

Pettie Mark  
Form 4  
February 09, 2007

**FORM 4**

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

OMB APPROVAL

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

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

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

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Pettie Mark

2. Issuer Name and Ticker or Trading Symbol  
Prestige Brands Holdings, Inc.  
[PBH]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
90 NORTH BROADWAY  
(Street)

3. Date of Earliest Transaction  
(Month/Day/Year)  
02/08/2007

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
Chairman of the Board and CEO

IRVINGTON, NY 10533

(City) (State) (Zip)

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

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

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

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D) Price			
Common Stock, par value \$0.01 per share	02/08/2007		P	7,500 A	\$ 11,760	D	

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

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SEC 1474 (9-02)

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

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

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Pettie Mark 90 NORTH BROADWAY IRVINGTON, NY 10533	X		Chairman of the Board and CEO	

## Signatures

/s/ Mark Pettie                      02/09/2007  
 \_\_Signature of                      Date  
 Reporting Person

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. LIGN="bottom"> **78 \$6.76**

**Table of Contents***2013 Plan*

The stock option transactions as of the six months ended September 30, 2014 for the 2013 Stock Option Plan are summarized as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Outstanding at beginning of period	1,911	\$ 13.64	9.42
Issued equity classified			
Issued liability classified			
Exercised			
Forfeited equity classified			
Outstanding at end of period	1,911	13.64	8.92
Exercisable and vested at end of period	408	13.64	8.92
Unvested at end of period	1,503	13.64	8.92
Vested and expected to vest at end of period	1,881	13.64	8.92

Fair value of options granted during the period

The following table summarizes information about the nonvested stock option grants as of September 30, 2014:

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested at beginning of period	1,911	\$ 6.22
Granted		
Vested	408	13.64
Forfeited		
<b>Unvested at end of period</b>	<b>1,503</b>	<b>\$ 3.64</b>

***Restricted Stock***

On September 16, 2008, the Board of Directors adopted the restricted stock plan for which restricted stock awards may be granted to certain key employees. The restricted stock will vest ratably over a five-year period from the original restricted stock grant date with the risk of forfeiture being stipulated only by the employees' continuous

Explanation of Responses:

employment by ADS. A portion of the grants vested immediately. Under the restricted stock plan, the vested shares granted are considered issued and outstanding. Employees with restricted stock have the right to dividends on the shares awarded (vested and unvested) in addition to voting rights on nonforfeited shares. The Company recognized compensation expense of \$1,178 and \$1,548 for the six months ended September 30, 2013 and 2014, respectively, relating to the issuance of these shares; of this amount, \$385 and \$0 relates to the restricted shares that vested immediately during the six months ended September 30, 2013 and 2014, respectively. We had approximately 333 shares available for granting under this plan as of September 30, 2014.

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The following table summarizes information about the unvested restricted stock grants as of September 30, 2014:

	<b>Number of Shares</b>	<b>Weighted Average Grant Date Fair Value</b>
Unvested at beginning of period	311	\$ 12.40
Granted		
Vested	118	12.06
Forfeited	3	10.66
<b>Unvested at end of period</b>	<b>190</b>	<b>\$ 12.60</b>

We expect most, if not all, restricted stock grants to vest.

As of September 30, 2014, there was approximately \$2,306 of unrecognized compensation expense related to the restricted stock that will be recognized over the remaining service period.

***Non-Employee Director Compensation Plan***

On June 18, 2014, the Company amended its then-existing Stockholder s Agreement to authorize shares of stock to be granted to non-employee members of its Board of Directors. The number of shares authorized amounted to 282. The shares typically vest one year from the date of issuance. Under this stock plan, the vested shares granted are considered issued and outstanding. Non-Employee directors with this stock have the right to dividends on the shares awarded (vested and unvested) in addition to voting rights. On September 6, 2014, a total of 48 shares were granted to seven directors at a fair market value of \$18.88 per share. These shares will vest on February 27, 2015. The Company recognized compensation expense of \$0 and \$450 for the six months ended September 30, 2013 and 2014, respectively, relating to the issuance of these shares. We had approximately 234 shares available for granting under this plan as of September 30, 2014.

