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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **January 6, 2017**

PROPHASE LABS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

0-21617

(Commission
file number)

23-2577138

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

621 N. Shady Retreat Road, Doylestown, PA, 18901

(Address of principal executive offices)

(Registrant's telephone number, including area code): **(215) 345-0919**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-2)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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-

Item 1.01. Entry Into a Material Definitive Agreement

Asset Purchase Agreement

On January 6, 2017, ProPhase Labs, Inc., a Delaware corporation (the “Company”), entered into an Asset Purchase Agreement (the “Purchase Agreement”) with a wholly owned subsidiary of Mylan N.V. (“Mylan”).

Pursuant to the terms and subject to the conditions set forth in the Purchase Agreement, the Company agreed to sell to Mylan substantially all of the Company’s assets related to its Cold-EEZE[®] cold remedy brand and product line for \$50,000,000 (the “Asset Sale”).

Following the Asset Sale, the Company will retain ownership of its manufacturing facility and manufacturing business in Lebanon, Pennsylvania, and its headquarters in Doylestown, Pennsylvania, as well as its dietary supplements product lines which are currently under development. The Company, through its Pharmedix subsidiary, will enter into a manufacturing and supply agreement with Mylan.

The closing of the proposed Asset Sale, which is currently expected to occur in the first quarter of 2017, is subject to the approval of the Company’s stockholders and other customary closing conditions. The Purchase Agreement contains customary representations, warranties and covenants, including customary non-solicitation, non-competition and confidentiality covenants. The Purchase Agreement also includes customary provisions restricting the Company, and its officers’, directors’ and employees’ ability to engage in discussions with any third party regarding alternative sales.

The foregoing description of the Purchase Agreement is a summary only, does not purport to be complete and is subject to, and qualified in its entirety by reference, to the Purchase Agreement, a copy of which will be filed with the Company’s definitive proxy statement to be filed in connection with the Asset Sale and is incorporated herein by reference. The Purchase Agreement contains representations and warranties made by the parties as of specific dates and solely for their benefit. The representations and warranties reflect negotiations between the parties and are not intended as statements of fact to be relied upon by the Company’s stockholders or any other person or entity other than the parties to the Purchase Agreement and, in certain cases, represent allocation decisions among the parties and are modified or qualified by correspondence or confidential disclosures made between the parties in connection with the negotiation of the Purchase Agreement (which disclosures are not reflected in the Purchase Agreement itself, may not be true as of any date other than the date made, or may apply standards of materiality in a way that is different from what may be viewed as material by stockholders). Accordingly, the representations and warranties may not describe the actual state of affairs at the date they were made or at any other time, and stockholders should not rely on them as statements of fact. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the Purchase Agreement.

Voting Agreement

On January 6, 2017, in connection with the execution of the Purchase Agreement, the Company and Mylan and each of the directors and Robert V. Cuddihy, Jr. (solely in their capacity as stockholders of the Company) entered into a Voting Agreement (collectively, the “Voting Agreements”). The shares subject to the Voting Agreements represent approximately 24.1% of the outstanding common stock of the Company. The Voting Agreements generally require that the stockholders party thereto (i) vote all of their shares of the Company’s voting stock in favor of the Purchase Agreement and all transactions contemplated by the Purchase Agreement; (ii) vote against any alternative transaction or third party proposal; (iii) not transfer their shares or deposit (or permit the deposit of) any of their shares in a voting trust or grant an proxy or enter into any voting agreement or similar agreement in contravention of the obligations of the stockholders under the Voting Agreement; (iv) not take any action that would constitute a violation of the non-solicitation provisions of the Purchase Agreement if taken by the Company, with the limitations and exceptions of such provisions contemplated thereby that are applicable to the Company or its board of directors being similarly applicable to the stockholders. The Voting Agreements terminate upon the first to occur of (x) the termination of the Purchase Agreement, or (y) such date and time as transaction becomes effective in accordance with the terms and provisions of the Purchase Agreement.

