partially completed, and includes

all labor, materials, equipment and services provided or to be provided by the Design-Builder. The Work may constitute the whole or a part of the Project.

§ 1.4.4 The Project. The Project is the total design and construction of which the Work performed under the Contract Documents may be the whole or a part, and may include design and construction by the Owner and by separate contractors.

§ 1.4.5 Instruments of Service. Instruments of Service are representations, in any medium of expression now known or later developed, of the tangible and intangible creative work performed by the Design-Builder, Contractor(s), Architect, and Consultant(s) under their respective agreements. Instruments of Service may include, without limitation, studies, surveys, models, sketches, drawings, specifications, digital models and other similar materials.

§ 1.4.6 Submittal. A Submittal is any submission to the Owner for review and approval demonstrating how the Design-Builder proposes to conform to the Contract Documents for those portions of the Work for which the Contract Documents require Submittals. Submittals include, but are not limited to, shop drawings, product data, samples and documents or sets of documents delivered by Contractor or subcontractor to Design-Builder for purpose of review and approval. Submittals are not Contract Documents unless incorporated into a Modification.

§ 1.4.7 Owner. The Owner is the person or entity identified as such in the Agreement and is referred to throughout the Contract Documents as if singular in number. The term "Owner" means the Owner or the Owner's authorized representative.

§ 1.4.8 Design-Builder. The Design-Builder is the person or entity identified as such in the Agreement and is referred to throughout the Contract Documents as if singular in number. The term "Design-Builder" means the Design-Builder or the Design-Builder's authorized representative.

§ 1.4.9 Consultant. A Consultant is a person or entity providing professional services for the Design-Builder for all or a portion of the Work, and is referred to throughout the Contract Documents as if singular in number. To the extent required by the relevant jurisdiction, the Consultant shall be lawfully licensed to provide the required professional services. Design-Builder acknowledges, agrees and warrants that any Consultant with which it contracts in furtherance of Design-Builder's obligations hereunder, shall be subject to all terms and conditions herein, and Design-Builder shall at all times remain solely obligated and liable for any and all actions of and Work performed by it and/or its Consultant.

§ 1.4.10 Architect. The Architect is a person or entity providing design services for the Design-Builder for all or a portion of the Work, and is lawfully licensed to practice architecture in the applicable jurisdiction. The Architect is referred to throughout the Contract Documents as if singular in number. Design-Builder acknowledges, agrees and warrants that any third-party Architect with which it contracts in furtherance of Design-Builder's obligations hereunder, shall be subject to all terms and conditions herein, and Design-Builder shall at all times remain solely obligated and liable for any and all actions of and Work performed by it and/or its third-party Architect.

§ 1.4.11 Contractor. A Contractor is a person or entity performing all or a portion of the construction, required in connection with the Work, for the Design-Builder. The Contractor shall be lawfully licensed, if required in the jurisdiction where the Project is located. The Contractor is referred to throughout the Contract Documents as if singular in number and means a Contractor or an authorized representative of the Contractor. Design-Builder acknowledges, agrees and warrants that any Contractor with which it contracts in furtherance of Design-Builder's obligations hereunder, shall be subject to all terms and conditions herein, and Design-Builder shall at all times remain solely obligated and liable for any and all actions of and Work performed by it and/or its Contractor.

§ 1.4.12 Confidential Information. Confidential Information is information containing confidential or business proprietary information that would reasonably be assumed to be "confidential."

§ 1.4.13 Contract Time. Unless otherwise provided, Contract Time is the period of time, including authorized adjustments, as set forth in the Design-Build Amendment for Substantial Completion of the Work.

§ 1.4.14 Day. The term "day" as used in the Contract Documents shall mean calendar day unless otherwise specifically defined.

§ 1.4.15 Contract Sum. The Contract Sum is the amount to be paid to the Design-Builder for performance of the Work after execution of the Design-Build Amendment, as identified in Article A.1 of the Design-Build Amendment. Owner's payments to Design-Builder for Work done prior to the execution of the Design-Build Amendment are considered part of the Contract Sum.

§ 1.4.16 Process Equipment. The Process Equipment shall mean the equipment purchased by the Owner that is necessary for the manufacture and production of specific [***] brand products within the Suite. Such Process Equipment, as well as all other applicable equipment shall be listed, defined or otherwise referenced in the BOD.

ARTICLE 2 COMPENSATION AND PROGRESS PAYMENTS

§ 2.1 Compensation for Work Performed Prior To Execution of Design-Build Amendment

§ 2.1.1 Unless otherwise agreed, payments for Work performed prior to Execution of the Design-Build Amendment shall be made monthly. For the Design-Builder's performance of Work prior to the execution of the Design-Build Amendment, the Owner shall compensate the Design-Builder as follows:
(Insert amount of, or basis for, compensation, or indicate the exhibit in which the information is provided. If there will be a limit on the total amount of compensation for Work performed prior to the execution of the Design-Build Amendment, state the amount of the limit.)

« To be approved in advance by Owner via individual proposals submitted by Design-Builder. » As per attached Exhibit D, or " N/A" if done under separate purchase order.

§ 2.1.2 The hourly billing rates for services of the Design-Builder and the Design-Builder's Architect, Consultants and Contractors, if any, are set forth below.
(If applicable, attach an exhibit of hourly billing rates or insert them below.)

As per attached Exhibit D"

§ 2.1.3 Compensation for Reimbursable Expenses Prior To Execution of Design-Build Amendment

§ 2.1.3.1 Reimbursable Expenses are in addition to compensation set forth in Section 2.1.1 and 2.1.2 and include expenses, directly related to the Project, incurred by the Design-Builder and the Design-Builder's Architect, Consultants, and Contractors, as follows (the following is subject to any established monetary limits in place and currently agreed-to by the parties in any current or future statement of work mutually-executed by the parties prior to execution of Exhibit A Amendment):

.1 Transportation and authorized out-of-town travel and subsistence;
.2 Dedicated data and communication services, teleconferences, Project web sites, and extranets;
.3 Fees paid for securing approval of authorities having jurisdiction over the Project;
.4 Printing, reproductions, plots, standard form documents;
.5 Postage, handling and delivery;.

.6 Expense of overtime work requiring higher than regular rates, but only if authorized in advance in writing by the Owner;
.7 Renderings, physical models, mock-ups, professional photography, and presentation materials as additionally requested in writing by the Owner;
.8 All taxes levied on professional services and on reimbursable expenses; and
.9 Other Project-related expenditures outside the scope of Work, but only if authorized in advance in writing by the Owner.

§ 2.1.3.2 For Reimbursable Expenses, the compensation shall be the expenses the Design-Builder and the Design-Builder's Architect, Consultants and Contractors incurred, plus an administrative fee of « ten » percent («10» %) of the expenses incurred.

§ 2.1.4 Payments to the Design-Builder Prior To Execution of Design-Build Amendment
§ 2.1.4.1 Payments are due and payable thirty (30) days net of Owner's receipt of the Design-Builder's invoice. In the event any invoice remains unpaid by Owner thirty (30) days after its original due date as set forth herein, Design-Builder may, after giving seven (7) days' prior written notice to Owner, suspend any services under this Agreement applicable to such outstanding payment until such time as payment has been made in full.
(Insert rate of monthly or annual interest agreed upon.)

«zero » % «0 »

§ 2.1.4.2 Records of Reimbursable Expenses and services performed on the basis of hourly rates shall be available to the Owner at mutually convenient times for a period of two years following execution of the Design-Build Amendment or termination of this Agreement, whichever occurs first.

§ 2.2 Contract Sum and Payment for Work Performed After Execution of Design-Build Amendment
For the Design-Builder's performance of the Work after execution of the Design-Build Amendment, the Owner shall pay to the Design-Builder the Contract Sum in current funds as agreed in the Design-Build Amendment and pursuant to Section 1.4.15 herein.

ARTICLE 3 GENERAL REQUIREMENTS OF THE WORK OF THE DESIGN-BUILD CONTRACT
§ 3.1 General
§ 3.1.1 The Design-Builder shall comply with any applicable licensing requirements in the jurisdiction where the Project is located.

§ 3.1.2 The Design-Builder shall designate in writing a representative who is authorized to act on the Design-Builder's behalf with respect to the Project.

§ 3.1.3 The Design-Builder shall supervise and direct the Work, in a manner consistent with that degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances at the same time and in the same or similar locality ("Standard of Care"). The Design-Builder shall be primarily responsible for all construction means, methods, techniques, sequences and procedures and for coordinating all portions of the Work under the Contract. The Design-Builder shall provide and pay for all labor, materials, equipment, tools, construction equipment and machinery, water, heat, utilities, transportation, and other facilities and services necessary for the proper execution and completion of the Work. The Design-Builder shall perform the Work in accordance with the Contract Documents. The Design-Builder shall not in any event be relieved of the obligation to perform the Work

in accordance with the Contract Documents by the activities, tests, inspections or approvals of the Owner or Owner's Consultant(s), Architect(s) (including third-party Architect(s)) and/or Contractor(s), Owner's representative(s) and/or any governmental authority(ies) (including, but not limited to, inspections done by the FDA) .

§ 3.1.3.1 The Design-Builder shall perform the Work in compliance with Applicable Laws. If the Design-Builder performs Work contrary to Applicable Laws, the Design-Builder shall assume responsibility for such Work and shall solely bear the costs attributable to correction that fully rectifies any Work that results in any non-compliance with, or Work that is contrary to Applicable Laws.

§ 3.1.3.2 Neither the Design-Builder nor any Contractor, Consultant, or Architect shall be obligated to perform any act which would violate any Applicable Laws. If the Design-Builder determines that implementation of any instruction received from the Owner, including those in the Owner's Criteria, would cause a violation of any Applicable Laws, the Design-Builder shall notify the Owner in writing. Upon verification by the Owner that a change to the Owner's Criteria is required to remedy the violation, the Owner and the Design-Builder shall execute a Modification in accordance with Article 6, if necessary and only as applicable.

§ 3.1.4 The Design-Builder warrants that it shall be solely responsible to the Owner for the acts and omissions of all of the Design-Builder's employees, Architects (including third-party Architects), Consultants, Contractors, and their agents and employees, and other persons or entities performing any portions of the Work.

§ 3.1.5 General Consultation. The Design-Builder shall schedule and conduct periodic meetings with the Owner to review matters such as procedures, progress, coordination, and scheduling of the Work.

§ 3.1.6 When Applicable Law and/or industry standard requires that services be performed by licensed professionals, the Design-Builder shall provide those services through qualified, licensed professionals. The Owner understands and agrees that the services of the Design-Builder's Architect and the Design-Builder's other Consultants are performed in the sole interest of, and for the exclusive benefit of, the Design-Builder, but for the sole purpose of fulfilling the Design-Builder's obligations pursuant to the terms and conditions of this Agreement and its exhibits and amendments.

§ 3.1.7 The Design-Builder, with the reasonable assistance of the Owner, shall prepare and file documents required to obtain necessary approvals of governmental authorities having jurisdiction over the Project. Design-Builder represents and warrants that it has the expertise, license and any other wherewithal to fulfil its obligations under this Section 3.1.7.

§ 3.1.8 Progress Reports

§ 3.1.8.1 The Design-Builder shall keep the Owner informed of the progress and quality of the Work. On a monthly basis, or otherwise as agreed to by the Owner and Design-Builder, the Design-Builder shall submit written progress reports to the Owner, showing estimated percentages of completion and other information identified below:

.1 Work completed for the period;
.2 Project schedule status;
.3 Submittal schedule and status report, including a summary of outstanding Submittals;
.4 Responses to requests for information to be provided by the Owner;
.5 Approved Change Orders and Change Directives;
.6 Pending Change Order and Change Directive status reports;
.7 Tests and inspection reports;
.8 Status report of Work rejected by the Owner;
.9 Status of Claims previously submitted in accordance with Article 14;
.10 Cumulative total of the Cost of the Work to date including the Design-Builder's compensation and Reimbursable Expenses, if any;
.11 Current Project cash-flow and forecast reports; and

.12 Additional information as agreed to by the Owner and Design-Builder.

§ 3.1.8.2 In addition, where the Contract Sum is the Cost of the Work with or without a Guaranteed Maximum Price, the Design-Builder shall include the following additional information in its progress reports:

.1 Design-Builder's work force report; and

.2 Cost summary, comparing actual costs to updated cost estimates.

§ 3.1.9 Design-Builder's Schedules

§ 3.1.9.1 The Design-Builder has prepared and submitted to the Owner a schedule for the Work ("Preliminary Timeline". The Preliminary Timeline, including the time required for design and construction, shall not exceed time limits current under the Contract Documents, shall not be revised unless by mutually-executed written agreement, which shall be an amendment hereto and be incorporated herein, however such revisions shall only be done at appropriate intervals as required by the conditions of the Work and Project, shall be related to the entire Project to the extent required by the Contract Documents, shall provide for expeditious and practicable execution of the Work. The parties acknowledge and agree that at the time of mutual execution of this Agreement, they have agreed that the Work must be substantially complete, and the facility commissioning and Process Formulation Equipment (which shall not include packaging Process Equipment) installation to Owner, on or by August 16, 2019 ("Substantial Completion Date"). The parties further acknowledge and agree that the Substantial Completion Date, as well as the Timeline, take into account and include appropriate allowances for applicable periods of time required for the Owner's review and for approval of submissions by authorities having jurisdiction over the Project.

§ 3.1.9.2 The Design-Builder shall perform the Work in general accordance with the Timeline as mutually agreed-to and executed by Owner and Design-Builder as finalized in Exhibit A.

§ 3.1.10 Certifications. Upon the Owner's written request, the Design-Builder shall obtain from the Architect, Consultants, and Contractors, and furnish to the Owner, certifications with respect to the documents and services provided by the Architect, Consultants, and Contractors (a) that, to the best of their knowledge, information and belief, the documents or services to which the certifications relate (i) are consistent with the Design-Build Documents, except to the extent specifically identified in the certificate, and (ii) comply with Applicable Laws governing the design of the Project; and (b) that the Owner and its consultants shall be entitled to rely upon the accuracy of the representations and statements contained in the certifications. The Design-Builder's Architect, Consultants, and Contractors shall not be required to execute certificates or consents that would require knowledge, services or responsibilities beyond the scope of the Work and their services therefor.

§ 3.1.11 Design-Builder's Submittals

§ 3.1.11.1 Prior to submission of any Submittals, the Design-Builder shall prepare a Submittal schedule, and shall submit the schedule for the Owner's approval. The Owner's approval shall not unreasonably be delayed or withheld. The Submittal schedule shall (1) be coordinated with the Design-Builder's schedule provided in Section 3.1.9.1, (2) allow the Owner reasonable time to review Submittals, which shall in no event be less than five (5) business days, unless mutually agreed to otherwise following Owner's actual receipt of such Submittals, and (3) be periodically updated to reflect the progress of the Work. Design-Builder shall be entitled to an increase in Contract Sum or extension of Contract Time if the Owner fails to timely review and approval of Submittals (and in such case, Owner shall be responsible for payment of any overtime Work required to meet the Timeline).

§ 3.1.11.2 By providing Submittals the Design-Builder represents to the Owner that it has (1) reviewed and approved them, (2) determined and verified materials, field measurements and field construction criteria related thereto, or will do so, (3) checked and coordinated the information contained within such Submittals with the requirements of the Work and of the Contract Documents, and (4) confirmed that such Submittals comply with all Applicable Laws.

§ 3.1.11.3 The Design-Builder shall perform no portion of the Work for which the Contract Documents require Submittals until the Owner has approved the respective Submittal.

§ 3.1.11.4 The Work shall be in accordance with Owner-approved Submittals except that the Design-Builder shall not be relieved of its responsibility to perform the Work consistent with the requirements of the Contract Documents. The Work may deviate from the Contract Documents only if the Design-Builder has notified the Owner in writing of a deviation from the Contract Documents at the time of the Submittal and a Modification is executed by Owner authorizing the identified deviation. The Design-Builder shall not be relieved of responsibility for errors or omissions in Submittals by the Owner's approval of the Submittals.

§ 3.1.11.5 All professional design services or certifications shall be provided by the Design-Builder, including all drawings, calculations, specifications, certifications, shop drawings and other Submittals, and shall contain the signature and seal of the licensed design professional preparing them. Submittals related to the Work designed or certified by the licensed design professionals, if prepared by others, shall bear the licensed design professional's written approval. Design-Builder acknowledges that the Owner and its consultants shall be entitled to and shall indeed rely upon the adequacy, accuracy and completeness of the services, certifications and/or approvals performed by such design professionals.

§ 3.1.12 Warranty. The Design-Builder warrants to the Owner that, for one year after the actual Substantial Completion Date, the materials and equipment furnished under the Contract will be of good quality and new unless the Contract Documents require or permit otherwise for . The Design-Builder further warrants that, for one year after Substantial Completion, the Work will conform to the requirements of the Contract Documents and will be of good quality, free from faults and/or defects, and in conformance with the Contract Documents and fit for the use as defined in the Owner's Criteria. Work, materials, or equipment not conforming to these requirements may be considered defective. The Design-Builder's warranty excludes remedy for damage or defect caused by abuse, alterations to the Work not executed by the Design-Builder, improper or insufficient maintenance, improper operation, or normal wear and tear and normal usage, taking into account the Owner's Criteria. If required by the Owner, the Design-Builder shall furnish satisfactory evidence as to the kind and quality of materials and equipment.

§ 3.1.13 Royalties, Patents and Copyrights
§ 3.1.13.1 The Design-Builder shall be solely responsible for, and shall pay all royalties and license fees.

§ 3.1.13.2 The Design-Builder shall defend suits or claims for infringement of copyrights and patent rights and shall hold the Owner and its separate contractors and consultants harmless from loss on account thereof. However, if the Design-Builder has reason to believe that the design, process or product required in the Owner's Criteria is an infringement of a copyright or a patent, the Design-Builder shall be responsible for such loss unless Design-Builder promptly notifies the Owner in writing of such belief and promptly furnishes such information to the Owner. If the Owner receives notice from a patent or copyright owner of an alleged violation of a patent or copyright, attributable to the Design-Builder, the Owner shall give prompt written notice to the Design-Builder.

§ 3.1.14 Indemnification
§ 3.1.14.1 To the fullest extent permitted by law, the Design-Builder shall indemnify and hold harmless the Owner, including the Owner's officers, agents and employees, from and against claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from performance of the Work, but only to the extent caused by the negligent or willful acts or omissions of the Design-Builder, Architect, a Consultant, a Contractor, or anyone directly or indirectly employed by them or anyone for whose acts they may be liable. Such obligation shall not be construed to negate, abridge, or reduce other rights or obligations of indemnity that would otherwise exist as to a party or person as stated in this Agreement.

§ 3.1.14.2 The indemnification obligation under this Section 3.1.14 shall not be limited by a limitation on amount or type of damages, compensation, or benefits payable by, on behalf of or for Design-Builder, Architect, a Consultant, a Contractor, or anyone directly or indirectly employed by them, under workers' compensation acts, disability benefit acts or other employee benefit acts.

§ 3.1.15 Contingent Assignment of Agreements

§ 3.1.15.1 Each agreement for a portion of the Work is assigned by the Design-Builder to the Owner, provided that

.1 assignment is effective only after termination of the Contract by the Owner for cause, pursuant to Sections 13.1.4 or 13.2.2, and only for those agreements that the Owner accepts by written notification to the Design-Builder and the Architect, Consultants, and Contractors whose agreements are accepted for assignment; and

.2 assignment is subject to the prior rights of the surety, if any, obligated under bond relating to the Contract.