The following table summarizes information about the unvested Non-Employee Director Compensation stock grants as of September 30, 2014:

	<b>Number of Shares</b>	<b>Weighted Average Grant Date Fair Value</b>
Unvested at beginning of period		\$
Granted	48	18.88
Vested		
Forfeited		
<b>Unvested at end of period</b>	<b>48</b>	<b>\$</b>

We expect all the stock grants to vest.

As of September 30, 2014, there was approximately \$450 of unrecognized compensation expense related to the restricted stock that will be recognized over the remaining service period.

## **15. INCOME TAXES**

For the six months ended September 30, 2013 and 2014, the Company utilized an effective tax rate of 40.1% and 38.4%, respectively, to calculate its provision for income taxes. These rates are higher than the federal statutory rate of 35% due principally to state and local taxes, partially offset by foreign income taxed at lower rates. In accordance with ASC 740-270, *Income Taxes - Interim Reporting*, the Company's expected annual effective tax rate for fiscal year 2015 based on all known variables is 38.4%.

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**16. NET INCOME PER SHARE**

Basic net income per share is calculated by dividing the Net income attributable to common stockholders by the weighted-average number of common shares outstanding during the period, without consideration for common stock equivalents. Diluted net income per share is computed by dividing the Net income attributable to common stockholders by the weighted-average number of common share equivalents outstanding for the period.

Holders of unvested restricted stock have nonforfeitable rights to dividends when declared on common stock, and holders of Redeemable Convertible Preferred Stock participate in dividends on an as-converted basis when declared on common stock. As a result, unvested restricted stock and Redeemable Convertible Preferred Stock meet the definition of participating securities, which requires us to apply the two-class method to compute both basic and diluted net income per share. The two-class method is an earnings allocation formula that treats participating securities as having rights to earnings that would otherwise have been available to common stockholders.

The dilutive effect of stock options and unvested restricted stock is based on the more dilutive of the treasury stock method or the diluted two-class method. In computing diluted net income per share, income available to common shareholders used in the basic net income per share calculation (numerator) is adjusted, subject to sequencing rules, for certain adjustments that would result from the assumed issuance of potential common shares. Diluted net income per share assumes the Redeemable Convertible Preferred Stock would be cash settled through the effective date of the IPO on July 25, 2014, as we have the choice of settling in cash or shares and we have demonstrated past practice and intent of cash settlement. Therefore these shares are excluded from the calculation through the effective date of the IPO. After the effective date of the IPO, Management's intent is to share settle; therefore, these shares are included in the calculation from July 26, 2014 through September 30, 2014, if dilutive. For purposes of the calculation of diluted net income per share, stock options and unvested restricted stock are considered to be potential common stock and are only included in the calculations when their effect is dilutive.

The Company's Redeemable Common Stock is included in the weighted-average number of common shares outstanding for calculating basic and diluted net income per share.

The following table presents information necessary to calculate net income per share for the six months ended September 30, 2013 and 2014, as well as potentially dilutive securities excluded from the

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weighted average number of diluted common shares outstanding because their inclusion would have been anti-dilutive:

(Amounts in thousands, except per share data)	Six Months Ended	
	September 30,	
	2013	2014
<b>NET INCOME PER SHARE BASIC:</b>		
Net income attributable to ADS	\$ 33,618	\$ 36,631
Adjustment for:		
Change in fair value of Redeemable Convertible Preferred Stock	(4,764)	(11,054)
Dividends to Redeemable Convertible Preferred Stockholders	(430)	(75)
Dividends paid to unvested restricted stockholders	(16)	
Net income available to common stockholders and participating securities	28,408	25,502
Undistributed income allocated to participating securities	(3,124)	(3,040)
Net income available to common stockholders Basic	25,284	22,462
Weighted average number of common shares outstanding Basic	47,220	49,538
Net income per common share Basic	\$ 0.54	\$ 0.45
<b>NET INCOME PER SHARE DILUTED:</b>		
Net income available to common stockholders Basic	\$ 25,284	\$ 22,462
Undistributed income allocated to participating securities		1,073
Net income available to common stockholders Diluted	25,284	23,535
Weighted average number of common shares outstanding Basic	47,220	49,538
Assumed conversion of preferred stock		2,382
Assumed exercise of stock options	414	278
Weighted average number of common shares outstanding Diluted	47,634	52,198
Net income per common share Diluted	\$ 0.53	\$ 0.45
Potentially dilutive securities excluded as anti-dilutive	63	57