The foregoing is a summary of the terms of the Voting Agreements. Such summary does not purport to be complete and is qualified in its entirety by reference to the Voting Agreement, which is attached as Exhibit 4.1 hereto and is incorporated herein by reference.

Rights Agreement First Amendment

On January 5, 2017, prior to the execution of the Purchase Agreement, the board of directors of the Company approved an amendment (the "Amendment to Rights Agreement") to the Amended and Restated Rights Agreement (the "Rights Agreement"). The Amendment to Rights Agreement was executed on January 6, 2017, immediately prior to the execution of the Purchase Agreement.

The Amendment to Rights Agreement renders the Rights Agreement inapplicable to the Purchase Agreement, the Voting Agreement and the transactions contemplated thereby. Specifically, the Amendment to Rights Agreement, among other matters, provides that none of (i) the approval, execution, delivery, performance or public announcement of the Purchase Agreement (including any amendments, modifications or supplements thereto), (ii) the consummation of the Asset Sale and any other transactions contemplated by the Purchase Agreement, or (iii) the execution, delivery or performance of the Voting Agreements described above will result in Mylan or any of their respective Affiliates or Associates (as such terms are defined in the Rights Agreement) being deemed an "Acquiring Person."

In addition, the definition of "Beneficial Owner" under the Rights Agreement was revised such that it no longer includes beneficial ownership of securities that may result from the execution, delivery or performance of the Voting Agreements.

Further, Section 13(i) of the Rights Agreement will not apply to the Asset Sale or as a result of execution, delivery or performance of the Voting Agreements, and will not apply to Mylan as an "other Person," provided that neither individual becomes an "Acquiring Person" (as such term is defined in the Rights Agreement).

The foregoing is a summary of the terms of the Amendment to Rights Agreement. Such summary does not purport to be complete and is qualified in its entirety by reference to the Amendment to Rights Agreement, which is attached as Exhibit 4.2 hereto and is incorporated herein by reference.

ADDITIONAL INFORMATION AND WHERE TO FIND IT

IN CONNECTION WITH THE PROPOSED TRANSACTION, THE COMPANY WILL FILE WITH THE SECURITIES EXCHANGE COMMISSION ("SEC") A DEFINITIVE PROXY STATEMENT TO BE USED TO SOLICIT STOCKHOLDERS' APPROVAL OF THE TRANSACTION. THE PROPOSED TRANSACTION AND APPROVAL OF THE ASSET SALE WILL BE SUBMITTED TO THE COMPANY'S STOCKHOLDERS FOR THEIR CONSIDERATION. STOCKHOLDERS ARE URGED TO READ THE DEFINITIVE PROXY STATEMENT REGARDING THE TRANSACTION WHEN IT BECOMES AVAILABLE AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. STOCKHOLDERS WILL BE ABLE TO OBTAIN A FREE COPY OF THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS, AS WELL AS OTHER FILINGS CONTAINING INFORMATION ABOUT THE COMPANY, WITHOUT CHARGE, AT THE SEC'S WEBSITE ([HTTP://WWW.SEC.GOV](http://www.sec.gov)). INVESTORS MAY OBTAIN ADDITIONAL INFORMATION REGARDING THE INTEREST OF SUCH PARTICIPANTS BY READING THE PROXY STATEMENT REGARDING THE ASSET SALE WHEN IT BECOMES AVAILABLE. THIS COMMUNICATION DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OR A SOLICITATION OF ANY VOTE OR APPROVAL.

The Company, its board of directors, executive officers and employees and certain other persons may be deemed to be participants in the solicitation of proxies from the Company's stockholders in connection with the approval of the transaction.