When the Owner accepts the assignment of an agreement, the Owner assumes the Design-Builder's rights and obligations under the agreement. Notwithstanding the foregoing, any rights the Owner may have as a result of termination for cause shall not be mitigated by an assumption by the Owner of the Design-Builder's rights and obligations under an assigned agreement, pursuant to this Section 3.1.15.1.

§ 3.1.15.2 Upon such assignment, if the Work has been suspended for more than 30 days, the compensation under the assigned agreement shall be equitably adjusted for increases in cost resulting from the suspension.

§ 3.1.15.3 Upon such assignment to the Owner under this Section 3.1.15, the Owner may further assign the agreement to a successor design-builder or other entity. If the Owner assigns the agreement to a successor design-builder or other entity, the Owner shall nevertheless remain legally responsible for all of the successor design-builder's or other entity's obligations under the agreement.

§ 3.1.16 Design-Builder's Insurance and Bonds. The Design-Builder shall purchase and maintain insurance and provide bonds as set forth in Exhibit B.

ARTICLE 4 WORK PRIOR TO EXECUTION OF THE DESIGN-BUILD AMENDMENT

§ 4.1 General

§ 4.1.1 Any information submitted by the Design-Builder, and any interim decisions made by the Owner, shall be for the purpose of facilitating the design process and shall not modify the Owner's Criteria unless the Owner and Design-Builder execute a Modification.

§ 4.1.2 The Design-Builder shall advise the Owner on proposed site use and improvements, selection of materials, and building systems and equipment. The Design-Builder shall also provide the Owner with recommendations, consistent with the BOD, on constructability; availability of materials and labor; time requirements for procurement, installation and construction; and factors related to construction cost including, but not limited to, costs of alternative designs or materials, preliminary budgets, life-cycle data, and possible cost reductions.

§ 4.2 Evaluation of the BOD

§ 4.2.1 The Design-Builder shall schedule and conduct meetings with the Owner and any other necessary individuals or entities to discuss and review the Owner's Criteria as set forth in Section 1.1.The Design-Builder shall thereafter again meet with the Owner to discuss a preliminary evaluation of the BOD. The preliminary evaluation shall address possible alternative approaches to design and construction of the Project and include the Design-Builder's recommendations, if any, with regard to accelerated or fast-track scheduling, procurement, or phased

construction. The preliminary evaluation shall consider cost information, constructability, and procurement and construction scheduling issues.

§ 4.2.2 After the Design-Builder meets with the Owner and presents the preliminary evaluation, the Design-Builder shall provide a written report to the Owner, summarizing the Design-Builder's evaluation of the BOD. The report shall also include

.1 allocations of program functions, detailing each function and their square foot areas;
.2 a preliminary estimate of the Cost of the Work, and, if necessary, recommendations to adjust the BOD to conform to the Owner's budget;
.3 a preliminary schedule, which shall include proposed design milestones; dates for receiving additional information from, or for work to be completed by, the Owner; anticipated date for the Design-Builder's Proposal; and dates of periodic design review sessions with the Owner; and
.4 the following:
(List additional information, if any, to be included in the Design-Builder's written report.)

§ 4.2.3 The Owner shall review the Design-Builder's written report and, if acceptable, provide the Design-Builder with written consent to proceed to the development of the Preliminary Design as described in Section 4.3. The consent to proceed shall not be understood to modify the Owner's Criteria unless the Owner and Design-Builder execute a Modification. « Reference is made to the CRB Basis of Design Proposal for CRB Project No. 17540.S dated June 19, 2018 »

§ 4.3 Preliminary Design
§ 4.3.1 The Design-Builder shall prepare and submit a Preliminary Design to the Owner. The Preliminary Design shall include a report identifying any deviations from the Owner's Criteria, and shall include the following:

.1 Confirmation of the allocations of program functions;
.2 Site plan;
.3 Building plans, sections and elevations;
.4 Structural system;
.5 Selections of major building systems, including but not limited to mechanical, electrical and plumbing systems; and
.6 Outline specifications or sufficient drawing notes describing construction materials.

The Preliminary Design may include some combination of physical study models, perspective sketches, or digital modeling.

§ 4.3.2 The Owner shall review the Preliminary Design and shall in its sole discretion approve or disapprove of such Preliminary Design. In the event Owner disapproves of such Preliminary Design, Owner may in its sole discretion, terminate this Agreement pursuant to Section 13.1.5. In the event Owner accepts such Preliminary Design, then it shall provide the Design-Builder with written consent to proceed to development of the Design-Builder's Proposal. The Preliminary Design shall not modify the Owner's Criteria unless the Owner and Design-Builder execute a Modification.

§ 4.4 Design-Builder's Proposal
§ 4.4.1 Upon the Owner's issuance of a written consent to proceed under Section 4.3.2, the Design-Builder shall prepare and submit the Design-Builder's GMax Proposal (defined herein) to the Owner.

§ 4.4.1.2 When the Parties agree that the design of the Project is sufficiently developed and documented to allow detailed pricing of its construction, Design-Builder shall prepare and submit a Guaranteed Maximum Price ("GMax") Proposal to Owner. The GMax Proposal must be prepared in accordance with the guidelines and

delivered in the format specified by Owner. Design-Builder shall not withdraw its GMax Proposal for twenty-one (21) days following submission to the Owner.

§ 4.4.1.3 The Design-Builder shall review development of the GMax Proposal with the Owner on an ongoing basis to address clarifications of scope and pricing, distribution of contingencies, schedule, assumptions, exclusions, and other matters relevant to the establishment of a GMax.

§ 4.4.1.4 The GMax Proposal must include a written description of how it was derived that specifically identifies the clarifications and assumptions made by the Design-Builder in the GMax and the monetary amounts attributable to them. The GMax Proposal shall include, without limitation, a breakdown of Design-Builder's estimated General Conditions Costs and estimated Costs of the Work organized by trade; contingency amounts; the Construction Phase Fee; and the proposed Contract Time, including dates for Notice to Proceed, Substantial Completion and Final Completion.

§ 4.4.1.5 The Gmax Proposal shall allow for all changes and refinements in the Drawings and Specifications through completion of the Construction Documents, except for material changes in scope.

§ 4.4.1.6 The GMax Proposal will include a Design-Builder's Contingency amount.

§ 4.4.1.7 Included with its GMax Proposal, Design-Builder shall provide two complete, bound sets of the drawings, specifications, plans, sketches, instructions, requirements, materials, equipment specifications and other information (the parties agree that electronic files are recommended) or documents that fully describe the Project as developed at the time of the GMax Proposal and that are relevant to the establishment of the GMax. The bound supporting documents shall be referenced in and incorporated into the GMax Proposal.

§ 4.4.1.8 The GMax Proposal and all supporting documents shall identify and describe all items, assumptions, costs, contingencies, schedules and other matters necessary and relevant for proper execution and completion of the Work and for establishment of the GMax. The GMax Proposal and the supporting documents are complementary and, in the event of an irreconcilable conflict between or among them, the interpretation that provides for the higher quality of material and/or workmanship shall prevail over all other interpretations, unless previously approved or accepted by the Owner.

§ 4.4.1.9 In submitting the GMax Proposal, the Design-Builder represents that it will provide every item, system or element of Work that is identified, shown or specified in the GMax Proposal or the supporting documents, along with all necessary or ancillary materials and equipment for their complete operating installation, unless specifically excepted by the Owner. Upon Owner's acceptance of the GMax Proposal, the Design-Builder shall not be entitled to any increase in the GMax due to the continued refinement of the Construction Documents or the absence or addition of any detail or specification that may be required in order to complete the construction of the Project as described in and reasonably inferable from the GMax Proposal or the supporting documents used to establish the GMax. Any costs that exceed the GMax shall be borne solely by the Design-Builder without reimbursement by the Owner. Design-Builder is responsible for all design, including incidental designing/detailing as required by the Specifications for shop drawing purposes, except for design provided by Owner's independent Design Consultants, if any.

§ 4.4.1.10 Prior to commencement of the Construction Phase Services and concurrently with submission of the Gmax Proposal, the Design-Builder shall submit for the Owner's acceptance a schedule for the performance of Construction Phase Services as specified. The Construction Phase Schedule shall include reasonable periods of time for the Owner's review and acceptance of design drawings and submissions and for approval of authorities having jurisdiction over the Project. Upon acceptance of a Gmax Proposal by the Owner, the Construction Phase Schedule shall not be modified except for good cause and as mutually agreed to by the Owner and Design-Builders.

§ 4.4.1.11 The GMax Proposal shall adopt and incorporate all of the terms and conditions of this Agreement and all attachments to this Agreement. Any proposed deviation from the terms and conditions of this Agreement must be clearly and conspicuously identified to the Owner in writing and specifically accepted by the Owner. In the event of a conflict between any term of the GMax Proposal that was not clearly and conspicuously identified and approved by the Owner and the terms of this Agreement and its attachments, the terms of the Agreement and its attachments shall control.

§ 4.4.1.12 [***].

§ 4.4.1.13 Following Owner acceptance of the GMax Proposal, Design-Builder shall continue to monitor the development of the Construction Documents so that, when complete, the Construction Documents adequately incorporate and resolve all qualifications, assumptions, clarifications, exclusions and value engineering issues identified in the GMax Proposal. During the Construction Documents stage, the Design-Builder and the Project Architect shall jointly deliver a monthly status report to the Owner describing the progress on the incorporation of all qualifications, assumptions, clarifications, exclusions, value engineering issues and all other matters relevant to the establishment of the GMax into the Construction Documents.

§ 4.4.1.14 The Design-Builder shall be entitled to an equitable adjustment of the GMax if it is required to pay or bear the burden of any new federal, state, or local tax, or any rate increase of an existing tax, except taxes on income, adopted through statute, court decision, written ruling, or regulation taking effect after acceptance of the GMax Proposal.

§ 4.4.1.15 The Parties may agree to convert the GMP to a lump sum contract amount at any time after the Design-Builder has received bids or proposals from trade contractors or Subcontractors for the performance of all major elements of the Work. In proposing a lump sum amount, the Design-Builder shall consider the buyout savings, any unused contingency amounts and the trade package contracts that have not been finalized. In preparing a lump sum conversion proposal, the General Contractor must provide the following information:

The stage of completion of the Project;
The trade packages that have been completely bought out;
The trade packages remaining that have not been bought out;
A complete line item breakdown of the calculations used to establish a lump sum amount based on the GMP Schedule of Values;
An accounting of all savings amounts that are to be returned to the Owner as part of the lump sum calculation; and
Any other Project information requested by the Owner.

The Design-Builder shall document the actual Cost of the Work at buyout as compared to the Guaranteed Maximum Price proposal and shall report this information to the Owner monthly with Design-Builder's recommendation for selection of a bid/proposal for each subcontracting package.

§ 4.4.2 In support of and submitted with the GMP Proposal, the Design-Builder shall prepare and submit the Design-Builder's Proposal to the Owner. The Design-Builder's Proposal shall include, but not be limited to the following:

.1 A list of the Preliminary Design documents and other information, including the Design-Builder's clarifications, assumptions and deviations from the Owner's Criteria, upon which the Design-Builder's Proposal is based;

.2 The proposed Contract Sum, including the compensation method and, if based upon the Cost of the Work plus a fee, a written statement of estimated cost organized by trade categories, allowances, contingencies, Design-Builder's Fee, and other items that comprise the Contract Sum;

.3 Any information as to the proposed Contract Sum that is in addition to that included in the GMP Proposal;

.4 The agreed-upon date the Design-Builder shall achieve Substantial Completion;
.5 An enumeration of any qualifications and exclusions, if applicable;
.6 A list of the Design-Builder's key personnel, Contractors and suppliers; and
.7 The date on which the Design-Builder's Proposal expires.

§ 4.4.3 Submission of the Design-Builder's Proposal shall constitute a representation by the Design-Builder that it has visited the site and become familiar with local conditions under which the Work is to be completed.

§ 4.4.4 If the Owner and Design-Builder agree on a proposal, the Owner and Design-Builder shall execute the Design-Build Amendment setting forth the terms of their agreement, which Design-Build Amendment shall be incorporated by reference and attached hereto as Exhibit A.

ARTICLE 5 WORK FOLLOWING EXECUTION OF THE DESIGN-BUILD AMENDMENT

§ 5.1 Construction Documents

§ 5.1.1 Upon the execution of the Design-Build Amendment, the Design-Builder shall prepare Construction Documents. The Construction Documents shall establish the quality levels of materials and systems required. The Construction Documents shall be consistent with the Contract Documents.

§ 5.1.2 The Design-Builder shall provide the Construction Documents to the Owner for the Owner's information. If the Owner discovers any deviations between the Construction Documents and the Contract Documents, the Owner shall promptly notify the Design-Builder of such deviations in writing. The Construction Documents shall not modify the Contract Documents unless the Owner and Design-Builder execute a Modification. The failure of the Owner to discover any such deviations shall not relieve the Design-Builder of the obligation to perform the Work in accordance with the Contract Documents.

§ 5.2 Construction

§ 5.2.1 Commencement. Except as permitted in Section 5.2.2, construction shall not commence prior to execution of the Design-Build Amendment.

§ 5.2.2 If the Owner and Design-Builder agree in writing, construction may proceed prior to the execution of the Design-Build Amendment. However, such authorization shall not waive the Owner's right to reject the Design-Builder's Proposal.

§ 5.2.3 The Design-Builder shall supervise and direct the Work, using Standard of Care as defined in paragraph 3.1.3. The Design-Builder shall be solely responsible for all construction means, methods, techniques, sequences and procedures, and for coordinating the Work under the Contract, unless the Contract Documents give other specific instructions concerning these matters.

§ 5.2.4 The Design-Builder shall be responsible for inspection of portions of Work already performed to determine that such portions are in proper condition to receive subsequent Work.

§ 5.3 Labor and Materials

§ 5.3.1 Unless otherwise provided in the Contract Documents, the Design-Builder shall provide and pay for labor, materials, equipment, tools, construction equipment and machinery, water, heat, utilities, transportation, and other facilities and services, necessary for proper execution and completion of the Work, whether temporary or permanent, and whether or not incorporated or to be incorporated in the Work.

§ 5.3.2 When a material or system is specified in the Contract Documents, the Design-Builder may make substitutions only in accordance with Article 6.

§ 5.3.3 The Design-Builder shall enforce strict discipline and good order among the Design-Builder's employees and other persons carrying out the Work. The Design-Builder shall not permit employment of unfit persons or persons not properly skilled in tasks assigned to them. The Design-Builder shall not knowingly employ or contract with an illegal alien to perform work under this Agreement, and shall not enter into a contract with a Consultant, Contractor or third-party Architect without obtaining a certification that such vendor shall not knowingly employ or contract with an illegal alien to perform work under this Agreement.

§ 5.4 Taxes
The Design-Builder shall pay sales, consumer, use and similar taxes, for the Work provided by the Design-Builder, that are legally enacted when the Design-Build Amendment is executed or that are legally enacted before Design-Builder's commissioning of the facility and its equipment to Owner, whether or not yet effective or merely scheduled to go into effect.

§ 5.5 Permits, Fees, Notices and Compliance with Laws
§ 5.5.1 Unless otherwise provided in the Contract Documents, the Design-Builder shall secure and pay for the building permit as well as any other permits, fees, licenses, and inspections by government agencies, necessary for proper execution of the Work and Substantial Completion of the Project.

§ 5.5.2 The Design-Builder shall comply with and give notices required by Applicable Laws, applicable to performance of the Work.

§ 5.5.3 Concealed or Unknown Conditions. If the Design-Builder encounters conditions at the site that are (1) subsurface or otherwise concealed physical conditions that differ materially from those indicated in the Contract Documents or (2) unknown physical conditions of an unusual nature that differ materially from those ordinarily found to exist and generally recognized as inherent in construction activities of the character provided for in the Contract Documents, the Design-Builder shall promptly provide written notice to the Owner before conditions are disturbed and in no event later than 5 days after first observance of the conditions. The Owner shall promptly investigate such conditions and, if the Owner determines that they differ materially and would cause an increase or decrease in the Design-Builder's cost of, or time required for, performance of any part of the Work, then the Design-Builder shall recommend in writing to the Owner an equitable adjustment in the Contract Sum or Contract Time, or both. If the Owner determines that the conditions at the site are not materially different from those indicated in the Contract Documents and that no change in the terms of the Contract is justified, the Owner shall promptly notify the Design-Builder in writing, stating the reasons. If the Design-Builder disputes the Owner's determination or recommendation, the Design-Builder may proceed as provided in Article 14.

§ 5.5.4 If, in the course of the Work, the Design-Builder encounters human remains, or recognizes the existence of burial markers, archaeological sites, or wetlands, not indicated in the Contract Documents, the Design-Builder shall immediately suspend any operations that would affect them and shall notify the Owner. Upon receipt of such notice, the Owner shall promptly take any action necessary to obtain governmental authorization required to resume the operations. The Design-Builder shall continue to suspend such operations until otherwise instructed by the Owner but shall continue with all other operations that do not affect those remains or features. Requests for adjustments in the Contract Sum and Contract Time arising from the existence of such remains or features may be made as provided in Article 14.

§ 5.6 Allowances
§ 5.6.1 The Design-Builder shall include in the Contract Sum all allowances stated in the Contract Documents. Items covered by allowances shall be supplied for such amounts, and by such persons or entities as the Owner may direct, but the Design-Builder shall not be required to employ persons or entities to whom the Design-Builder has reasonable objection.

§ 5.6.2 Unless otherwise provided in the Contract Documents,

.1 allowances shall cover the cost to the Design-Builder of materials and equipment delivered at the site and all required taxes, less applicable trade discounts (i.e. Owner shall receive the benefit of Design-Builder's applicable trade discounts);

.2 the Design-Builder's costs for unloading and handling at the site, labor, installation costs, overhead, profit, and other expenses contemplated for stated allowance amounts, shall be included in the Contract Sum but not in the allowances; and

.3 whenever costs are more than or less than allowances, the Contract Sum shall be adjusted accordingly by Change Order. The amount of the Change Order shall reflect (1) the difference between actual costs and the allowances under Section 5.6.2.1 and (2) changes in Design-Builder's costs under Section 5.6.2.2.

§ 5.6.3 The Owner shall make selections of materials and equipment with reasonable promptness for allowances requiring Owner selection.

§ 5.7 Key Personnel, Contractors and Suppliers

§ 5.7.1 The Design-Builder shall not employ personnel, or contract with Contractors or suppliers to whom the Owner has made reasonable and timely objection, prior to the execution of the Design-Build Amendment. The Design-Builder shall not be required to contract with anyone to whom the Design-Builder has made reasonable and timely objection.

§ 5.7.2 If the Design-Builder changes any of the personnel, Contractors or suppliers identified in the Design-Build Amendment, the Design-Builder shall notify the Owner and provide the name and qualifications of the new personnel, Contractor or supplier. The Owner may reply within 14 days to the Design-Builder in writing, stating (1) whether the Owner has reasonable objection to the proposed personnel, Contractor or supplier or (2) that the Owner requires additional time to review. Failure of the Owner to reply within the 14-day period shall constitute notice of no reasonable objection.