**17. BUSINESS SEGMENTS INFORMATION**

We operate our business in two distinct operating and reportable segments based on the markets we serve: Domestic and International. The Chief Operating Decision Maker ( CODM ) evaluates segment reporting based on net sales and Segment EBITDA and Segment Adjusted EBITDA (a non-GAAP measure). We calculate Segment EBITDA as net income or loss before interest, income taxes, depreciation and amortization. We calculate Segment Adjusted EBITDA as Segment EBITDA before non-cash stock-based compensation expense, non-cash charges and certain other expenses.



**Domestic** Our Domestic segment manufactures and markets products throughout the United States. We maintain and serve these markets through strong product distribution relationships with many of the largest national and independent waterworks distributors, major national retailers as well as an extensive network of hundreds of small to medium-sized distributors across the U.S. We also sell through a broad variety of buying groups and co-ops in the United States. Products include Singlewall pipe, N-12 HDPE pipe sold into the Storm sewer and Infrastructure markets, N-12 High Performance PP pipe sold into the Storm sewer and sanitary sewer markets, and our broad line of Allied Products including Stormtech, Nyloplast, Arc Septic Chambers, Inserta Tee, Baysaver filters and water quality structures, Fittings, and FleXstorm. Our Domestic segment sales are diversified across all regions of the country.

**International** Our International segment manufactures and markets products in regions outside of the United States, with a growth strategy focused on our owned facilities in Canada and through our joint-ventures, with best-in-class local partners in Mexico, Central America and South America. Our joint venture strategy provides us with local and regional access to new markets such as Brazil, Chile, Argentina, Peru and

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Colombia. We have been serving the Canadian market through Hancor of Canada since 2003. Our Mexican joint venture through ADS Mexicana primarily serves the Mexican markets, while our joint venture through Tigre ADS is our primary channel to serve the South American markets. Our product line includes Singlewall pipe, N-12 HDPE pipe, and N-12 High Performance PP pipe. The Canadian market also sells our broad line of Allied Products, while sales in Latin America are currently concentrated in fittings and Nyloplast.

The following table sets forth reportable segment information with respect to the amount of net sales contributed by each class of similar products of our consolidated gross profit for the six months ended September 30, 2013 and 2014, respectively:

(Amounts in thousands)	Six Months Ended September 30,	
	2013	2014
<b>Domestic</b>		
Pipe	413,206	459,179
Allied Products	138,455	151,945
Total Domestic	\$ 551,661	\$ 611,124
<b>International</b>		
Pipe	59,649	66,359
Allied Products	15,032	15,538
Total International	74,681	81,897
<b>Total net sales</b>	<b>\$ 626,342</b>	<b>\$ 693,021</b>

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The following sets forth certain additional financial information attributable to our reportable segments for the six months ended September 30, 2013, and 2014, respectively:

<b>(Amounts in thousands)</b>	<b>Six Months Ended</b>	
	<b>2013</b>	<b>2014</b>
<b>Net sales</b>		
Domestic	551,661	611,124
International	74,681	81,897
<b>Total</b>	<b>\$ 626,342</b>	<b>\$ 693,021</b>
<b>Gross profit</b>		
Domestic	122,830	139,362
International	16,392	15,113
<b>Total</b>	<b>\$ 139,222</b>	<b>\$ 154,475</b>
<b>Segment Adjusted EBITDA</b>		
Domestic	91,880	101,893
International	9,229	7,770
<b>Total</b>	<b>\$ 101,109</b>	<b>\$ 109,663</b>
<b>Interest expense, net</b>		
Domestic	7,933	8,938
International	34	15
<b>Total</b>	<b>\$ 7,967</b>	<b>\$ 8,953</b>
<b>Capital expenditures</b>		
Domestic	18,003	14,835
International	3,697	808
<b>Total</b>	<b>\$ 21,700</b>	<b>\$ 15,643</b>
<b>Depreciation and amortization</b>		
Domestic	25,569	24,952
International	2,419	2,534
<b>Total</b>	<b>\$ 27,988</b>	<b>\$ 27,486</b>
<b>Equity in net income (loss) of unconsolidated affiliates</b>		
Domestic	114	404
International	(459)	(1,027)