FORWARD-LOOKING STATEMENTS

Except for the historical matters contained herein, statements contained in this current report on Form 8-K are "forward looking" statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements regarding the closing of the Asset Sale. These forward-looking statements are subject to risks and uncertainties which may make actual results differ materially from those expressed or implied in the forward-looking statement, including, without limitations, the Company's ability to satisfy the closing conditions set forth in the Purchase Agreement, including the receipt of the requisite stockholder approval. Any forward-looking statements relating to the proposed Asset Sale are based on the Company's current expectations, assumptions, estimates and projections. The Company assumes no obligation to update any such forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.

Item 3.03 Material Modification to Rights of Security Holders

The information set forth under Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 8.01 Other Events

On January 9, 2017, the Company issued a press release announcing its agreement to sell the Cold-EEZE[®] brand to Mylan and a press release announcing an investor conference call on which Ted Karkus, the Company's Chairman and CEO, will provide an overview of the Purchase Agreement. Copies of the press releases are attached as Exhibits 99.1 and 99.2, respectively, and are incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>No.</u>	<u>Description</u>
4.1	Voting Agreement entered on January 6, 2017, by each of the Company's executive officers and directors
4.2	Amendment No. 1 to Amended and Restated Rights Agreement, by and between ProPhase Labs, Inc., and American Stock Transfer & Trust Company, LLC, dated as of January 6, 2017
99.1	Press Release, dated January 9, 2017, entitled "ProPhase Labs, Inc. Announces Agreement to Sell Cold-EEZE [®] Brand"
99.2	Press Release, dated January 9, 2017, entitled "ProPhase Labs, Inc. Schedules an Investor Conference Call for Tuesday, January 10, 2017"

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

ProPhase Labs, Inc.

By: _____

Robert V. Cuddihy, Jr.
Chief Operating Officer and
Chief Financial Officer

Date: January 9, 2017

Exhibits Index

<u>No.</u>	<u>Description</u>
4.1	Voting Agreement entered on January 6, 2017, by each of the Company's executive officers and directors
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99.2	Press Release, dated January 9, 2017, entitled "ProPhase Labs, Inc. Schedules an Investor Conference Call for Tuesday, January 10, 2017"

VOTING AGREEMENT

THIS VOTING AGREEMENT (this “**Agreement**”) is made and entered into as of January 6, 2017 by and between Meda Consumer Healthcare Inc., a Delaware corporation (the “**Buyer**”), and the undersigned stockholder (“**Stockholder**”) of ProPhase Labs, Inc., a Delaware corporation (the “**Company**”).

RECITALS

A. The Company and the Buyer intend to enter into an Asset Purchase Agreement of even date herewith (the “**Asset Purchase Agreement**”), which provides for the (i) sale and transfer of certain assets from the Company to the Buyer, (ii) assumption of certain liabilities by the Buyer and (iii) assignment to the Buyer and assumption by the Buyer of certain agreements (collectively, the “**Asset Purchase**”), on the terms and subject to the conditions set forth therein;

B. Stockholder is the beneficial owner (for this and other terms of correlative meaning used throughout this agreement, as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”)) of such number of Shares (as defined below) as is indicated on the signature page of this Agreement;

C. Stockholder believes that it is in his, her or its best interest, as a stockholder in the Company, that the Asset Purchase be consummated;

D. As a condition to its willingness to enter into the Asset Purchase Agreement, the Buyer has required that Stockholder undertake in advance to vote its shares in favor of the Asset Purchase; and

E. For these reasons, and in consideration of the execution of the Asset Purchase Agreement by the Buyer, Stockholder, solely in his, her or its capacity as a stockholder of the Company, agrees and undertakes to vote the Shares (as defined below) in favor of the Asset Purchase and the approval of the Asset Purchase Agreement on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, intending to be legally bound, the parties hereto agree as follows:

1. *Certain Definitions.* Capitalized terms not defined herein shall have the meanings ascribed to them in the Asset Purchase Agreement. For purposes of this Agreement:

(a) “**Expiration Date**” shall mean the first to occur of (i) the termination of the Asset Purchase Agreement pursuant to Article 7 thereof, or (ii) such date and time as the Asset Purchase shall become effective in accordance with the terms and provisions of the Asset Purchase Agreement.