§ 5.7.3 Except for those persons or entities already identified or required in the Design-Build Amendment, the Design-Builder, as soon as practicable after execution of the Design-Build Amendment, shall furnish in writing to the Owner the names of persons or entities (including those who are to furnish materials or equipment fabricated to a special design) proposed for each principal portion of the Work. The Owner may reply within 14 days to the Design-Builder in writing stating (1) whether the Owner has reasonable objection to any such proposed person or entity or (2) that the Owner requires additional time for review. Failure of the Owner to reply within the 14-day period shall constitute notice of no reasonable objection.

§ 5.7.3.1 If the Owner has reasonable objection to a person or entity proposed by the Design-Builder, the Design-Builder shall propose another to whom the Owner has no reasonable objection. If the rejected person or entity was reasonably capable of performing the Work, within the Contract Sum and Contract Time, then the Design-Builder may increase or decrease the Contract Sum and/or the Contract Time by the difference in which the new proposed person or entity would be able to perform the Work, if any, occasioned by such change, and an appropriate Change Order shall be issued before commencement of the substitute person or entity's Work.

§ 5.8 Documents and Submittals at the Site

The Design-Builder shall maintain at the site for the Owner one copy of the Contract Documents and a current set of the Construction Documents, in good order and marked currently to indicate field changes and selections made during construction, and one copy of approved Submittals. The Design-Builder shall deliver these items to the Owner in accordance with Section 9.10.2 as a record of the Work as constructed.

§ 5.9 Use of Site
The Design-Builder shall confine operations at the site to areas permitted by Applicable Laws, and the Contract Documents, and shall not unreasonably encumber the site with materials or equipment.

§ 5.10 Cutting and Patching
The Design-Builder shall not cut, patch or otherwise alter fully or partially completed construction by the Owner or a separate contractor except with written consent of the Owner and of such separate contractor; such consent shall not be unreasonably withheld. The Design-Builder shall not unreasonably withhold from the Owner or a separate contractor the Design-Builder's consent to cutting or otherwise altering the Work.

§ 5.11 Cleaning Up
§ 5.11.1 The Design-Builder shall keep the premises and surrounding area free from accumulation of waste materials or rubbish caused by operations under the Contract. At completion of the Work, the Design-Builder shall remove waste materials, rubbish, the Design-Builder's tools, construction equipment, machinery and surplus materials from and about the Project, and shall clean all glass surfaces and shall leave the Work "broom clean" or its equivalent, unless otherwise specified by Owner-executed written Modification.

§ 5.11.2 If the Design-Builder fails to clean up as provided in the Contract Documents, the Owner may do so and Owner shall be entitled to reimbursement from the Design-Builder.

§ 5.12 Access to Work
The Design-Builder shall provide the Owner and its separate contractors and consultants access to the Work in preparation and progress wherever located. The Design-Builder shall notify the Owner regarding Project safety criteria and programs, which the Owner, and its contractors and consultants, shall comply with while at the site.

§ 5.13 Construction by Owner or by Separate Contractors
§ 5.13.1 Owner's Right to Perform Construction and to Award Separate Contracts
§ 5.13.1.1 The Owner reserves the right to perform construction or operations related to the Project with the Owner's own forces; and to award separate contracts in connection with other portions of the Project, or other construction or operations on the site, under terms and conditions identical or substantially similar to this Contract, including those terms and conditions related to insurance and waiver of subrogation. The Owner shall notify the Design-Builder promptly after execution of any separate contract. If the Design-Builder claims that delay or additional cost is involved because of such action by the Owner, the Design-Builder shall make a Claim as provided in Article 14.

§ 5.13.1.2 When separate contracts are awarded for different portions of the Project or other construction or operations on the site, the term "Design-Builder" in the Contract Documents in each case shall mean the individual or entity that executes each separate agreement with the Owner.

§ 5.13.1.3 The Owner shall provide for coordination of the activities of the Owner's own forces, and of each separate contractor, with the Work of the Design-Builder, who shall cooperate with them. The Design-Builder shall participate with other separate contractors and the Owner in reviewing their construction schedules. The Design-Builder shall make any revisions to the construction schedule deemed necessary after a joint review and mutual agreement (creating a "New Timeline"). The New Timeline shall then constitute the schedules to be used by the Design-Builder, separate contractors and the Owner until subsequently revised.

§ 5.13.1.4 Unless otherwise provided in the Contract Documents, when the Owner performs construction or operations related to the Project with the Owner's own forces or separate contractors, the Owner shall be deemed to be subject to the same obligations, and to have the same rights, that apply to the Design-Builder under the Contract.

§ 5.14 Mutual Responsibility

§ 5.14.1 The Design-Builder shall afford the Owner and separate contractors reasonable opportunity for introduction and storage of their materials and equipment and performance of their activities, and shall connect and coordinate the Design-Builder's construction and operations with theirs as required by the Contract Documents.

§ 5.14.2 If part of the Design-Builder's Work depends upon construction or operations by the Owner or a separate contractor, the Design-Builder shall, prior to proceeding with that portion of the Work, prepare a written report to the Owner, identifying apparent discrepancies or defects in the construction or operations by the Owner or separate contractor that would render it unsuitable for proper execution and results of the Design-Builder's Work. Failure of the Design-Builder to report shall constitute Design-Builder's acknowledgment that the Owner's or separate contractor's completed or partially completed construction is fit and proper to receive the Design-Builder's Work, except as to defects not able at that time to be reasonably discoverable.

§ 5.14.3 The Design-Builder shall reimburse the Owner for costs the Owner incurs that are payable to a separate contractor because of the Design-Builder's delays, improperly timed activities or defective construction. The Owner shall be responsible to the Design-Builder for costs the Design-Builder incurs because of a separate contractor's delays, improperly timed activities (both in consideration of the New Timeline), damage to the Work or defective construction.

§ 5.14.4 The Design-Builder shall promptly remedy damage the Design-Builder wrongfully causes to completed or partially completed construction or to property of the Owner or separate contractors as provided in Section 10.2.5.

§ 5.14.5 The Owner and each separate contractor shall have the same responsibilities for cutting and patching the Work as the Design-Builder has with respect to the construction of the Owner or separate contractors in Section 5.10.

§ 5.15 Owner's Right to Clean Up

If a dispute arises among the Design-Builder, separate contractors and the Owner as to the responsibility under their respective contracts for maintaining the premises and surrounding area free from waste materials and rubbish, the Owner may clean up and will allocate the cost among those responsible, subject to Section 5.11.2.

ARTICLE 6 CHANGES IN THE WORK

§ 6.1 General

§ 6.1.1 Changes in the Work (consisting of additions, deletions, or modifications with the Contract Sum and the Contract Time being adjusted accordingly) may be accomplished after execution of the Contract, and without invalidating the Contract, by Change Order or Change Directive, subject to the limitations stated in this Article 6 and elsewhere in the Contract Documents.

§ 6.1.2 A Change Order shall be based upon agreement between the Owner and Design-Builder. The Owner may issue a Change Directive without agreement by the Design-Builder.

§ 6.1.3 Changes in the Work shall be performed under applicable provisions of the Contract Documents, and the Design-Builder shall proceed promptly, unless otherwise provided in the Change Order or Change Directive.

§ 6.2 Change Orders

§ 6.2.1 A Change Order is a written instrument signed by the Owner and Design-Builder stating their agreement upon all of the following:

.1 The change in the Work;

.2 The amount of the adjustment, if any, in the Contract Sum or, if prior to execution of the Design-Build Amendment, the adjustment in the Design-Builder's compensation; and

.3 The extent of the adjustment, if any, in the Contract Time.

§ 6.3 Change Directives

§ 6.3.1 A Change Directive is a written order signed by the Owner directing a change in the Work prior to agreement on adjustment, if any, in the Contract Sum or, if prior to execution of the Design-Build Amendment, the adjustment in the Design-Builder's compensation, or Contract Time. The Owner may by Change Directive, without invalidating the Contract, order changes in the Work within the general scope of the Contract consisting of additions, deletions or other revisions, the Contract Sum or, if prior to execution of the Design-Build Amendment, the adjustment in the Design-Builder's compensation, and Contract Time being adjusted accordingly.

§ 6.3.2 A Change Directive shall be used in the absence of total agreement on the terms of a Change Order.

§ 6.3.3 If the Change Directive provides for an adjustment to the Contract Sum or, if prior to execution of the Design-Build Amendment, an adjustment in the Design-Builder's compensation, the adjustment shall be based on one of the following methods:

.1 Mutual acceptance of a lump sum properly itemized and supported by sufficient substantiating data to permit evaluation;

.2 Unit prices stated in the Contract Documents or subsequently agreed upon;

.3 Cost to be determined in a manner agreed upon by the parties and a mutually acceptable fixed or percentage fee; or

.4 As provided in Section 6.3.7.

§ 6.3.4 If unit prices are stated in the Contract Documents or subsequently agreed upon, and if quantities originally contemplated are materially changed in a proposed Change Order or Change Directive so that application of such unit prices to quantities of Work proposed will cause substantial inequity to the Owner or Design-Builder, the applicable unit prices shall be equitably adjusted.

§ 6.3.5 Upon receipt of a Change Directive, the Design-Builder shall promptly proceed with the change in the Work involved and advise the Owner of the Design-Builder's agreement or disagreement with the method, if any, provided in the Change Directive for determining the proposed adjustment in the Contract Sum or, if prior to execution of the Design-Build Amendment, the adjustment in the Design-Builder's compensation, or Contract Time.

§ 6.3.6 A Change Directive signed by the Design-Builder indicates the Design-Builder's agreement therewith, including adjustment in Contract Sum or, if prior to execution of the Design-Build Amendment, the adjustment in the Design-Builder's compensation, and Contract Time or the method for determining them. Such agreement shall be effective immediately and shall be recorded as a Change Order.

§ 6.3.7 If the Design-Builder does not respond promptly or disagrees with the method for adjustment in the Contract Sum or, if prior to execution of the Design-Build Amendment, the method for adjustment in the Design-Builder's compensation, the Owner shall determine the method and the adjustment on the basis of reasonable expenditures and savings of those performing the Work attributable to the change, including, in case of an increase, an amount for overhead and profit as set forth in the Agreement, or if no such amount is set forth in the Agreement, a reasonable amount. In such case, and also under Section 6.3.3.3, the Design-Builder shall keep and present, in such form as the Owner may prescribe, an itemized accounting together with appropriate supporting data. Unless otherwise provided in the Design-Build Documents, costs for the purposes of this Section 6.3.7 shall be limited to the following:

.1 Additional costs of professional services;

.2 Costs of labor, including social security, unemployment insurance, fringe benefits required by agreement or custom, and workers' compensation insurance;

.3 Costs of materials, supplies and equipment, including cost of transportation, whether incorporated or consumed;

.4 Rental costs of machinery and equipment, exclusive of hand tools, whether rented from the Design-Builder or others;

.5 Costs of premiums for all bonds and insurance, permit fees, and sales, use or similar taxes related to the Work; and

.6 Additional costs of supervision and field office personnel directly attributable to the change.

§ 6.3.8 The amount of credit to be allowed by the Design-Builder to the Owner for a deletion or change that results in a net decrease in the Contract Sum or, if prior to execution of the Design-Build Amendment, in the Design-Builder's compensation, shall be actual net cost. When both additions and credits covering related Work or substitutions are involved in a change, the allowance for overhead and profit shall be figured on the basis of net increase, if any, with respect to that change.

§ 6.3.9 Pending final determination of the total cost of a Change Directive to the Owner, the Design-Builder may request payment for Work completed under the Change Directive in Applications for Payment. The Owner will make an interim determination for purposes of certification for payment for those costs deemed to be reasonably justified. The Owner's interim determination of cost shall adjust the Contract Sum or, if prior to execution of the Design-Build Amendment, the Design-Builder's compensation, on the same basis as a Change Order, subject to the right of Design-Builder to disagree and assert a Claim in accordance with Article 14.

§ 6.3.10 When the Owner and Design-Builder agree with a determination concerning the adjustments in the Contract Sum or, if prior to execution of the Design-Build Amendment, the adjustment in the Design-Builder's compensation and Contract Time, or otherwise reach agreement upon the adjustments, such agreement shall be effective immediately and the Owner and Design-Builder shall execute a Change Order. Change Orders may be issued for all or any part of a Change Directive.

ARTICLE 7 OWNER'S RESPONSIBILITIES

§ 7.1 General

§ 7.1.1 The Owner shall designate in writing a representative who shall have express authority to bind the Owner with respect to all Project matters requiring the Owner's approval or authorization.

§ 7.1.2 The Owner shall render decisions in a timely manner and in accordance with the Design-Builder's schedule agreed to by the Owner. The Owner shall furnish to the Design-Builder, within 15 days after receipt of a written request, information necessary and relevant for the Design-Builder to evaluate, give notice of or enforce mechanic's lien rights. Such information shall include a correct statement of the record legal title to the property on which the Project is located, usually referred to as the site, and the Owner's interest therein.

§ 7.2 Information and Services Required of the Owner

§ 7.2.1 The Owner shall furnish information or services required of the Owner by the Contract Documents with reasonable promptness.

§ 7.2.2 The Owner shall provide, to the extent under the Owner's control and if not required by the Design-Build Documents to be provided by the Design-Builder, the results and reports of prior tests, inspections or investigations conducted for the Project involving structural or mechanical systems; chemical, air and water pollution; hazardous materials; or environmental and subsurface conditions and

information regarding the presence of pollutants at the Project site. Upon receipt of a written request from the Design-Builder, the Owner shall also provide surveys describing physical characteristics, legal limitations and utility locations for the site of the Project, and a legal description of the site under the Owner's control.

§ 7.2.3 The Owner shall promptly obtain easements, zoning variances, and legal authorizations or entitlements regarding site utilization where essential to the execution of the Project.

§ 7.2.4 The Owner shall cooperate with the Design-Builder in securing building and other permits, licenses and inspections.

§ 7.2.5 The services, information, surveys and reports required to be provided by the Owner under this Agreement, shall be furnished at the Owner's expense, and except as otherwise specifically provided in this Agreement or elsewhere in the Contract Documents or to the extent the Owner advises the Design-Builder to the contrary in writing, the Design-Builder shall be entitled to rely upon the accuracy and completeness thereof. In no event shall the Design-Builder be relieved of its responsibility to exercise proper precautions relating to the safe performance of the Work.

§ 7.2.6 If the Owner observes or otherwise becomes aware of a fault or defect in the Work or non-conformity with the Contract Documents, the Owner shall give prompt written notice thereof to the Design-Builder.

§ 7.2.7 Prior to the execution of the Design-Build Amendment, the Design-Builder may request in writing that the Owner provide reasonable evidence that the Owner has made financial arrangements to fulfill the Owner's obligations under the Design-Build Documents and the Design-Builder's Proposal. Thereafter, the Design-Builder may only request such evidence if (1) the Owner fails to make payments to the Design-Builder as the Design-Build Documents require; (2) a change in the Work materially changes the Contract Sum; or (3) the Design-Builder identifies in writing a reasonable concern regarding the Owner's ability to make payment when due. The Owner shall furnish such evidence as a condition precedent to commencement or continuation of the Work or the portion of the Work affected by a material change. After the Owner furnishes the evidence, the Owner shall not materially vary such financial arrangements without prior notice to the Design-Builder.

§ 7.2.8 Except as otherwise provided in the Contract Documents or when direct communications have been specially authorized, the Owner shall communicate through the Design-Builder with persons or entities employed or retained by the Design-Builder.

§ 7.2.9 Unless required by the Contract Documents to be provided by the Design-Builder, the Owner shall, upon request from the Design-Builder, furnish the services of geotechnical engineers or other consultants for investigation of subsurface, air and water conditions when such services are reasonably necessary to properly carry out the design services furnished by the Design-Builder. In such event, the Design-Builder shall specify the services required. Such services may include, but are not limited to, test borings, test pits, determinations of soil bearing values, percolation tests, evaluations of hazardous materials, ground corrosion and resistivity tests, and necessary operations for anticipating subsoil conditions. The services of geotechnical engineer(s) or other consultants shall include preparation and submission of all appropriate reports and professional recommendations.

§ 7.2.10 The Owner shall purchase and maintain insurance as set forth in Exhibit B.

§ 7.3 Submittals

§ 7.3.1 The Owner shall review and approve or take other appropriate action on Submittals. Review of Submittals is not conducted for the purpose of determining the accuracy and completeness of other details, such as dimensions and quantities; or for substantiating instructions for installation or performance of equipment or systems; or for determining that the Submittals are in conformance with the Contract Documents, all of which remain the responsibility of the Design-Builder as required by the Contract Documents. The Owner's action will be taken in

accordance with the Submittal schedule approved by the Owner or, in the absence of an approved Submittal schedule, with reasonable promptness while allowing sufficient time in the Owner's judgment to permit adequate review, which shall in no event be less than five (5) days following Owner's actual receipt of such Submittal. The Owner's review of Submittals shall not relieve the Design-Builder of the obligations under Sections 3.1.11, 3.1.12, and 5.2.3. The Owner's review shall not constitute approval of safety precautions or, unless otherwise specifically stated by the Owner, of any construction means, methods, techniques, sequences or procedures. The Owner's approval of a specific item shall not indicate approval of an assembly of which the item is a component. Failure of Owner to notify Design-Builder of an approval or disapproval of any critical submittal, as defined and agreed to by Design-Builder and Owner, shall be deemed a disapproval in any event.

§ 7.3.2 Upon review of the Submittals required by the Contract Documents, the Owner shall notify the Design-Builder of any non-conformance with the Contract Documents the Owner discovers.

§ 7.4 Visits to the site by the Owner shall not be construed to create an obligation on the part of the Owner to make on-site inspections to check the quality or quantity of the Work. The Owner shall neither have control over or charge of, nor be responsible for, the construction means, methods, techniques, sequences or procedures, or for the safety precautions and programs in connection with the Work, because these are solely the Design-Builder's rights and responsibilities under the Contract Documents.

§ 7.5 The Owner shall not be responsible for the Design-Builder's failure to perform the Work in accordance with the requirements of the Contract Documents. The Owner shall not have control over or charge of, and will not be responsible for acts or omissions of the Design-Builder, Architect, Consultants, Contractors, or their agents or employees, or any other persons or entities performing portions of the Work for the Design-Builder.

§ 7.6 The Owner has the authority to reject Work that does not conform to the Contract Documents. The Owner shall have authority to require inspection or testing of the Work in accordance with Section 15.5.2, whether or not such Work is fabricated, installed or completed. However, neither this authority of the Owner nor a decision made in good faith either to exercise or not to exercise such authority shall give rise to a duty or responsibility of the Owner to the Design-Builder, the Architect, Consultants, Contractors, material and equipment suppliers, their agents or employees, or other persons or entities performing portions of the Work.

§ 7.7 The Owner shall determine the date or dates of Substantial Completion in accordance with Section 9.8 and the date of final completion in accordance with Section 9.10.

§ 7.8 Owner's Right to Stop Work

If the Design-Builder fails to correct Work which is not in accordance with the requirements of the Contract Documents as required by Section 11.2 or persistently fails to carry out Work in accordance with the Contract Documents, the Owner may issue a written order to the Design-Builder to stop the Work, or any portion thereof, until the cause for such order has been eliminated; however, the right of the Owner to stop the Work shall not give rise to a duty on the part of the Owner to exercise this right for the benefit of the Design-Builder or any other person or entity, except to the extent required by Section 5.13.1.3.