**Total** **\$ (345)    \$ (623)**

The following sets forth certain additional financial information attributable to our reporting segments as of March 31, 2014 and September 30, 2014, respectively

	<b>March 31, 2014</b>	<b>September 30, 2014</b>
<b>Investment in unconsolidated affiliates</b>		
Domestic	\$ 5,202	\$ 8,623
International	20,029	21,490
<b>Total</b>	<b>\$ 25,231</b>	<b>\$ 30,113</b>
<b>Total identifiable assets</b>		
Domestic	\$ 835,736	\$ 908,041
International	115,167	125,641
Eliminations	(13,308)	(15,458)
<b>Total</b>	<b>\$ 937,595</b>	<b>\$ 1,018,224</b>

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**Table of Contents****Reconciliation of Segment EBITDA and Segment Adjusted EBITDA to Net Income**

(Amounts in thousands)	Six Months Ended September 30,			
	2013		2014	
	Domestic	International	Domestic	International
<b>Reconciliation of Segment EBITDA and Segment Adjusted EBITDA to Net Income:</b>				
Net income attributable to ADS	\$ 29,675	\$ 3,943	\$ 34,054	\$ 2,577
Depreciation and amortization <sup>(a)</sup>	25,571	3,094	25,398	3,360
Interest expense, net	7,933	34	8,938	15
Income tax expense	21,895	1,413	22,741	1,016
Segment EBITDA	85,074	8,484	91,131	6,968
Derivative fair value adjustments	238		163	
Foreign currency transaction losses		(87)		(75)
Unconsolidated affiliates interest and tax		228	94	319
Management fee to minority interest holder JV		604		558
Share-based compensation	1,424		4,416	
ESOP deferred compensation	5,026		5,374	
Transaction costs <sup>(b)</sup>	118		715	
<b>Segment Adjusted EBITDA</b>	<b>\$ 91,880</b>	<b>\$ 9,229</b>	<b>\$ 101,893</b>	<b>\$ 7,770</b>

(a) Includes our proportionate share of depreciation and amortization expense of \$677 and \$1,272 related to our Tigre ADS joint venture, BaySaver joint venture and Tigre-ADS USA joint venture, which is included in Equity in net loss of unconsolidated affiliates in our Condensed Consolidated Statements of Income for the six months ended September 30, 2013 and 2014, respectively.

(b) Represents expenses recorded related to legal, accounting and other professional fees incurred in connection with our debt refinancing and completion of the IPO.

**18. SUBSEQUENT EVENTS**

We evaluated subsequent events through November 10, 2014, the date these condensed consolidated financial statements were available to be issued.

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## SCHEDULE II

## ADVANCED DRAINAGE SYSTEMS, INC. AND SUBSIDIARIES

Consolidated Valuation and Qualifying Accounts For the Fiscal Years Ended March 31, 2012, 2013 and 2014  
(in thousands):

Accumulated Provision for Uncollectible Accounts:	Balance at Charged to Costs				Balance at End of Period
	Beginning of Period	and Expenses	Charged to Other Accounts(a)	Deductions	
Year ended March 31, 2012	3,920	1,154	28	(933)	4,169
Year ended March 31, 2013	4,169	1,421	(2)	(899)	4,689
Year ended March 31, 2014	4,689	872	(67)	(1,517)	3,977

(a) Amounts represent the impact of foreign currency translation.

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**10,000,000 Shares**

**Advanced Drainage Systems, Inc.**

**Common Stock**

Prospectus

December 3, 2014

**Barclays**

**Deutsche Bank Securities**

**RBC Capital Markets**

**BofA Merrill Lynch**

**Baird**

**Fifth Third Securities**

**PNC Capital Markets LLC**