§ 7.9 Owner's Right to Carry Out the Work

If the Design-Builder defaults or neglects to carry out the Work in accordance with the Contract Documents and fails within a ten-day period after receipt of written notice from the Owner to commence and continue correction of such default or neglect with diligence and promptness, the Owner may, without prejudice to other remedies the Owner may have, correct such deficiencies. In such case, an appropriate Change Order shall be issued deducting from payments then or thereafter due the Design-Builder the Owner's actual cost of correcting such deficiencies. If payments then or thereafter due the Design-Builder are not sufficient to cover such amounts, the Design-Builder shall promptly pay the difference to the Owner.

ARTICLE 8 TIME

§ 8.1 Progress and Completion

§ 8.1.1 Time limits stated in the Timeline, which is incorporated into and a part of the Contract Documents, are of the essence of the Contract. By executing the Design-Build Amendment the Design-Builder confirms that the Contract Time is a reasonable period for performing the Work.

§ 8.1.2 The Design-Builder shall not, except by agreement of the Owner in writing, commence the Work prior to the effective date of insurance, other than property insurance, required by this Contract. The Contract Time shall not be adjusted as a result of the Design-Builder's failure to obtain insurance required under this Contract.

§ 8.1.3 The Design-Builder shall proceed expeditiously with adequate forces and shall achieve Substantial Completion within the Contract Time.

§ 8.2 Delays and Extensions of Time

§ 8.2.1 If the Design-Builder is delayed at any time in the commencement or progress of the Work by an act or neglect of the Owner or of a consultant or separate contractor employed by the Owner; or by labor disputes, fire, unusual delay in deliveries, unavoidable casualties or other causes beyond the Design-Builder's control; or by delay authorized by the Owner in writing pending mediation and binding dispute resolution or by other causes that the Owner determines may justify delay, then the Contract Time shall be extended by Change Order for such reasonable time as the Owner may determine.

§ 8.2.2 Claims relating to time shall be made in accordance with applicable provisions of Article 14.

§ 8.2.3 This Section 8.2 does not preclude recovery of damages for delay by either party under other provisions of the Contract Documents.

ARTICLE 9 PAYMENT APPLICATIONS AND PROJECT COMPLETION

§ 9.1 Contract Sum

The Contract Sum is stated in the Design-Build Amendment.

§ 9.2 Schedule of Values

Where the Contract Sum is based on a stipulated sum or Guaranteed Maximum Price, the Design-Builder, prior to the first Application for Payment after execution of the Design-Build Amendment shall submit to the Owner a schedule of values allocating the entire Contract Sum to the various portions of the Work and prepared in such form and supported by such data to substantiate its accuracy as the Owner may require. This schedule, unless objected to by the Owner, shall be used as a basis for reviewing the Design-Builder's Applications for Payment.

§ 9.3 Applications for Payment

§ 9.3.1 At least ten days before the date established for each progress payment, the Design-Builder shall submit to the Owner an itemized Application for Payment for completed portions of the Work. The application shall be notarized, if required, and supported by data substantiating the Design-Builder's right to payment as the Owner may require, such as copies of requisitions from the Architect, Consultants, Contractors, and material suppliers, and shall reflect retainage if provided for in the Contract Documents.

§ 9.3.1.1 As provided in Section 6.3.9, Applications for Payment may include requests for payment on account of changes in the Work that have been properly authorized by Change Directives, or by interim determinations of the Owner, but not yet included in Change Orders.

§ 9.3.1.2 Applications for Payment shall not include requests for payment for portions of the Work for which the Design-Builder does not intend to pay the Architect, Consultant, Contractor, material supplier, or other persons or entities providing services or work for the Design-Builder, unless such Work has been performed by others whom the Design-Builder intends to pay.

§ 9.3.2 Unless otherwise provided in the Contract Documents, payments shall be made for services provided as well as materials and equipment delivered and suitably stored for subsequent incorporation in the Work. Payment for materials and equipment stored on or off the site shall be conditioned upon compliance by the Design-Builder to establish the Owner's title to such materials and equipment or otherwise protect the Owner's interest, and shall include the costs of applicable insurance, storage and transportation to the site for such materials and equipment stored off the site.

§ 9.3.3 The Design-Builder warrants that title to all Work, other than Instruments of Service, covered by an Application for Payment will pass to the Owner no later than the time of payment. The Design-Builder further warrants that, upon submittal of an Application for Payment, all Work for which Certificates for Payment have been previously issued and payments received from the Owner shall, to the best of the Design-Builder's knowledge, information and belief, be free and clear of liens, security interests or encumbrances in favor of the Design-Builder, Architect, Consultants, Contractors, material suppliers, or other persons or entities entitled to make a claim by reason of having provided labor, materials and equipment relating to the Work.

§ 9.4 Certificates for Payment
The Owner shall, within seven days after receipt of the Design-Builder's Application for Payment, issue to the Design-Builder a Certificate for Payment indicating the amount the Owner determines is properly due, and notify the Design-Builder in writing of the Owner's reasons for withholding certification in whole or in part as provided in Section 9.5.1.

§ 9.5 Decisions to Withhold Certification
§ 9.5.1 The Owner may withhold a Certificate for Payment in whole or in part to the extent reasonably necessary to protect the Owner due to the Owner's determination that the Work has not progressed to the point indicated in the Design-Builder's Application for Payment, or the quality of the Work is not in accordance with the Contract Documents. If the Owner is unable to certify payment in the amount of the Application, the Owner will notify the Design-Builder as provided in Section 9.4. If the Design-Builder and Owner cannot agree on a revised amount, the Owner will promptly issue a Certificate for Payment for the amount that the Owner deems to be due and owing. The Owner may also withhold a Certificate for Payment or, because of subsequently discovered evidence, may nullify the whole or a part of a Certificate for Payment previously issued to such extent as may be necessary to protect the Owner from loss for which the Design-Builder is responsible because of

.1 defective Work, including design and construction, not remedied;
.2 third party claims filed;
.3 failure of the Design-Builder to make payments properly to the Architect, Consultants, Contractors or others, for services, labor, materials or equipment;
.4 reasonable evidence that the Work cannot be completed for the unpaid balance of the Contract Sum;
.5 damage to the Owner or a separate contractor,
.6 repeated failure to carry out the Work in accordance with the Contract Documents
.7 unsatisfactory prosecution of the Work by Design-Builder.

§ 9.5.2 When the above reasons for withholding certification are removed, certification will be made for amounts previously withheld.

§ 9.5.3 If the Owner withholds certification for payment under Section 9.5.1.3, the Owner may, at its sole option, issue joint checks to the Design-Builder and to the Architect or any Consultants, Contractor, material or equipment suppliers, or other persons or entities providing services or work for the Design-Builder to whom the Design-Builder failed to make payment for Work properly performed or material or equipment suitably delivered.

§ 9.6 Progress Payments
§ 9.6.1 After the Owner has issued a Certificate for Payment, the Owner shall make payment in the manner and within the time provided in the Contract Documents.

§ 9.6.2 The Design-Builder shall pay each Architect, Consultant, Contractor, and other person or entity providing services or work for the Design-Builder no later than the time period required by Applicable Law, but in no event more than seven days after receipt of payment from the Owner the amount to which the Architect, Consultant, Contractor, and other person or entity providing services or work for the Design-Builder is entitled, reflecting percentages actually retained from payments to the Design-Builder on account of the portion of the Work performed by the Architect, Consultant, Contractor, or other person or entity. The Design-Builder shall, by appropriate agreement with each Architect, Consultant, Contractor, and other person or entity providing services or work for the Design-Builder, require each Architect, Consultant, Contractor, and other person or entity providing services or work for the Design-Builder to make payments to subconsultants and subcontractors in a similar manner.

§ 9.6.3 The Owner will, on request and if practicable, furnish to the Architect, a Consultant, Contractor, or other person or entity providing services or work for the Design-Builder, information regarding percentages of completion or amounts applied for by the Design-Builder and action taken thereon by the Owner on account of portions of the Work done by such Architect, Consultant, Contractor or other person or entity providing services or work for the Design-Builder.

§ 9.6.4 The Owner has the right to request written evidence from the Design-Builder that the Design-Builder has properly paid the Architect, Consultants, Contractors, or other person or entity providing services or work for the Design-Builder, amounts paid by the Owner to the Design-Builder for the Work. If the Design-Builder fails to furnish such evidence within seven days, the Owner shall have the right to contact the Architect, Consultants, and Contractors to ascertain whether they have been properly paid. The Design-Builder acknowledges and agrees that the Owner shall have no obligation to pay or to see to the payment of money to a third-party Architect, Consultant or Contractor, and guarantees such payment hereunder.

§ 9.6.5 Design-Builder payments to material and equipment suppliers shall be treated in a manner similar to that provided in Sections 9.6.2, 9.6.3 and 9.6.4.

§ 9.6.6 A Certificate for Payment, a progress payment, or partial or entire use or occupancy of the Project by the Owner shall not constitute acceptance of Work not in accordance with the Contract Documents.

§ 9.6.7 Unless the Design-Builder provides the Owner with a payment bond in the full penal sum of the Contract Sum, payments received by the Design-Builder for Work properly performed by the Architect, Consultants, Contractors and other person or entity providing services or work for the Design-Builder, shall be held by the Design-Builder for the Architect and those Consultants, Contractors, or other person or entity providing services or work for the Design-Builder, for which payment was made by the Owner.

§ 9.7 Failure of Payment
If the Owner does not issue a Certificate for Payment, through no fault of the Design-Builder, within the time required by the Contract Documents, then the Design-Builder may, upon seven additional days' written notice to the Owner, stop the Work until payment of the amount owing has been received. The Contract Time shall be extended appropriately and the Contract Sum shall be increased by the amount of the Design-Builder's reasonable, documented costs of shut-down, delay and start-up, as provided for in the Contract Documents. Design-Builder shall provide to Owner substantiation of the foregoing. Notwithstanding the foregoing, payments may be withheld on

account of (1) defective Work not remedied, (2) claims asserted or evidence which indicates probable assertion of claims, (3) failure of the Design-Builder to make payments properly to Vendor(s) or for labor, materials, or equipment, (4) damage to another Design-Builder or Owner, or (5) unsatisfactory prosecution of the Work by the Design-Builder.

§ 9.8 Substantial Completion

§ 9.8.1 Substantial Completion is the stage in the progress of the Work when the Work or designated portion thereof is sufficiently complete in accordance with the Contract Documents so that the Owner can occupy or utilize the Work for its intended use. The date of Substantial Completion is the date certified by the Owner in accordance with this Section 9.8.

§ 9.8.2 When the Design-Builder considers that the Work, or a portion thereof which the Owner agrees to accept separately, is substantially complete, the Design-Builder shall prepare and submit to the Owner a comprehensive list of items to be completed or corrected prior to final payment. Failure to include an item on such list does not alter the responsibility of the Design-Builder to complete all Work in accordance with the Contract Documents.

§ 9.8.3 Upon receipt of the Design-Builder's list, the Owner shall make an inspection to determine whether the Work or designated portion thereof is substantially complete. If the Owner's inspection discloses any item, whether or not included on the Design-Builder's list, which is not sufficiently complete in accordance with the Contract Documents so that the Owner can occupy or utilize the Work or designated portion thereof for its intended use, the Design-Builder shall, before issuance of the Certificate of Substantial Completion, complete or correct such item upon notification by the Owner. In such case, the Design-Builder shall then submit a request for another inspection by the Owner to determine Substantial Completion.

§ 9.8.4 Prior to issuance of the Certificate of Substantial Completion under Section 9.8.5, the Owner and Design-Builder shall discuss and then determine the parties' obligations to obtain and maintain property insurance following issuance of the Certificate of Substantial Completion.

§ 9.8.5 When the Work or designated portion thereof is substantially complete, the Design-Builder will prepare for the Owner's signature a Certificate of Substantial Completion that shall, upon the Owner's signature, establish the date of Substantial Completion; establish responsibilities of the Owner and Design-Builder for security, maintenance, heat, utilities, damage to the Work and insurance; and fix the time within which the Design-Builder shall finish all items on the list accompanying the Certificate. Warranties required by the Contract Documents shall commence on the date of Substantial Completion of the Work or designated portion thereof unless otherwise provided in the Certificate of Substantial Completion.

§ 9.8.6 The Certificate of Substantial Completion shall be submitted by the Design-Builder to the Owner for written acceptance of responsibilities assigned to it in the Certificate. Upon the Owner's acceptance, and consent of surety, if any, the Owner shall make payment of retainage applying to the Work or designated portion thereof. Payment shall be adjusted for Work that is incomplete or not in accordance with the requirements of the Contract Documents.

§ 9.8.7 In the event of a dispute regarding whether the Design-Builder's Work is substantially complete, the dispute shall be resolved pursuant to Article 14.

§ 9.9 Partial Occupancy or Use

§ 9.9.1 The Owner may occupy or use any completed or partially completed portion of the Work at any stage when such portion is designated by separate agreement with the Design-Builder, provided such occupancy or use is consented to, by endorsement or otherwise, by the insurer providing property insurance and authorized by public authorities having jurisdiction over the Project, provided that in the reasonable opinion of the Design-Builder, such use or occupancy shall not unreasonably interfere with the Design-Builder's operations nor delay it in completing the entire Work. Such partial occupancy or use may commence whether or not the portion is substantially complete, provided the Owner and Design-Builder have accepted in

writing the responsibilities assigned to each of them for payments, retainage, if any, security, maintenance, heat, utilities, damage to the Work and insurance, and have agreed in writing concerning the period for correction of the Work and commencement of warranties required by the Contract Documents. When the Design-Builder considers a portion substantially complete, the Design-Builder shall prepare and submit a list to the Owner as provided under Section 9.8.2. Consent of the Design-Builder to partial occupancy or use shall not be unreasonably withheld. The stage of the progress of the Work shall be determined by written agreement between the Owner and Design-Builder.

§ 9.9.2 Immediately prior to such partial occupancy or use, the Owner and Design-Builder shall jointly inspect the area to be occupied or portion of the Work to be used in order to determine and record the condition of the Work.

§ 9.9.3 Unless otherwise agreed upon, partial occupancy or use of a portion or portions of the Work shall not constitute acceptance of Work not complying with the requirements of the Contract Documents.

§ 9.9.4 If the Owner desires to exercise its rights of partial occupancy and use under this Section, the Owner shall give reasonable notice thereof to the Design-Builder. The Design-Builder shall work with the Owner to establish mutually acceptable arrangements between the Owner and the Design-Builder with regard to procedures, terms and conditions governing the operation and maintenance of such services and facilities as may be utilized for the benefit of the Owner.

§ 9.10 Final Completion and Final Payment

§ 9.10.1 Upon receipt of the Design-Builder's written notice that the Work is ready for final inspection and acceptance and upon receipt of a final Application for Payment, the Owner will promptly make such inspection. When the Owner finds the Work acceptable under the Contract Documents and the Contract fully performed, the Owner will, subject to Section 9.10.2, promptly issue a final Certificate for Payment.

§ 9.10.2 Neither final payment nor any remaining retained percentage shall become due until the Design-Builder submits to the Owner (1) an affidavit that payrolls, bills for materials and equipment, and other indebtedness connected with the Work, for which the Owner or the Owner's property might be responsible or encumbered, (less amounts withheld by Owner) have been paid or otherwise satisfied, (2) a certificate evidencing that insurance required by the Contract Documents to remain in force after final payment is currently in effect, (3) a written statement that the Design-Builder shall duly renew for two (2) years following Substantial Completion and that Design-Builder knows of no substantial reason that the insurance will not be renewable to cover the period required by the Contract Documents, (4) consent of surety, if any, to final payment, (5) as-constructed record copy of the Construction Documents marked to indicate field changes and selections made during construction, (6) manufacturer's warranties, product data, and maintenance and operations manuals, as more fully set forth in Exhibit A Amendment (7) commissioned Facility including Process Equipment fully conforming to the Owner's Criteria, which shall include the unloading, placement in proper location inside the facility, installation, and connectivity/startup of the Process Equipment; and (8) all other data establishing payment or satisfaction of obligations, such as receipts, releases and waivers of liens, claims, security interests, or encumbrances, arising out of the Contract, in such form as may be designated by the Owner. If a third-party Architect, a Consultant, or a Contractor, or other person or entity providing services or work for the Design-Builder, refuses to furnish a release or waiver required by this Section 9.10.2 or as otherwise required by the Owner, the Design-Builder may furnish a bond satisfactory to the Owner to indemnify the Owner against such liens, claims, security interests, or encumbrances. If such liens, claims, security interests, or encumbrances remains unsatisfied after payments are made, the Design-Builder shall refund to the Owner all money that the Owner may be compelled to pay in discharging such liens, claims, security interests, or encumbrances, including all costs and reasonable attorneys' fees.

§ 9.10.3 If, after Substantial Completion of the Work, final completion thereof is materially delayed through no fault of the Design-Builder or by issuance of Change Orders affecting final completion, the Owner shall, upon application by the Design-Builder, and without terminating the Contract, make payment of the balance due for that portion of the Work fully completed and accepted. If the remaining balance for Work not fully completed or corrected is less than retainage stipulated in the Contract Documents, and if bonds have been furnished, the written consent of surety to payment of the balance due for that portion of the Work fully completed and accepted shall be submitted by the Design-Builder to the Owner prior to issuance of payment. Such payment shall be made under terms and conditions governing final payment, except that it shall not constitute a waiver of claims.

§ 9.10.4 The making of final payment shall constitute a waiver of Claims by the Owner except those arising from

.1 liens, Claims, security interests or encumbrances arising out of the Contract and unsettled;
.2 faulty or defective Work appearing after Substantial Completion;
.3 failure of the Work to comply with the requirements of the Contract Documents, whether such non-compliance appears before, during or after Substantial Completion; and/or
.4 terms of special warranties required by the Contract Documents.

§ 9.10.5 Acceptance of final payment by the Design-Builder shall constitute a waiver of all claims by the Design-Builder except those previously made in writing and identified in writing by the Design-Builder as unsettled on Design-Builder's final Application for Payment.

ARTICLE 10 PROTECTION OF PERSONS AND PROPERTY

§ 10.1 Safety Precautions and Programs

The Design-Builder shall be responsible for initiating, maintaining and supervising all safety precautions and programs in connection with the performance of the Contract.

§ 10.2 Safety of Persons and Property

§ 10.2.1 The Design-Builder shall be responsible for precautions for initiating, maintaining and supervising all safety precautions and programs, for the safety of, and reasonable protection to prevent damage, injury or loss to

.1 all employees on the Work and other persons who may be affected thereby;
.2 all the Work and all materials and equipment to be incorporated therein, whether in storage on or off the site, under care, custody or control of the Design-Builder or the Architect, Consultants, or Contractors, or other person or entity providing services or work for the Design-Builder; and
.3 other property at the site or adjacent thereto, such as trees, shrubs, lawns, walks, pavements, roadways, or structures and utilities not designated for removal, relocation or replacement in the course of construction, or elsewhere in connection with the Work.

§ 10.2.2 The Design-Builder shall bear all risk of loss to the Work, or materials or equipment for the Work that is due to Design-Builder's gross negligence and/or willful misconduct until the Work is fully completed and accepted by the Owner. The Design-Builder shall comply with, and give notices required by, Applicable Laws, bearing on safety of persons or property, or their protection from damage, injury or loss.

§ 10.2.3 The Design-Builder shall implement, erect, and maintain, as required by existing conditions and performance of the Contract, reasonable safeguards for safety and protection, including posting danger signs and other warnings against hazards, promulgating safety regulations, and notify owners and users of adjacent sites and utilities of the safeguards and protections.

§ 10.2.4 When use or storage of explosives or other hazardous materials or equipment, or unusual methods, are necessary for execution of the Work, the Design-Builder shall exercise utmost care, and carry on such activities under supervision of properly qualified personnel.

§ 10.2.5 The Design-Builder shall promptly remedy damage and loss (other than damage or loss insured under property insurance required by the Contract Documents) to property referred to in Sections 10.2.1.2 and 10.2.1.3, caused in whole or in part by the Design-Builder, the Architect, a Consultant, a Contractor, or anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable and for which the Design-Builder is responsible under Sections 10.2.1.2 and 10.2.1.3; except damage or loss attributable to acts or omissions of the Owner, or anyone directly or indirectly employed by the Owner, or by anyone for whose acts the Owner may be liable, and not attributable to the fault or negligence of the Design-Builder. The foregoing obligations of the Design-Builder are in addition to the Design-Builder's obligations under Section 3.1.14.

§ 10.2.6 The Design-Builder shall designate a responsible member of the Design-Builder's organization, at the site, whose duty shall be the prevention of accidents. This person shall be the Design-Builder's superintendent unless otherwise designated by the Design-Builder in writing to the Owner.

§ 10.2.7 The Design-Builder shall not permit any part of the construction or site to be loaded so as to cause damage or create an unsafe condition.

§ 10.2.8 Injury or Damage to Person or Property. If the Owner or Design-Builder suffers injury or damage to person or property because of an act or omission of the other, or of others for whose acts such party is legally responsible, written notice of the injury or damage, whether or not insured, shall be given to the other party within a reasonable time not exceeding 21 days after discovery. The notice shall provide sufficient detail to enable the other party to investigate the matter.

§ 10.3 Hazardous Materials

§ 10.3.1 For the purposes of this Section 10.3, "hazardous materials" are any materials, wastes, substances and chemicals deemed to be hazardous by Applicable Laws, or the handling, storage, remediation, or disposal of which are regulated by Applicable Laws. The Design-Builder is responsible for compliance with any requirements included in the Design-Build Documents regarding hazardous materials. The Design-Builder shall be obligated to analyze and evaluate the Owner's Criteria to determine if any hazardous materials are required by the Owner's Criteria as presented to Design-Builder, and if so, then it shall be obligated to report such presence in writing to Owner. The Design-Builder shall be liable for any such hazardous materials which it (a) fails to report to Owner that are required by Owner's Criteria, or (b) discovers as required by Owner's Criteria, but which Owner submits in writing shall remain required by Owner's Criteria even after Owner's receipt of written notification that such materials are hazardous materials. If the Design-Builder encounters a hazardous material or substance not required by the Owner's Criteria and which are not addressed in the Design-Build Documents, and if reasonable precautions will be inadequate to prevent foreseeable bodily injury or death to persons resulting from a material or substance, including but not limited to asbestos or polychlorinated biphenyl (PCB), encountered on the site by the Design-Builder, the Design-Builder shall, upon recognizing the condition, immediately stop Work in the affected area and promptly submit to Owner a written report of such hazardous materials condition.

§ 10.3.2 Upon receipt of the Design-Builder's written report, the Owner shall obtain the services of a licensed laboratory to verify the presence or absence of the hazardous material or substance reported by the Design-Builder and, in the event such hazardous material or substance is found to be present, to cause it to be rendered harmless. Unless otherwise required by the Design-Build Documents, the Owner shall furnish in writing to the Design-Builder the names and qualifications of persons or entities who are to perform tests verifying the presence or absence of such material or substance or who are to perform the task of removal or safe containment of such hazardous material or substance. The Design-Builder will promptly reply to the Owner in writing stating whether or not the Design-

Builder has reasonable objection to the persons or entities proposed by the Owner to perform the task of removal or safe containment of such hazardous material. If the Design-Builder has an objection to a person or entity proposed by the Owner to perform the task of removal or safe containment of such hazardous material, the Owner shall promptly propose in writing another to whom the Design-Builder has no reasonable objection. When the hazardous material or substance has been rendered harmless, Owner shall submit to Design-Builder written certification that the hazardous materials have been removed or rendered harmless and all necessary approvals have been obtained pursuant to Applicable Law. The Design-Builder shall be obligated to resume Work in the affected area upon receipt from the Owner of such written certification. By Change Order, the Contract Time shall be extended appropriately and the Contract Sum shall be increased in the amount of the Design-Builder's reasonable additional costs actually incurred in and directly attributable to the shut-down, delay and start-up.

§ 10.3.3 To the fullest extent permitted by law, the Owner shall indemnify, defend and hold harmless the Design-Builder, the Architect, Consultants, and Contractors, and employees of any of them, from and against claims, damages, losses and expenses, including but not limited to reasonable attorneys' fees, arising out of or resulting from performance of the Work in the affected area, if in fact the hazardous material or substance that was: (a) not introduced to the site by Design-Builder and (b) present as required by the Owner's Criteria however negligently not reported to Owner by Design-Builder upon its evaluation and analysis of the Owner's Criteria pursuant to Section 10.3.1, and that presents the risk of bodily injury or death as described in Section 10.3.1 and has not been rendered harmless, provided that such claim, damage, loss or expense is attributable to bodily injury, sickness, disease or death, or to injury to, or destruction of, tangible property (other than the Work itself), except to the extent that such damage, loss or expense is due to the fault or negligence of the party seeking indemnity.

§ 10.3.4 The Owner shall not be responsible under this Section 10.3 for hazardous materials or substances: (a) the Design-Builder brings to the site, or (b) are required by Owner to remain as required by the Owner's Criteria after receipt of Design-Builder's written report of such hazardous materials after its evaluation and analysis of the Owner's Criteria pursuant to Section 10.3.1. The Owner shall only be responsible for hazardous materials or substances required by the Owner's Criteria that it communicates in writing shall remain required by the Owner's Criteria after receipt of Design-Builder's written report of such hazardous pursuant to Section 10.3.1, except to the extent of the Design-Builder's fault or negligence in the use and handling of such hazardous materials or substances.

§ 10.3.5 The Design-Builder shall indemnify, defend and hold harmless the Owner from and against all claims, losses, damages, liabilities and expenses, including but not limited to reasonable attorneys' fees arising out of or resulting from those hazardous materials: (a) introduced to the site by Design-Builder, its Vendor(s), or anyone for whose acts Design-Builder may be liable and/or (b) which Design-Builder was negligent in not reporting in writing to the Owner as present and required in the Owner's Criteria pursuant to Section 10.3.1.

§ 10.3.6 If, hazardous materials are present at the site due to Owner's written requirement that such hazardous materials remain required by the Owner's Criteria after receipt of Design-Builder's written report of such hazardous pursuant to Section 10.3.1, the Design-Builder is held liable by a government agency for the cost of remediation of such hazardous material or substance solely by reason of performing Work as required by the Design-Build Documents, the Owner shall indemnify the Design-Builder for all cost and expense thereby incurred.

§ 10.4 Emergencies
In an emergency affecting safety of persons or property, the Design-Builder shall act, subject to reasonable and industry standards, to prevent threatened damage, injury or loss.

ARTICLE 11 UNCOVERING AND CORRECTION OF WORK
§ 11.1 Uncovering of Work
The Owner may request to examine a portion of the Work that the Design-Builder has covered to determine if the Work has been performed in accordance with the Contract Documents. If such Work is in accordance with the Contract Documents, the Owner and Design-Builder shall execute a Change Order to adjust the Contract Time and

Contract Sum, as appropriate. If such Work is not in accordance with the Contract Documents, the costs of uncovering and correcting the Work shall be at the Design-Builder's expense and the Design-Builder shall not be entitled to a change in the Contract Time and/or Contract Sum unless the condition was caused by the Owner in which event the Owner shall be responsible for payment of such costs and the Contract Time will be adjusted as appropriate.

§ 11.2 Correction of Work

§ 11.2.1 Before or After Substantial Completion. The Design-Builder shall promptly correct Work rejected by the Owner or failing to conform to the requirements of the Contract Documents, whether discovered before or after Substantial Completion and whether or not fabricated, installed or completed. Costs of correcting such rejected Work, including additional testing and inspections, the cost of uncovering and replacement, and compensation for any design consultant employed by the Owner whose expenses and compensation were made necessary thereby, shall be at the Design-Builder's expense.

§ 11.2.2 After Substantial Completion

§ 11.2.2.1 In addition to the Design-Builder's obligations under Section 3.1.12, if, within one year after the date of Substantial Completion of the Work or designated portion thereof or after the date for commencement of warranties established under Section 9.9.1, or by terms of an applicable special warranty required by the Design-Build Documents (collectively referred to as the "Correction Period"), any of the Work is found not to be in accordance with the requirements of the Design-Build Documents, the Design-Builder shall correct it promptly after receipt of written notice from the Owner to do so unless the Owner has previously given the Design-Builder a written acceptance of such condition. Notwithstanding the foregoing, the Design-Builder shall be obligated to promptly correct such condition where the Owner had previously given written acceptance of such non-conformance, but where such initial condition caused additional conditions that the Owner could not have reasonably foreseen at the time it gave written such acceptance of such initial condition. The Owner shall give such notice promptly after discovery of the condition. During the Correction Period, if the Owner fails to notify the Design-Builder and give the Design-Builder an opportunity to make the correction, the Owner waives the rights to require correction by the Design-Builder and to make a claim for breach of warranty. The foregoing shall in no event apply to equipment or any material that carries a longer warranty period. If the Design-Builder fails to correct nonconforming Work within a reasonable time during that period after receipt of notice from the Owner, the Owner may correct it in accordance with Section 7.9.

§ 11.2.2.2 The Correction Period shall be extended with respect to portions of Work first performed after Substantial Completion by the period of time between Substantial Completion and the actual completion of that portion of the Work.

§ 11.2.2.3 The Correction Period shall not be extended by corrective Work performed by the Design-Builder pursuant to this Section 11.2.

§ 11.2.3 The Design-Builder shall remove from the site portions of the Work that are not in accordance with the requirements of the Contract Documents and are neither corrected by the Design-Builder nor accepted by the Owner.

§ 11.2.4 The Design-Builder shall solely bear the cost of correcting destroyed or damaged construction of the Owner or separate contractors, whether completed or partially completed, caused by the Design-Builder's correction or removal of Work that is not in accordance with the requirements of the Contract Documents.

§ 11.2.5 Nothing contained in this Section 11.2 shall be construed to establish a period of limitation with respect to other obligations the Design-Builder has under the Contract Documents. Establishment of the Correction Period as described in Section 11.2.2 relates only to the specific obligation of the Design-Builder to

correct the Work, and has no relationship to the time within which the obligation to comply with the Contract Documents may be sought to be enforced, nor to the time within which proceedings may be commenced to establish the Design-Builder's liability with respect to the Design-Builder's obligations other than specifically to correct the Work.

§ 11.3 Acceptance of Nonconforming Work
If the Owner prefers to accept Work that is not in accordance with the requirements of the Contract Documents, the Owner may do so only by written notice to Design-Builder, instead of requiring its removal and correction, in which case the Contract Sum will be reduced as appropriate and equitable. Such adjustment shall be effected whether or not final payment has been made.

ARTICLE 12 COPYRIGHTS AND LICENSES
§ 12.1 Drawings, Specifications and other contract documents prepared by the Design-Builder for the Project are instruments of the Design-Builder's service and, unless otherwise provided, the Design-Builder shall be deemed the author of such documents, as applicable and shall retain all common law, statutory and other reserved rights, including the copyrights. However, the Design-Builder shall not use the Drawings, Specifications or other Project design documents for any purpose not related to the Project without the Owner's prior written consent. Additionally, submission or distribution of instruments of service to meet official regulatory requirements, or for similar purposes in connection with the Project or any future project by Owner as to the Facility, is not to be construed as publication in derogation of the reserved rights of the Design-Builder its Contractors, and/or any other person or entity providing services or work for any of them.

§ 12.2 The Design-Builder and the Owner warrant that in transmitting Instruments of Service, or any other information, the transmitting party is the copyright owner of such information or has permission from the copyright owner to transmit such information for its use on the Project or any future project by Owner as to the Facility.

§ 12.3 The Owner shall have a fully-paid royalty-free right and license (the "License") to retain copies, including reproducible copies and copies of computer disks or other computer memory storage devices, of the Drawings, Specifications and other Project design documents, and to use all of the aforesaid for any purposes in connection with the construction, reconstruction, renovation, repair, maintenance, use and occupancy of the Project. Without limitation, the word "Drawings" as used herein includes graphic images of the Drawings contained in computer files, stored on computer disks, tapes or other computer memory storage media and the License includes the right to receive in the form of such computer memory storage media and to retain and use, copies of the Design-Builder's CAD Drawings as maintained in the Design-Builder's computer files. The Design-Builder hereby consents to the transfer of the License to any assignee of the Owner. Upon completion of the design services in connection with the project, the Design-Builder's assignment of any or all Subcontracts to the Owner, or earlier termination of this Agreement for any reason, the License shall be irrevocable and perpetual. Any unauthorized reproduction or use of the Instruments of Service by the Owner or others shall be at the Owner's sole risk and expense without liability to the Design-Builder and its design professionals. Except as provided in Section A.1.6.4, termination of this Agreement prior to completion of the Design-Builder's services to be performed under this Agreement shall terminate this license.

§ 12.3.1 The Design-Builder shall obtain non-exclusive licenses from the Architect, Consultants, and Contractors, that will allow the Design-Builder to satisfy its obligations to the Owner under this Article 12. The Design-Builder's licenses from the Architect and its Consultants and Contractors shall also allow the Owner, in the event this Agreement is terminated for any reason other than the default of the Owner or in the event the Design-Builder's Architect, Consultants, or Contractors terminate their agreements with the Design-Builder for cause, to obtain a limited, irrevocable and non-exclusive license solely and exclusively for purposes of constructing, using, maintaining, altering and adding to the Project, provided

that the Owner provide the Architect, Consultant or Contractor with the Owner's written agreement to indemnify and hold harmless the Architect, Consultant or Contractor from all costs and expenses, including the cost of defense, related to claims and causes of action asserted by any third person or entity to the extent such costs and expenses arise from the Owner's alteration or use of the Instruments of Service.

§ 12.3.2 In the event the Owner alters the Instruments of Service without the author's written authorization or uses the Instruments of Service without retaining the authors of the Instruments of Service, the Owner releases the Design-Builder, Architect, Consultants, Contractors and any other person or entity providing services or work for any of them, from all claims and causes of action arising from or related to such uses. The Owner, to the extent permitted by law, further agrees to indemnify and hold harmless the Design-Builder, Architect, Consultants, Contractors and any other person or entity providing services or work for any of them, from all costs and expenses, including the cost of defense, related to claims and causes of action asserted by any third person or entity to the extent such costs and expenses arise from the Owner's alteration or use of the Instruments of Service under this Section 12.3.2. The terms of this Section 12.3.2 shall not apply if the Owner rightfully terminates this Agreement for cause under Sections 13.1.4 or 13.2.2.

§ 12.3.3 Except for the Drawings, Specifications and other Project design documents prepared by the Design-Builder described above, all reports and other materials furnished to the Owner pursuant to this Agreement shall become property of the Owner and may be used by the Owner or such parties as the Owner may designate thereafter, in such manner and for such purposes as the Owner or such parties may deem advisable without further employment of or additional compensation to the Design-Builder. The Design-Builder shall not release or disclose to any third party any report or other materials produced for the Owner without obtaining the Owner's prior written consent.

ARTICLE 13 TERMINATION OR SUSPENSION

§ 13.1 Termination or Suspension Prior to Execution of the Design-Build Amendment

§ 13.1.1 If the Owner fails to make payments to the Design-Builder pursuant to other mutually agreed-to written agreement for Work completed prior to execution of the Design-Build Amendment (i.e. payment in satisfaction of the Basis of Design Proposal Agreement) and in accordance with this Agreement, such failure shall be considered substantial nonperformance and cause for termination or, at the Design-Builder's option, cause for suspension of performance of services under this Agreement. If the Design-Builder elects to suspend the Work, the Design-Builder shall give seven days' written notice to the Owner before suspending the Work. In the event of a suspension of the Work, the Design-Builder shall have no liability to the Owner for delay or damage caused by the suspension of the Work. Before resuming the Work, the Design-Builder shall be paid all sums due prior to suspension and any expenses actually incurred in the interruption and resumption of the Design-Builder's Work. The Design-Builder's compensation for, and time to complete, the remaining Work shall be equitably adjusted.

§ 13.1.2 If the Owner suspends the Project for cause (which shall mean suspension due to act or fault of the Design-Builder, the Architect, a Consultant, or a Contractor, or their agents or employees, or any other persons or entities performing portions of the Work under direct or indirect contract with the Design-Builder), the Design-Builder shall be compensated for the Work performed prior to notice of such suspension. When the Project is resumed, the Design-Builder shall be compensated for the reasonable expenses actually incurred in (Design-Builder must present to Owner its invoices for such expenses) and directly attributable to the interruption and resumption of the Design-Builder's Work. The Design-Builder's compensation for, and time to complete, the remaining Work shall be equitably adjusted.

§ 13.1.3 If the Owner suspends the Project for more than 90 cumulative days for reasons other than the fault of the Design-Builder, the Design-Builder may terminate this Agreement by giving not less than seven days' written notice.

§ 13.1.4 Either party may terminate this Agreement upon not less than seven days' written notice should the other party fail substantially to perform in accordance with the terms of this Agreement through no fault of the party initiating the termination.

§ 13.1.5 The Owner may terminate this Agreement for the Owner's convenience and without cause, upon not less than seven days' prior written notice to the Design-Builder.

§ 13.1.6 In the event of termination not due to any act or fault of the Design-Builder, the Architect, a Consultant, or a Contractor, or their agents or employees, or any other persons or entities performing portions of the Work under direct or indirect contract with the Design-Builder, the Design-Builder shall be compensated for Work it duly performed pursuant to the Owner-Approved Preliminary Design prior to termination, together with Reimbursable Expenses then due and reasonable expenses actually incurred and directly attributable to termination for which the Design-Builder is not otherwise compensated (for which Design-Builder shall present to Owner its invoices for such expenses). In no event shall the Design-Builder's compensation under this Section 13.1.6 be greater than the compensation set forth in Section 2.1.

§ 13.2 Termination or Suspension Following Execution of the Design-Build Amendment
§ 13.2.1 Termination by the Design-Builder
§ 13.2.1.1 The Design-Builder may terminate the Contract if the Work is stopped for a period of 30 consecutive days through no act or fault of the Design-Builder, the Architect, a Consultant, or a Contractor, or their agents or employees, or any other persons or entities performing portions of the Work under direct or indirect contract with the Design-Builder, for any of the following reasons:

.1 Issuance of an order of a court or other public authority having jurisdiction that requires all Work to be stopped;

.2 An act of government, such as a declaration of national emergency that requires all Work to be stopped;

.3 Because the Owner has not issued a Certificate for Payment pursuant to the terms and conditions of this Agreement, including, but not limited to, that the Owner has not notified the Design-Builder of the reason for withholding certification as provided in Section 9.5.1, or because the Owner has not made payment on a Certificate for Payment pursuant to the terms and conditions of this Agreement, including, but not limited to, making a payment within the time stated in the Contract Documents; or

.4 The Owner has failed to furnish to the Design-Builder promptly, upon the Design-Builder's prior written request, reasonable evidence as required by Section 7.2.7.

§ 13.2.1.2 The Design-Builder may terminate the Contract if, through no act or fault of the Design-Builder, the Architect, a Consultant, a Contractor, or their agents or employees or any other persons or entities performing portions of the Work under direct or indirect contract with the Design-Builder, repeated suspensions, delays or interruptions of the entire Work by the Owner as described in Section 13.2.3 constitute in the aggregate more than 100 percent of the total number of days scheduled for completion, or 120 days in any 365-day period, whichever is less.

§ 13.2.1.3 If one of the reasons described in Section 13.2.1.1 or 13.2.1.2 exists, the Design-Builder may, upon seven days' prior written notice to the Owner, terminate the Contract and recover from the Owner payment for Work it duly performed pursuant to the Owner-Approved Preliminary Design, including reasonable expenses actually incurred in and directly attributable to such termination for which the Design-Builder is not otherwise compensated (for which Design-Builder shall present to Owner its invoices for such expenses).

§ 13.2.1.4 If the Work is stopped for a period of 60 consecutive days through no act or fault of the Design-Builder , the Architect, a Consultant, or a Contractor, or their agents or employees, or any other persons or

entities performing portions of the Work under direct or indirect contract with the Design-Builder because the Owner has repeatedly (which shall mean more than three (3) times) failed to fulfill the Owner's obligations under the Design-Build Documents with respect to matters substantively important to the progress of the Work, the Design-Builder may, upon seven additional days' prior written notice to the Owner, terminate the Contract and recover from the Owner as provided in Section 13.2.1.3.

§ 13.2.2 Termination by the Owner For Cause

§ 13.2.2.1 The Owner may terminate the Contract if the Design-Builder

.1 fails to submit the Proposal by the date required by the agreed-to Timeline, or within a reasonable time consistent with the date of Substantial Completion;

.2 refuses or fails to supply an Architect, or enough properly skilled Consultants, Contractors, or workers or proper materials;

.3 fails to make payment to the Architect, Consultants, or Contractors for services, materials or labor in accordance with their respective agreements with the Design-Builder or as otherwise required by Applicable Law;

.4 disregards or otherwise circumvents Applicable Laws; and/or

.5 is otherwise guilty of substantial breach of a provision of this Agreement, the Terms & Conditions and/or the Contract Documents.

§ 13.2.2.2 When any of the above reasons exist, the Owner may without prejudice to any other rights or remedies of the Owner and after giving the Design-Builder and the Design-Builder's surety, if any, seven days' prior written notice, terminate this Agreement and may, subject to any prior rights of the surety:

.1 Exclude the Design-Builder from the site and take title to and possession of all materials, equipment, tools, and construction equipment and machinery thereon owned by the Design-Builder;

.2 Accept assignment of the Architect, Consultant and Contractor agreements pursuant to Section 3.1.15; and

.3 Finish the Work by whatever reasonable method the Owner may deem expedient. Upon written request of the Design-Builder, the Owner shall furnish to the Design-Builder a detailed accounting of the costs incurred by the Owner in finishing the Work.

§ 13.2.2.3 When the Owner terminates the Contract for one of the reasons stated in Section 13.2.2.1, the Design-Builder shall not be entitled to receive further payment until the Work is finished.

§ 13.2.2.4 If the unpaid balance of the Contract Sum representing Work Design-Builder duly performed pursuant to the Owner-Approved Preliminary exceeds Owner's costs of finishing the Work and other damages incurred by the Owner and not expressly waived, such excess shall be paid to the Design-Builder only on completion by Owner of the Work. If such Owner's costs and damages exceed the unpaid balance, the Design-Builder shall pay the difference to the Owner. The obligation for such payments shall survive termination of the Contract.

§ 13.2.3 Suspension by the Owner for Convenience

§ 13.2.3.1 The Owner may, without cause, order the Design-Builder in writing to suspend, delay or interrupt the Work in whole or in part for such period of time as the Owner may determine.

§ 13.2.3.2 The Contract Sum and Contract Time shall be adjusted for increases in the cost and time directly caused by suspension, delay or interruption as described in Section 13.2.3.1. No adjustment shall be made to the extent

.1 that performance is, was or would have been so suspended, delayed or interrupted by another cause for which the Design-Builder is responsible; or

.2 that an equitable adjustment is made or denied under another provision of the Contract.

§ 13.2.4 Termination by the Owner for Convenience

§ 13.2.4.1 The Owner may, at any time, terminate the Contract for the Owner's convenience and without cause.

§ 13.2.4.2 Upon receipt of written notice from the Owner of such termination for the Owner's convenience, the Design-Builder shall

.1 cease operations as directed by the Owner in the notice;

.2 take actions necessary, or that the Owner may direct, for the protection and preservation of the Work; and,

.3 except for Work directed to be performed prior to the effective date of termination stated in the notice, terminate all existing Project agreements, including agreements with the Architect, Consultants, Contractors, and purchase orders, and enter into no further Project agreements and purchase orders.

§ 13.2.4.3 In case of such termination for the Owner's convenience, the Design-Builder shall be entitled to receive payment for Work duly performed, and reasonable costs actually incurred in and directly attributable to such termination.

ARTICLE 14 CLAIMS AND DISPUTE RESOLUTION

§ 14.1 Claims

§ 14.1.1 Definition. A Claim is a demand or assertion by one of the parties seeking, as a matter of right, payment of money, or other relief with respect to the terms of the Contract. The term "Claim" also includes other disputes and matters in question between the Owner and Design-Builder arising out of or relating to the Contract. The responsibility to substantiate Claims shall rest with the party making the Claim.

§ 14.1.2 Time Limits on Claims. The Owner and Design-Builder shall commence all claims and causes of action, whether in contract, tort, breach of warranty or otherwise, against the other, arising out of or related to the Contract in accordance with the requirements of the binding dispute resolution method selected in Section 1.3, within the time period specified by Applicable Law. The Owner and Design-Builder waive all claims and causes of action not commenced in accordance with this Section 14.1.2.

§ 14.1.3 Notice of Claims

§ 14.1.3.1 Prior To Final Payment. Prior to Final Payment, Claims by either the Owner or Design-Builder must be initiated by written notice to the other party within 21 days after occurrence of the event giving rise to such Claim or within 21 days after the claimant first recognizes the condition giving rise to the Claim, whichever is later.

§ 14.1.3.2 After Final Payment, Claims by either the Owner or Design-Builder that have not otherwise been waived pursuant to Sections 9.10.4 or 9.10.5, must be initiated by prompt written notice to the other party.

§ 14.1.4 Continuing Contract Performance. Pending final resolution of a Claim, except as otherwise agreed in writing or as provided in Section 9.7 and Article 13, the Design-Builder shall proceed diligently with performance of the Contract and the Owner shall continue to make payments in accordance with the Contract Documents. This Subparagraph shall not apply if the Claim involves the issue of non-payment of contract monies for undisputed change orders in excess of $50,000.00. In such an event, Claimant will be entitled to have the claim for non-payment settled by arbitration in accordance with the Fast Track Rules of the Construction Industry Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the

arbitrator or arbitrators may be entered in any court having jurisdiction thereof. The award rendered by the arbitrator or arbitrators shall be final and binding.

§ 14.1.5 Claims for Additional Cost. If the Design-Builder intends to make a Claim for an increase in the Contract Sum, written notice as provided herein shall be given before proceeding to execute the portion of the Work that relates to the Claim. Prior notice is not required for Claims relating to an emergency that threatens to imminently endanger life or property arising under Section 10.4.

§ 14.1.6 Claims for Additional Time

§ 14.1.6.1 If the Design-Builder intends to make a Claim for an increase in the Contract Time, written notice as provided herein shall be given to the Owner. The Design-Builder's Claim shall include an estimate of cost and of probable effect of delay on progress of the Work. In the case of a continuing delay, only one Claim is necessary.

§ 14.1.6.2 If adverse weather conditions are the basis for a Claim for additional time, such Claim shall be documented by data substantiating that weather conditions were abnormal for the period of time, could not have been reasonably anticipated, and had an adverse effect on the scheduled construction.

§ 14.1.7 Claims for Consequential Damages

The Design-Builder and Owner waive Claims against each other for consequential damages arising out of or relating to this Contract. This mutual waiver includes

.1 damages incurred by the Owner for rental expenses, for losses of use, income, profit, financing, business and reputation, and for loss of management or employee productivity or of the services of such persons; and

.2 damages incurred by the Design-Builder for principal office expenses including the compensation of personnel stationed there, for losses of financing, business and reputation, and for loss of profit except anticipated profit arising directly from the Work.

This mutual waiver is applicable, without limitation, to all consequential damages due to either party's termination in accordance with Article 13.

§ 14.2 Intentionally Omitted.

§ 14.2.2 Procedure

§ 14.2.2.1 Claims Initiated by the Owner. If the Owner initiates a Claim, the Design-Builder shall provide a written response to Owner within ten business days after receipt of the notice required under Section 14.1.3.1.

§ 14.2.2.2 Claims Initiated by the Design-Builder. If the Design-Builder initiates a Claim, the Owner will take one or more of the following actions within ten business days after receipt of the notice required under Section 14.1.3.1: (1) request additional supporting data, (2) render a decision rejecting the Claim in whole or in part, (3) render a decision approving the Claim, (4) suggest a compromise or (5) indicate that it is unable to render an initial decision because the Owner lacks sufficient information to evaluate the merits of the Claim.

§ 14.2.3 In evaluating Claims, the Owner may, but shall not be obligated to, consult with or seek information from persons with special knowledge or expertise who may assist the Owner in rendering a decision. The retention of such persons shall be at the Owner's expense.

§ 14.2.4 If the Owner requests the Design-Builder to provide a written response to a Claim or to furnish additional supporting data, the Design-Builder shall respond, within ten days after receipt of such request, and shall

either (1) provide a written response on the requested supporting data, (2) advise the Owner in writing when the response or supporting data will be furnished or (3) advise the Owner in writing that no supporting data will be furnished. Upon receipt of the response or supporting data, if any, the Owner will either reject or approve the Claim in whole or in part.

§ 14.2.5 The Owner's decision shall (1) be in writing; (2) state the reasons therefor; and (3) identify any change in the Contract Sum or Contract Time or both. The initial decision shall be final and binding on the parties but subject to binding dispute resolution pursuant to this Section 14.

§ 14.2.6 This Section Intentionally Left Blank.

§ 14.2.6.1 Either party may, within 30 days from its receipt from the other party of the response to an initiated Claim for non-payment, request in writing that the parties specifically agree to settle such disputes for non-payment by arbitration in accordance with the Fast Track Rules of the Construction Industry Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator or arbitrators may be entered in any court having jurisdiction thereof. The award rendered by the arbitrator or arbitrators shall be final and binding.

§ 14.2.7 In the event of a Claim against the Design-Builder, the Owner may, but is not obligated to, notify the surety, if any, of the nature and amount of the Claim. If the Claim relates to a possibility of a Design-Builder's default, the Owner may, but is not obligated to, notify the surety and request the surety's assistance in resolving the controversy.

§ 14.2.8 If a Claim relates to or is the subject of a mechanic's lien, the party asserting such Claim may proceed in accordance with applicable law to comply with the lien notice or filing deadlines.

§ 14.3 This Section Intentionally Left Blank.

§ 14.**4 Arbitration**

§ 14.4.1 Unless the parties mutually agree in writing otherwise, any dispute, controversy or claim arising out of, or in connection with, this Agreement or the relationship of the parties with respect to the subject matter hereof will be finally resolved by arbitration under the Rules of Arbitration of the American Arbitration Association (AAA) then in effect, by one arbitrator appointed in accordance with said Rules of Arbitration of the AAA. The venue of arbitration shall be the city of New York, New York, USA. The arbitral decision shall be final, binding and enforceable against the parties in any court of competent jurisdiction, and the parties hereby waive any right to appeal such arbitral decision on the merits or to challenge the award. The party filing a notice of demand for arbitration must assert in the demand all Claims then known to that party on which arbitration is permitted to be demanded.

§ 14.4.1.1 A demand for arbitration shall be made no earlier than concurrently with the filing of a request for mediation, but in no event shall it be made after the date when the institution of legal or equitable proceedings based on the Claim would be barred by the applicable statute of limitations or statute of repose. For statute of limitations or statute of repose purposes, receipt of a written demand for arbitration by the person or entity administering the arbitration shall constitute the institution of legal or equitable proceedings based on the Claim.

§ 14.4.2 The award rendered by the arbitrator or arbitrators shall be final, and judgment may be entered upon it in accordance with Applicable Law in any court having jurisdiction.

§ 14.4.3 The foregoing agreement to arbitrate, and other agreements to arbitrate with an additional person or entity duly consented to by parties to the Agreement, shall be specifically enforceable under Applicable Law in any court having jurisdiction thereof.

§ 14.4.4 Discovery The Owner and the Design-Builder shall, before the arbitration hearing, make discovery and disclosure of all matters relevant to the subject matter of such dispute and no more than three (3) depositions per side, to the extent and in the manner provided by the Federal Rules of Civil Procedure. All questions that may arise with respect to the fulfillment of or the failure to fulfill this obligation shall be referred to the arbitrator(s), which shall be final and binding. This obligation shall be specifically enforceable.

§ 1.4.4.5 Counsel Fees The arbitrator shall award counsel fees to one party in the event they find one party was the substantially prevailing party over the other party. This provision does not overrule any statute that permits the granting of counsel fees or special interest and penalties.

§ 14.4.4 Consolidation or Joinder
§ 14.4.4.1 Either party, at its sole discretion, may consolidate an arbitration conducted under this Agreement with any other arbitration to which it is a party provided that (1) the arbitration agreement governing the other arbitration permits consolidation, (2) the arbitrations to be consolidated substantially involve common questions of law or fact, and (3) the arbitrations employ materially similar procedural rules and methods for selecting arbitrator(s).

§ 14.4.4.2 Either party, at its sole discretion, may include by joinder persons or entities substantially involved in a common question of law or fact whose presence is required if complete relief is to be accorded in arbitration, provided that the party sought to be joined consents in writing to such joinder. Consent to arbitration involving an additional person or entity shall not constitute consent to arbitration of any claim, dispute or other matter in question not described in the written consent.

§ 14.4.4.3 The Owner and Design-Builder grant to any person or entity made a party to an arbitration conducted under this Section 14.4, whether by joinder or consolidation, the same rights of joinder and consolidation as the Owner and Design-Builder under this Agreement.

ARTICLE 15 MISCELLANEOUS PROVISIONS
§ 15.1 Governing Law
The Contract shall be governed by and construed in accordance with the laws of the State of New York pursuant to Sections 5-1401 and 5-1402 of the New York General Obligations Law, excluding the following: New York choice-of-law principles and any applicable federal law.

§ 15.2 Jurisdiction
If the parties mutually agree in writing that any dispute, controversy or claim arising out of, or in connection with, this Agreement or the relationship of the parties with respect to the subject matter hereof will be not be finally resolved by arbitration and pursuant to Section 14.4.1 – Section 13.3.4, then the parties agree that such disputes shall be heard in either the State or Federal Courts having jurisdiction in the State of New York, and each hereby expressly consents to the jurisdiction of the State and Federal courts of the State of New York.

§ 15.2 Successors and Assigns
§ 15.2.1 The Owner and Design-Builder, respectively, bind themselves, their partners, successors, assigns and legal representatives to the covenants, agreements and obligations contained in the Contract Documents. Except as provided in Section 15.2.2, neither party to the Contract shall assign the Contract as a whole without written consent of the other, which shall not be unreasonably withheld, conditioned or delayed. If either

party attempts to make such an assignment without such consent, that party shall nevertheless remain legally responsible for all obligations under the Contract.

§ 15.2.2 The Owner may, without consent of the Design-Builder, assign the Contract to a lender providing construction financing for the Project, if the lender assumes the Owner's rights and obligations under the Contract Documents. The Design-Builder shall execute all consents required by such lender and/or by Applicable Law to facilitate such assignment.

§ 15.2.3 If the Owner requests the Design-Builder, Architect, Consultants, or Contractors to execute certificates, other than those required by Section 3.1.10, the Owner shall submit the proposed language of such certificates for review at least 14 days prior to the requested dates of execution. If the Owner requests the Design-Builder, Architect, Consultants, or Contractors to execute consents reasonably required to facilitate assignment to a lender, the Design-Builder, Architect, Consultants, or Contractors shall execute all such consents that are consistent with this Agreement, provided the proposed consent is submitted to them for review at least 14 days prior to execution. The Design-Builder, Architect, Consultants, and Contractors shall not be required to execute certificates or consents that would require knowledge, services or responsibilities beyond the scope of their services.

§ 15.3 Written Notice

Written notice shall be deemed to have been duly served if delivered in person to the individual, to a member of the firm or entity, or to an officer of the corporation for which it was intended; or if delivered at, or sent by registered or certified or electronic mail (the latter, only upon confirmation by recipient of receipt of such notice) or by courier service providing proof of delivery to, the last business address known to the party giving notice.

§ 15.4 Rights and Remedies

§ 15.4.1 Duties and obligations imposed by the Contract Documents, and rights and remedies available thereunder, shall be in addition to and not a limitation of duties, obligations, rights and remedies otherwise imposed or available by law.

§ 15.4.2 No action or failure to act by the Owner or Design-Builder shall constitute a waiver of a right or duty afforded them under the Contract, nor shall such action or failure to act constitute approval of or acquiescence in a breach thereunder, except as may be specifically agreed in writing.

§ 15.5 Tests and Inspections

§ 15.5.1 Tests, inspections and approvals of portions of the Work shall be made as required by the Contract Documents and by Applicable Laws. Unless otherwise provided, the Design-Builder shall make arrangements for such tests, inspections and approvals with an independent testing laboratory or entity acceptable to the Owner, or with the appropriate public authority, and shall bear all related costs of tests, inspections and approvals. The Design-Builder shall give the Owner timely written notice of when and where tests and inspections are to be made so that the Owner may be present for such procedures. The Owner shall bear costs of (1) tests, inspections or approvals that do not become requirements until after bids are received or negotiations concluded, and (2) tests, inspections or approvals where building codes or Applicable Laws prohibit the Owner from delegating their cost to the Design-Builder.

§ 15.5.2 If the Owner determines that portions of the Work require additional testing, inspection or approval not included under Section 15.5.1, the Owner will instruct the Design-Builder to make arrangements for such additional testing, inspection or approval by an entity acceptable to the Owner, and the Design-Builder shall give timely written notice to the Owner of when and where tests and inspections are to

be made so that the Owner may be present for such procedures. Such costs, except as provided in Section 15.5.3, shall be at the Owner's expense.

§ 15.5.3 If such procedures for testing, inspection or approval under Sections 15.5.1 and 15.5.2 reveal failure of the portions of the Work to comply with requirements established by the Contract Documents, all costs made necessary by such failure shall be at the Design-Builder's expense.

§ 15.5.4 Required certificates of testing, inspection or approval shall, unless otherwise required by the Contract Documents, be secured by the Design-Builder and promptly delivered to the Owner.

§ 15.5.5 If the Owner is to observe tests, inspections or approvals required by the Contract Documents, the Owner will do so promptly and, where practicable, at the normal place of testing.

§ 15.5.6 Tests or inspections conducted pursuant to the Contract Documents shall be made promptly to avoid unreasonable delay in the Work.

§ 15.6 Confidential Information
If the Owner or Design-Builder transmits Confidential Information, the transmission of such Confidential Information constitutes a warranty to the party receiving such Confidential Information that the transmitting party is authorized to transmit the Confidential Information. If a party receives Confidential Information, the receiving party shall keep the Confidential Information strictly confidential and shall not disclose it to any other person or entity except as set forth in Section 15.6.1.

§ 15.6.1 A party receiving Confidential Information may disclose the Confidential Information as required by law or court order, including a subpoena or other form of compulsory legal process issued by a court or governmental entity. A party receiving Confidential Information may also disclose the Confidential Information to its employees, consultants or contractors in order to perform services or work solely and exclusively for the Project, provided those employees, consultants and contractors are subject to the restrictions on the disclosure and use of Confidential Information as set forth in this Contract.

§ 15.7 Capitalization
Terms capitalized in the Contract include those that are (1) specifically defined, (2) the titles of numbered articles or (3) the titles of other documents published by the American Institute of Architects.

§ 15.8 Interpretation
§ 15.8.1 In the interest of brevity the Contract Documents frequently omit modifying words such as "all" and "any" and articles such as "the" and "an," but the fact that a modifier or an article is absent from one statement and appears in another is not intended to affect the interpretation of either statement.

§ 15.8.2 Unless otherwise stated in the Contract Documents, words which have well-known technical or construction industry meanings are used in the Contract Documents in accordance with such recognized meanings.

§ 15.8.3 The use of the term, "shall" in this Agreement, the Terms & Conditions and/or any Design-Build Documents (defined herein) means a mandatory required act and/or action.

§ 15.8.4 The inclusion of a manufacturer's name, trademark, or other proprietary identification of a product shall not limit competition, but shall establish a standard of quality, implying an "or equal" clause, unless expressly specified otherwise. However, the substitution of a product in place of that specified shall be permitted only upon the Owner's issuance of written approval in the form of an Amendment hereto or Change Order to the Contract in response to a

formal request submitted by the Design-Builder sufficiently in advance to allow adequate time for evaluation by the Owner. If the Owner, in its sole discretion, determines that tests are necessary for a proper evaluation, such testing shall be performed as specified by the Owner and at the Design-Builder's expense. The substitution of a product shall be subject, without limitation, to any requirements listed in the Owner's Criteria or other parts of this Contract and the following conditions: (a) it is determined by the Owner that the proposed substitute product is equal or superior in properties, quality, character, and appearance to that specified; (b) such changes as may be required in the Work to install the substitute product and to properly integrate it into the Work are approved in writing by the Owner; (c) all costs for changes due to substitutions are the full responsibility of the Design-Builder unless otherwise agreed-to in writing by Owner; (d) the Design-Builder will provide at least the same warranty for the substitution that the it would provide for the product specified; and (e) the effect of the substitution on the total cost of the Work is approved by the Owner.

ARTICLE 16 SCOPE OF THE AGREEMENT

§ 16.1 This Agreement is comprised of the following documents listed below:

.1 AIA Document A141™–2014, Standard Form of Agreement Between Owner and Design-Builder

.2 AIA Document A141™–2014, Exhibit A, Design-Build Amendment, if executed

.3 AIA Document A141™–2014, Exhibit B, Insurance and Bonds

This Agreement entered into as of the day and year first written above.

OWNER: C.B. Fleet Company, Incorporated	DESIGN-BUILDER: CRB Builders, LLC
(Signature)	(Signature)
Ronald M. Lombardi, President (Printed name and title)	(Printed name and title)
(Signature)	(Signature)
Christine Sacco, Vice President and Treasurer (Printed name and title)	(Printed name and title)

DRAFT AIA® Document A141™ – 2014 Exhibit A

Design-Build Amendment

This Exhibit A Design-Build Amendment is dated the 16th day of March, 2020, (the "Amendment"), and is incorporated by reference into the accompanying AIA Document A141™–2014, Standard Form of Agreement Between Owner and Design-Builder dated the 1st day of July in the year 2018 by and between the Owner and the Design-Builder (as those terms are defined herein) (referred to as the "Agreement", also referred to as the "Contract").

for the following PROJECT:
[***]
4615 Murray Place
Lynchburg, VA 24502 ("Facility") (referred to herein as the "Project").

THE OWNER:
(Name, legal status and address)

C.B. Fleet Company, Incorporated; including affiliates, subsidiaries, officers, directors, employees, and agents with an address of:
4615 Murray Place
Lynchburg, VA 24502 , ("Owner")

THE DESIGN-BUILDER:

CRB Builders, LLC,
1255 Crescent Green, Suite 350
Cary, NC 27518 , ("Design-Builder")

Any capitalized term not otherwise defined in this Amendment shall have the same meaning as defined in the Agreement. The Owner and Design-Builder hereby amend the Agreement as follows. As to any conflict between the incorporated Annex 1 and any provision in (a) the Agreement; (b) the Terms and Conditions incorporated into the Agreement, and (c) the Amendment, the conflicting provision in Annex 1 shall govern.

TABLE OF ARTICLES

A.1 CONTRACT SUM

A.2 CONTRACT TIME

A.3 INFORMATION UPON WHICH AMENDMENT IS BASED

A.4 DESIGN-BUILDER'S PERSONNEL, CONTRACTORS AND SUPPLIERS

A.5 COST OF THE WORK

ARTICLE A.1 CONTRACT SUM

§ A.1.1 The Owner shall pay the Design-Builder the Contract Sum in current funds for the Design-Builder's performance of the Contract after the execution of this Amendment. The Contract Sum shall be one of the following and shall not include compensation the Owner paid the Design-Builder for Work performed prior to execution of this Amendment:

ADDITIONS AND DELETIONS: The author of this document has added information needed for its completion. The author may also have revised the text of the original AIA standard form. An Additions and Deletions Report that notes added information as well as revisions to the standard form text is available from the author and should be reviewed.

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

Consultation with an attorney is also encouraged with respect to professional licensing requirements in the jurisdiction where the Project is located.

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(Check the appropriate box.)

[« »] Stipulated Sum, in accordance with Section A.1.2 below

[« »] Cost of the Work plus the Design-Builder's Fee, in accordance with Section A.1.3 below

[X] Cost of the Work plus the Design-Builder's Fee with a Guaranteed Maximum Price, in accordance with Section A.1.4 below

The Contract Sum is based on the documents as set forth herein in Section A.1.4.3.5 and Section A.3.1.

§ A.1.4 Cost of the Work Plus Design-Builder's Fee With a Guaranteed Maximum Price
§ A.1.4.1 The Cost of the Work is as defined in Article A.5, Cost of the Work.

§ A.1.4.2 The Design-Builder's Fee ("Fee"):
(State a lump sum, percentage of Cost of the Work or other provision for determining the Design-Builder's Fee and the method for adjustment to the Fee for changes in the Work.)

Design-Builder's Fee shall be equal to Four and One-Half Percent (4.5%) of the total cost of the work as reflected in Annex 2, attached hereto, less the following; Construction Contingency, Design Fee, Construction Manager Labor, Construction Manager General Conditions, Construction Manager Fee, CGL Insurance, or the cost of equipment that is wholly procured and purchased by the Owner as defined in Annex 3. Commercial General Liability Insurance (CGLI) is considered a direct cost and will be in addition to the 4.5% fee. It will be accrued at a rate of 1.0% of the cost of the work.

§ A.1.4.3 Guaranteed Maximum Price
§ A.1.4.3.1 The sum of the Cost of the Work and the Design-Builder's Fee is guaranteed by the Design-Builder not to exceed Thirteen Million, Eight Hundred Fifty-Three Thousand, Five Hundred Thirty-Nine dollars and 00/100. ($13,853,539.00), subject to additions and deductions for changes in the Work as provided in the Design-Build Documents. Costs that are within the scope of work but would cause the Guaranteed Maximum Price ("GMAX") to be exceeded shall be paid by the Design-Builder without reimbursement by the Owner. The GMAX value noted above is inclusive of the two bridge funding agreements that were approved by the Owner and valued at a total of Two Million, One Hundred Twelve Thousand, Eight Hundred Fifteen Dollars and 00/100 ($2,112,815.00). The bridge funding agreements are detailed as follows and are included in Annex 2:

- Bridge Funding #1 – September 17, 2019 - $871,630.00
- Bridge Funding #2 – January 27, 2020 - $1,241,185.00

Shared Savings Provisions:

Upon Final Completion, if the result of the final Cost of the Work plus the Fee, less the sum of the unused Construction Contingency, Design Development, CM General Conditions (1A), and any unspent Allowance item, is less than the value of the GMAX as shown in Annex 2, it shall be considered as savings. ("Savings") The Design-Builder shall be entitled to payment of Fifty Percent (50%) of the Savings as additional compensation to be paid as part of the Final Payment.

Project Contingency:

Project Contingency includes Construction Contingency, Design Development, and Allowance line items enumerated in the details of Annex 2. It may be used by the Design-Builder pending notification and review with the Owner, for execution of work that was not initially considered by Design-Builder, but which is substantively required for Design-Builder's completion of the scope of work.

§ A.1.4.3.2 Itemized Statement of the Guaranteed Maximum Price
Provided below is an itemized statement of the Guaranteed Maximum Price organized by trade categories, allowances, contingencies, alternates, the Design-Builder's Fee, and other items that comprise the Guaranteed Maximum Price.
(Provide information below or reference an attachment.)

See attached Annex 2.

§ A.1.4.3.3 The Guaranteed Maximum Price is based on the following alternates, if any, which are described in the Design-Build Documents and are hereby accepted by the Owner:
(State the numbers or other identification of accepted alternates. If the Owner is permitted to accept other alternates subsequent to the execution of this Amendment, attach a schedule of such other alternates showing the change in the Cost of the Work and Guaranteed Maximum Price for each and the deadline by which the alternate must be accepted.)

See attached Annex 2.

§ A.1.4.3.4 Unit Prices, if any:
(Identify item, state the unit price, and state any applicable quantity limitations.)

Item	Units and Limitations	Price per Unit ($0.00)
See attached Annex 2.		

§ A.1.4.3.5 Assumptions, if any, on which the Guaranteed Maximum Price is based:

The parties agree that the GMAX is final and shall not be increased unless there is an approved change order from the Owner. Additionally, the parties agree that the GMAX is based on permit submission quality Plans and Specifications ("permit submission quality" shall mean design documents representing the entire scope of work as reflected in Annex 2, and as understood by the parties hereto), within which the Design-Builder has included work required to comply with the BODR included in Annex 4 and all other documents noted in Annex 4. Additional details have been included in Annex 2 to fully describe the cost and inclusion of work. The details within Annex 2 represent the entire scope of work as understood by the Design-Builder and Owner. Any item not included in the Annex 2 details or in the referenced Annex 4 documents are not part of the scope of work may be added to the project by way of an approved contract change order from the Owner.

§ A.1.5 Payments

§ A.1.5.1 Progress Payments

§ A.1.5.1.1 Based upon Applications for Payment submitted to the Owner by the Design-Builder, the Owner shall make progress payments on account of the Contract Sum to the Design-Builder within thirty (30) days of submittal subject to the Owner's rights to withhold payment under Section 9.5 of the Agreement. The Owner shall submit any questions it may have as to an Application for Payment within fourteen (14) days of submittal and if the Owner has an objection to payment, the Owner shall communicate the factual or legal basis for that objection within thirty (30) days of submittal. Applications for Payment shall be submitted on or around the closest working day to the 10th day of the month of the period following the month for which the Design-Builder is billing. Each application for Payment will fully identify the costs incurred during the most recent billing period properly associated with the Schedule of Value item under which such costs fall.

§ A.1.5.1.2 The period covered by each Application for Payment shall be one calendar month ending on the last day of the month.

§ A.1.5.1.3 Provided that an Application for Payment is received not later than the 15th day of the month, the Owner shall make payment of the certified amount to the Design-Builder not later than the 15th day of the following month. If an Application for Payment is received by the Owner after the application date fixed above, payment shall be made by the Owner not later than 30 (thirty) days after the Owner receives the Application for Payment. If the Owner is unable to certify any portion of an Application for Payment, Owner shall be entitled to withhold certification pursuant to Section 9.5.1 of the Agreement with notice given to Design-Builder pursuant to Section 9.4.

§ A.1.5.1.4 With each Application for Payment where the Contract Sum is based upon the Cost of the Work, or the Cost of the Work with a Guaranteed Maximum Price, the Design-Builder shall submit a detailed accounting of the consumed hours at the agreed upon rates, subcontractor applications for payment, vendor invoices, and any other evidence required by the Owner to demonstrate that cash disbursements already made or guaranteed by the Design-Builder on account of the Cost of the Work. Owner shall be entitled to audit Design-Builder's accounting level detail in respect of any Application for Payment by giving reasonable notice to Design-Builder of such request.

§ A.1.5.1.5 With each Application for Payment where the Contract Sum is based upon a Stipulated Sum or Cost of the Work with a Guaranteed Maximum Price, the Design-Builder shall submit the most recent schedule of values in accordance with the Design-Build Documents. The schedule of values shall allocate the entire Contract Sum among the various portions of the Work. Compensation for design services, if any, shall be shown separately. Where the Contract Sum is based on the Cost of the Work with a Guaranteed Maximum Price, the Design-Builder's Fee shall be shown separately. The schedule of values shall be prepared in such form and supported by such data to substantiate its accuracy. This schedule of values, unless objected to by the Owner, shall be used as a basis for reviewing the Design-Builder's Applications for Payment. Design-Builder shall certify on the Application for Payment that all costs sought in the billing were incurred by the Design-Builder and are properly being charged pursuant to the terms of the Agreement, as amended by the Amendment, and have been properly allocated to the Schedule of Values.

§ A.1.5.1.5.1 The Design-Builder shall submit with their application for payment documentation of cost incurred in the execution of the work. These shall include the following:

1. Statement of Labor hours with applicable agreed upon rates per hour.
2. Design-Builder approved Subcontractor Applications for Payment
3. Vendor invoices for materials and/or equipment which will be part of the permanent installation.
4. Invoices and/or receipts for approved costs applicable to the CM General conditions, which are necessary or ancillary to the execution of the Work.

§ A.1.5.1.6 In taking action on the Design-Builder's Applications for Payment, the Owner shall be entitled to rely on the accuracy and completeness of the information furnished by the Design-Builder and shall not be deemed to have made a detailed examination, audit or arithmetic verification of the documentation submitted in accordance with Sections A.1.5.1.4 or A.1.5.1.5, or other supporting data; to have made exhaustive or continuous on-site inspections; or to have made examinations to ascertain how or for what purposes the Design-Builder has used amounts previously paid. Such examinations, audits and verifications, if required by the Owner, will be performed by the Owner's auditors acting in the sole interest of the Owner.

§ A.1.5.1.7 Except with the Owner's prior approval, the Design-Builder shall not make advance payments to suppliers for materials or equipment which have not been delivered and stored at the site.

§ A.1.5.4 Progress Payments—Cost of the Work Plus a Fee with a Guaranteed Maximum Price

§ A.1.5.4.1 Applications for Payment where the Contract Sum is based upon the Cost of the Work Plus a Fee with a Guaranteed Maximum Price shall show the percentage of completion of each portion of the Work as of the end of the period covered by the Application for Payment. The percentage of completion shall be the percentage of that portion of the Work which has actually been completed as reflected in an updated and accurate schedule of values.

§ A.1.5.4.2 Subject to other provisions of the Design-Build Documents, the amount of each progress payment shall be computed as follows:

.1 Take that portion of the Guaranteed Maximum Price properly allocable to completed Work as determined by multiplying the percentage of completion of each portion of the Work by the share of the Guaranteed Maximum Price allocated to that portion of the Work in the schedule of values. Pending final determination of cost to the Owner of changes in the Work, amounts not in dispute shall be included as provided in Section 6.3.9 of the Agreement.

.2 Add that portion of the Guaranteed Maximum Price properly allocable to materials and equipment delivered and suitably stored at the site for subsequent incorporation in the Work, or if approved in advance by the Owner, suitably stored off the site at a location agreed upon in writing;

.3 Add the proportion of the Design-Builder's Fee allocable to the completed Work, less retainage of five percent (5 %) of such allocable proportion of the Design-Builder's Fee. The Design-Builder's Fee shall be computed upon the Cost of the Work at the rate stated in Section A.1.4.2.

.4 Subtract the aggregate of previous payments made by the Owner;

.5 Subtract the shortfall, if any, indicated by the Design-Builder in the documentation required by Section A.1.5.1.4 to substantiate prior Applications for Payment, or resulting from errors subsequently discovered by the Owner's auditors in such documentation; and

.6 Subtract amounts, if any, for which the Owner has withheld or nullified a payment as provided in Section 9.5 of the Agreement.

§ A.1.5.4.3 The Owner and Design-Builder shall agree upon (1) a mutually acceptable procedure for review and approval of payments to the Architect, Consultants, and Contractors and (2) the percentage of retainage held on agreements with the Architect, Consultants, and Contractors; and the Design-Builder shall execute agreements in accordance with those terms.

§ A.1.5.5 Final Payment

§ A.1.5.5.1 Final payment, constituting the entire unpaid balance of the Contract Sum less any penalty adjustments (if applicable), plus any shared savings (if applicable), and plus any incentive payments (if applicable) due to the Design-Builder shall be made by the Owner to the Design-Builder not later than 30 days after the Design-Builder has fully performed the Contract and the requirements of Section 9.10 of the Agreement have been satisfied, except for the Design-Builder's responsibility to correct non-conforming Work discovered after final payment or to satisfy other requirements, if any, which extend beyond final payment.

§ A.1.5.5.2 If the Contract Sum is based on the Cost of the Work, the Owner's auditors will review and report in writing on the Design-Builder's final accounting within 30 days after the Design-Builder delivers the final accounting to the Owner. Based upon the Cost of the Work the Owner's auditors report to be substantiated by the Design-Builder's final accounting, and provided the other conditions of Section 9.10 of the Agreement have been met, the Owner will, within seven days after receipt of the written report of the Owner's auditors, either issue a final Certificate for Payment, or notify the Design-Builder in writing of the reasons for withholding a certificate as provided in Section 9.5.1 of the Agreement.

ARTICLE A.2 CONTRACT TIME

§ A.2.1 Contract Time, as defined in the Agreement at Section 1.4.13, is the period of time, including authorized adjustments, for Substantial Completion of the Work.

§ A.2.2 The Design-Builder shall achieve Substantial Completion of the Work as follows:

Portion of Work	Substantial Completion Date
A. The [***] Suite.	A. COMPLETION OF WORK NOT LATER THAN 9/21/2020 FOR [***] SUITE.
B. The [***] Suite	B. COMPLETION OF WORK NOT LATER THAN 10/16/2020 FOR [***] SUITE.
C. Remainder of Facility	C. REMAINDER OF FACILITY IS COMMISSIONED NO LATER THAN 10/30/2020.

, subject to adjustments of the Contract Time as provided in the Design-Build Documents.

ARTICLE A.3 INFORMATION UPON WHICH AMENDMENT IS BASED

§ A.3.1 The Contract Sum and Contract Time set forth in this Amendment are based on the following:

§ A.3.1.1 The Supplementary and other Conditions of the Contract:

Document	Date
ANNEX 1 – Additional Terms & Conditions of the Amendment to the Agreement	Date of this Amendment
ANNEX 2 - GMAX	Date of this Amendment
ANNEX 3 – List of	Date of this Amendment

Owner-Supplied Equipment	
ANNEX 4 – Index of Plans and Specifications	As dated on the documents.
ANNEX 5 – List of Project Personnel, Consultants, Subcontractors, and Suppliers	Date of this Amendment
ANNEX 6 - Bonding Execution Requirements	Date of this Amendment

§ A.3.1.2 The Specifications:

Specifications to be provided with the final construction documents and/or utilized for the development of the GMAX are listed in Annex 4. Design-Builder may, with Owner's prior written approval, which shall not be unreasonably withheld, delayed or conditioned, issue additional specifications as required to deliver the completed scope of work mutually agreed-to by the parties hereto.

§ A.3.1.3 The Drawings:

Drawings utilized for the development of the GMAX are listed in Annex 4. Design-Builder may, with Owner's prior written approval, which shall not be unreasonably withheld, delayed or conditioned, modify, issue new sheet revisions, or add drawings as required to deliver the completed scope of work mutually agreed-to by the parties hereto.

§ A.3.1.5 Allowances and Contingencies: All allowances and contingencies shall be specifically noted in the GMAX included with Annex 2.

§ A.3.1.6 Design-Builder's assumptions and clarifications:

As set forth in the plans and specifications noted in Annex 4. Design-Builder has designed to the criteria noted in the BODR document referenced in Annex 4.

§ A.3.1.7 To the extent the Design-Builder shall be required to submit any additional Submittals to the Owner for review, indicate any such submissions below:

The Design-Builder shall include in the documents the list of submittals that are to be provided for Owner approval during the Project. The Specifications shall call for production of all submittals (shop drawings, product samples, manufacturer recommendations) that a licensed and experienced design-build firm, designing a project similar to the Project in the Commonwealth of Virginia, would require the Contractor to supply for Architect and Owner approval.

ARTICLE A.4 DESIGN-BUILDER'S PERSONNEL, CONTRACTORS AND SUPPLIERS

§ A.4.1 The Design-Builder's key personnel are identified in the CM Staffing plan included with Annex 2:

§ A.4.2 The Design-Builder shall retain the following Consultants, Contractors and suppliers, identified below:

All consultants Design-Builder is using for the Project are set forth in Annex 5. Design-Builder represents to the Owner that all consultants necessary to provide the design and administer the construction of the Project, based on the information known to the Design-Builder or reasonably available to the Design-Builder, have been retained.

All Contractors and suppliers that Design-Builder will be contracting with to provide equipment, labor, or materials for the Project are listed in Annex 5. Design-Builder represents to the Owner that it has done sufficient due diligence to confirm that the listed contractors and suppliers have sufficient experience, expertise, and financial strength to provide the equipment, labor, or materials called for in the Project. Design-Builder further represents that all such contractors, where applicable, are properly licensed in the Commonwealth of Virginia.

ARTICLE A.5 COST OF THE WORK

§ A.5.1 Cost To Be Paid to Design-Builder as part of the GMAX

§ A.5.1.1 Labor Costs

The CM Staffing Plan and Design Staffing plan included with the GMAX detail shall include the name and job description of staff members whose hourly rates shall be considered part of the GMAX. Should an employee be changed, their billing rate will be equal to their raw hourly rate multiplied by 2.1, which will be capped at a maximum rate of $200.00 per hour.

Design Staffing Rates shall be as indicated in the Supplement to Annex 5.

§ A.5.1.1.1 Wages of construction workers directly employed by the Design-Builder to perform the construction of the Work at the site or, with the Owner's prior approval, at off-site workshops.

§ A.5.1.1.2 With the Owner's prior approval, wages or salaries of the Design-Builder's supervisory and administrative personnel for roles identified in the CM staffing plan in Annex 2. .

§ A.5.1.1.3 Wages and salaries of the Design-Builder's supervisory or administrative personnel engaged at factories, workshops or on the road, in expediting the production or transportation of materials or equipment required for the Work, but only for that portion of their time required for the Work.

§ A.5.1.1.4 The billable rates for the Design-Builder include the following costs: taxes, insurance, contributions, assessments and benefits required by law or collective bargaining agreements and, for personnel not covered by such agreements, customary benefits such as sick leave, medical and health benefits, holidays, vacations and pensions, provided such costs are based on wages and salaries included in the Cost of the Work under Section A.5.1.1.

§ A.5.1.2 Contract Costs. Payments made by the Design-Builder to the Architect, Consultants, Contractors and suppliers in accordance with the requirements of their subcontracts.

§ A.5.1.3 Costs of Materials and Equipment Incorporated in the Completed Construction

§ A.5.1.3.1 Costs, including transportation and storage, of materials and equipment incorporated or to be incorporated in the completed construction.

§ A.5.1.3.2 Costs of materials described in the preceding Section A.5.1.3.1 in excess of those actually installed to allow for reasonable waste and spoilage. Unused excess materials, if any, shall become the Owner's property at the completion of the Work or, at the Owner's option, shall be sold by the Design-Builder. Any amounts realized from such sales shall be credited to the Owner as a deduction from the Cost of the Work.

§ A.5.1.4 Costs of Other Materials and Equipment, Temporary Facilities and Related Items

§ A.5.1.4.1 Costs of transportation, storage, installation, maintenance, dismantling and removal of materials, supplies, temporary facilities, machinery, equipment and hand tools not customarily owned by construction workers that are provided by the Design-Builder at the site and fully consumed in the performance of the Work. Costs of materials, supplies, temporary facilities, machinery, equipment and tools that are not fully consumed shall be based on the cost or value of the item at the time it is first used on the Project site less the value of the item when it is no longer used at the Project site. Costs for items not fully consumed by the Design-Builder shall mean fair market value.

§ A.5.1.4.2 Rental charges for temporary facilities, machinery, equipment and hand tools not customarily owned by construction workers that are provided by the Design-Builder at the site and costs of transportation, installation, minor repairs, dismantling and removal. The total rental cost of any Design-Builder-owned item may not exceed the rental rate customarily charged where the Project is located. Rates of Design-Builder-owned equipment and quantities of equipment shall be subject to the Owner's prior approval.

§ A.5.1.4.3 Costs of removal of debris from the site of the Work and its proper and legal disposal.

§ A.5.1.4.4 Costs of document reproductions, electronic communications, postage and parcel delivery charges, dedicated data and communications services, teleconferences, Project websites, extranets and reasonable petty cash expenses of the site office.

§ A.5.1.4.5 Costs of materials and equipment suitably stored off the site at a mutually acceptable location, with the Owner's prior approval.

§ A.5.1.5 Miscellaneous Costs

§ A.5.1.5.1 Premiums for that portion of insurance and bonds required by the Design-Build Documents that can be directly attributed to the Contract. With the Owner's prior approval self-insurance for either full or partial amounts of the coverages required by the Design-Build Documents.

§ A.5.1.5.2 Sales, use or similar taxes imposed by a governmental authority that are related to the Work and for which the Design-Builder is liable.

§ A.5.1.5.3 As set forth in the GMAX on Annex 2, there will be an established allowance for fees and assessments for the building permit and for other permits, licenses and inspections for which the Design-Builder is required by the Design-Build Documents to pay. Should the foregoing costs exceed the established allowance, the Owner shall issue a change order to the GMAX for the difference.

§ A.5.1.5.4 As set forth in the GMAX on Annex 2, there will be an established allowance for fees of laboratories for tests required by the Design-Build Documents as set forth in Annex 4. Should the foregoing costs exceed the established allowance, the Owner shall issue a Change Owner to the GMAX for the difference.

§ A.5.1.5.5 Royalties and license fees paid for the use of a particular design, process or product required by the Design-Build Documents; the cost of defending suits or claims for infringement of patent rights arising from such requirement of the Design-Build Documents; and payments made in accordance with legal judgments against the Design-Builder resulting from such suits or claims and payments of settlements made with the Owner's consent. However, such costs of legal defenses, judgments and settlements shall not be included in the calculation of the Design-Builder's Fee or subject to the Guaranteed Maximum Price. If such royalties, fees and costs are excluded by the second to last sentence of Section 3.1.13.2 of the Agreement or other provisions of the Design-Build Documents, then they shall not be included in the Cost of the Work.

§ A.5.1.5.6 With the Owner's prior approval, actual costs incurred for electronic equipment usage and software licensing utilized by full time equivalent (FTE) employees in the execution of the Work. These shall include the following and may include other software with prior Owner consent:

- Plangrid
- Touchplan IO
- CRB Monthly IT Equipment usage charges

Design-Builder shall provide documentation to confirm the actual costs (invoices) incurred in the use of any such software or equipment necessary for the Project that the Design-Builder had not already possessed for use on other projects.

§ A.5.1.5.7 Deposits lost for causes other than the Design-Builder's negligence or failure to fulfill a specific responsibility in the Design-Build Documents.

§ A.5.1.5.9 With the Owner's prior approval, expenses incurred in accordance with the Design-Builder's standard written personnel policy for relocation, and temporary living allowances of, the Design-Builder's personnel required for the Work.

§ A.5.1.5.10 That portion of the reasonable expenses of the Design-Builder's supervisory or administrative personnel incurred while traveling in discharge of duties connected with the Work.

§ A.5.1.6 Other Costs and Emergencies

§ A.5.1.6.1 Other costs necessarily incurred in the performance of the Work if, and to the extent, approved in advance in writing by the Owner.

§ A.5.1.6.2 Costs necessarily incurred in taking action to prevent threatened damage, injury or loss in case of an emergency affecting the safety of persons and property.

§ A.5.1.6.3 Costs of repairing or correcting damaged or nonconforming Work executed by the Design-Builder, Contractors or suppliers, provided that such damaged or nonconforming Work was not caused by negligence or failure to fulfill a specific responsibility of the Design-Builder, or its Contractors or suppliers and only to the extent that the cost of repair or correction is not recovered by the Design-Builder from insurance, sureties, Contractors, suppliers, or others. Any work to correct negligently constructed work may be charged against the Contingency, but only as long as there are funds in the Construction Contingency, based on documentation identifying the defective work and the costs incurred to correct. If there is either no remaining Construction Contingency funds, or if there are not enough Construction Contingency funds to cover such corrective work, then Design-Builder shall be solely responsible for the cost of such corrective work to the extent not covered by Construction Contingency funds.

§ A.5.1.7 Related Party Transactions

§ A.5.1.7.1 For purposes of Section A.5.1.7, the term "related party" shall mean a parent, subsidiary, affiliate or other entity having common ownership or management with the Design-Builder; any entity in which any stockholder in, or management employee of, the Design-Builder owns any interest in excess of ten percent in the aggregate; or any person or entity which has the right to control the business or affairs of the Design-Builder. The term "related party" includes any member of the immediate family of any person identified above.

§ A.5.1.7.2 If any of the costs to be reimbursed arise from a transaction between the Design-Builder and a related party, the Design-Builder shall notify the Owner of the specific nature of the contemplated transaction, including the identity of the related party and the anticipated cost to be incurred, before any such transaction is consummated or cost incurred. If the Owner, after such notification, authorizes the proposed transaction, then the cost incurred shall be included as a cost to be reimbursed, and the Design-Builder shall procure the Work, equipment, goods or service from the related party, as a Contractor, according to the terms of Section A.5.4. If the Owner fails to authorize the transaction, the Design-Builder shall procure the Work, equipment, goods or service from some person or entity other than a related party according to the terms of Section A.5.4.

§ A.5.2 Costs Not to Be Reimbursed as Part of this Contract

The Cost of the Work shall not include the items listed below:

.1 Salaries and other compensation of the Design-Builder's personnel stationed at the Design-Builder's principal office or offices other than the site office, except as specifically provided in Section A.5.1.1;

.2 Expenses of the Design-Builder's principal office and offices other than the site office;

.3 Overhead and general expenses, except as may be expressly included in Section A.5.1;

.4 The Design-Builder's capital expenses, including interest on the Design-Builder's capital employed for the Work;

.5 Except as provided in Section A.5.1.6.3 of this Agreement, costs due to the negligence or failure of the Design-Builder, Contractors and suppliers or anyone directly or indirectly employed by any of them or for whose acts any of them may be liable to fulfill a specific responsibility of the Contract;

.6 Any cost not specifically and expressly described in Section A.5.1; and

.7 Costs, other than costs included in Change Orders approved by the Owner, that would cause the Guaranteed Maximum Price to be exceeded.

§ A.5.3 Discounts, Rebates, and Refunds

§ A.5.3.1 Cash discounts obtained on payments made by the Design-Builder shall accrue to the Owner if (1) before making the payment, the Design-Builder included them in an Application for Payment and received payment from the Owner, or (2) the Owner has deposited funds with the Design-Builder with which to make payments; otherwise, cash discounts shall accrue to the Design-Builder. Trade discounts, rebates, refunds and amounts received from sales of surplus materials and equipment shall accrue to the Owner, and the Design-Builder shall make provisions so that they can be obtained.

§ A.5.3.2 Amounts that accrue to the Owner in accordance with Section A.5.3.1 shall be credited to the Owner as a deduction from the Cost of the Work.

§ A.5.4 Other Agreements

§ A.5.4.1 When the Design-Builder has provided a Guaranteed Maximum Price, and a specific bidder (1) is recommended to the Owner by the Design-Builder; (2) is qualified to perform that portion of the Work; and (3) has submitted a bid that conforms to the requirements of the Design-Build Documents without reservations or exceptions, but the Owner requires that another bid be accepted, then the Design-Builder may require that a Change Order be issued to adjust the Guaranteed Maximum Price by the difference between the bid of the person or entity recommended to the Owner by the Design-Builder and the amount of the subcontract or other agreement actually signed with the person or entity designated by the Owner.

§ A.5.4.2 Agreements between the Design-Builder and Contractors shall conform to the applicable payment provisions of the Design-Build Documents, and shall be lump sum contract amounts for complete scopes of work.

§ A.5.4.3 The agreements between the Design-Builder and Architect and other Consultants identified in the Agreement shall be in writing. These agreements shall be promptly provided to the Owner upon the Owner's written request.

§ A.5.5 Accounting Records

The Design-Builder shall keep full and detailed records and accounts related to the cost of the Work and exercise such controls as may be necessary for proper financial management under the Contract and to substantiate all costs incurred. The accounting and control systems shall be satisfactory to the Owner. The Owner and the Owner's auditors shall, during regular business hours and upon reasonable notice, be afforded access to, and shall be permitted to audit and copy, the Design-Builder's records and accounts, including complete documentation supporting accounting entries, books, correspondence, instructions, drawings, receipts, subcontracts, Contractor's proposals, purchase orders, vouchers, memoranda and other data relating to the Contract. The Design-Builder shall preserve these records for a period of three years after final payment, or for such longer period as may be required by law.

§ A.5.6 Relationship of the Parties

The Design-Builder accepts the relationship of trust and confidence established by this Agreement and covenants with the Owner to exercise the Design-Builder's skill and judgment in furthering the interests of the Owner; to furnish efficient construction administration, management services and supervision; to furnish at all times an adequate supply of workers and materials; and to perform the Work in an expeditious and economical manner consistent with the Owner's interests.

§ A.5.7 Annex 1 Incorporation

Attached to this Amendment as Annex 1 are the other terms and conditions of the Amendment which shall control over any contrary provision in the Agreement and its incorporated documents.

This Amendment to the Agreement entered into as of the day and year first written above.

OWNER (Signature)	**DESIGN-BUILDER** (Signature)
« »« »	« »« »
(Printed name and title)	(Printed name and title)

LIST OF OMITTED EXHIBITS AND ANNEXES

Exhibit/Annex	Description
Exhibit B	Insurance and Bonds
Exhibit C	Owner's Criteria for the Technology Transfer of the Product
Exhibit D	Schedule of Hourly Charge Out Rates
Annex 1	Additional Terms and Conditions of the Amendment to the Agreement
Annex 2	Guaranteed Maximum Price, Itemized Statement and Related Cost Information
Annex 3	List of Owner-Supplied Equipment
Annex 4	Index of Plans and Specifications
Annex 5	List of Project Personnel, Consultants, Subcontractors, and Suppliers
Annex 6	Bond Procurement Waiver

Exhibit 21.1

SUBSIDIARIES LIST

Direct and Indirect Subsidiaries
of Prestige Consumer Healthcare Inc.

Name	Jurisdiction of Incorporated/Organization
Blacksmith Brands, Inc.	Delaware
C.B. Fleet TopCo, LLC	Delaware
C.B. Fleet HoldCo, LLC	Delaware
C.B. Fleet, LLC	Delaware
C.B. Fleet Company, Incorporated	Virginia
C.B. Fleet Investment Corporation	Delaware
C.B. Fleet, International, Inc.	Virginia
C.B. Fleet International(s) Pte. Ltd	Singapore
Care Acquisition Company Pty Limited	Australia
Care Pharmaceuticals Pty Limited	Australia
Cellegy Australia Pty	Australia
Clear Eyes Pharma Limited	England and Wales
DenTek Holdings, Inc.	Delaware
DenTek Oral Care, Inc.	Tennessee
DenTek Oral Care Limited	England and Wales
Insight Pharmaceuticals Corporation	Delaware
Insight Pharmaceuticals LLC	Delaware
Medtech Holdings, Inc.	Delaware
Medtech Online Inc.	Delaware
Medtech Personal Products Corporation	Delaware
Medtech Products Inc.	Delaware
PBH Australia Holdings Company Pty Limited	Australia
Peaks HBC Company, Inc.	Virginia
Practical Health Products, Inc	Delaware
Prestige Brands Holdings, Inc.	Virginia
Prestige Brands, Inc.	Delaware
Prestige Brands Gmbh	Germany
Prestige Brands International, Inc.	Virginia
Prestige Brands (UK) Limited	England and Wales
Prestige Services Corp.	Delaware
The Spic and Span Company	Delaware
Wartner USA B.V.	Netherlands

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Forms S-8 (No. 333-123487 and 333-198443) of Prestige Consumer Healthcare Inc. of our report dated May 8, 2020 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Stamford, Connecticut
May 8, 2020

Exhibit 31.1

CERTIFICATIONS

I, Ronald M. Lombardi, certify that:

1 I have reviewed this Annual Report on Form 10-K of Prestige Consumer Healthcare Inc.;

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

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

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

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

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

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

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

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

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

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

Date: May 8, 2020

/s/ Ronald M. Lombardi

Ronald M. Lombardi

Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Christine Sacco, certify that:

1 I have reviewed this Annual Report on Form 10-K of Prestige Consumer Healthcare Inc.;

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

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

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

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

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

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

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

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

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

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

Date: May 8, 2020

/s/ Christine Sacco

Christine Sacco

Chief Financial Officer

Exhibit 32.1

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

I, Ronald M. Lombardi, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Prestige Consumer Healthcare Inc. on Form 10-K for the year ended March 31, 2020, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that information contained in such Annual Report fairly presents, in all material respects, the financial condition and results of operations of Prestige Consumer Healthcare Inc.

/s/ **Ronald M. Lombardi**

Name: Ronald M. Lombardi

Title: *Chief Executive Officer*

Date: May 8, 2020

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, Christine Sacco, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Prestige Consumer Healthcare Inc. on Form 10-K for the year ended March 31, 2020, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that information contained in such Annual Report fairly presents, in all material respects, the financial condition and results of operations of Prestige Consumer Healthcare Inc.

/s/ **Christine Sacco**

Name: Christine Sacco

Title: *Chief Financial Officer*

Date: May 8, 2020