(b) “**Shares**” shall mean: (i) all equity securities of the Company (including shares of common stock and all options, warrants, restricted common stock and other rights to acquire shares of common stock) owned by Stockholder as of the date of this Agreement; and (ii) all additional equity securities of the Company (including all additional shares of common stock and all additional options, warrants, restricted common stock and other rights to acquire shares of common stock) of which Stockholder acquires ownership during the period from the date of this Agreement through the Expiration Date; provided, however, that, when used with respect to the voting, consenting or taking action by or in the name of Stockholder or any other Person hereunder with respect to Shares, the term “Shares” shall only include the securities covered by clause (i) or (ii) that are entitled to be voted, or for which Stockholder or such other Person is entitled to consent or act, with respect thereto (which shall not include Shares that are subject to issuance upon the exercise of options, warrants and such other rights to acquire shares of common stock), and nothing herein shall require (and Stockholder undertakes no obligation and makes no representation or warranty related to) the conversion, exercise or exchange of any security for which Stockholder has beneficial ownership into securities entitled to be voted, or for which Stockholder or such other Person is entitled to consent or act, with respect thereto.

(c) **“Transfer”**. A Person shall be deemed to have effected a **“Transfer”** of a security if such Person directly or indirectly: (i) sells, pledges, encumbers, grants an option with respect to, transfers or disposes of such security or any interest in such security; or (ii) enters into an agreement or commitment providing for the sale of, pledge of, encumbrance of, grant of an option with respect to, transfer of or disposition of such security or any interest in such security.

2. Restrictions on Shares.

(a) Stockholder shall not, directly or indirectly, during the period from the date of this Agreement through the Expiration Date, cause or permit any Transfer of any of the Shares to be effected, except for any Transfer (i) to any other Person if (A) such Person, prior to or concurrently with such Transfer, shall have executed a voting undertaking on the same terms and conditions of this Agreement to which the Buyer is a beneficiary with respect to such Shares, and (B) Stockholder shall continue to be jointly and severally liable to any breach of such voting undertaking by such other Person; or (ii) to an Affiliate of the Stockholder, if (A) upon such Transfer the Stockholder shall continue to be a beneficial owner of such Shares; and (B) Stockholder shall continue to be jointly and severally liable to any breach of such voting undertaking by such Affiliate.

(b) Stockholder shall not, directly or indirectly, during the period from the date of this Agreement through the Expiration Date, deposit (or permit the deposit of) any Shares in a voting trust or grant any proxy or enter into any voting agreement or similar agreement in contravention of the obligations of Stockholder under this Agreement with respect to any of the Shares.

(c) Stockholder shall not take any action that would (i) make any representation or warranty contained in this Agreement to be untrue or incorrect; or (ii) have the effect of impairing the ability of Stockholder to perform its obligations under this Agreement or preventing or delaying the consummation of any of the transactions contemplated hereby or by the Asset Purchase Agreement.

3. *Agreement to Vote Shares; No Solicitation.* At every meeting of the stockholders of the Company called, and at every postponement or adjournment thereof, and on every action or approval by written resolution or consent of the stockholders of the Company, or in any other circumstance in which the vote, consent or other approval of the stockholders of the Company is sought, until the Expiration Date, Stockholder (solely in its, his or her capacity as such) shall vote, or cause the Shares to be voted: (i) in favor of the approval of the Asset Purchase Agreement and the Asset Purchase and all the transactions contemplated by the Asset Purchase Agreement; and (ii) against any Seller Acquisition Proposal (other than the Asset Purchase Agreement or the transactions contemplated thereby, including the Asset Purchase). Except as contemplated by this Agreement, Stockholder has not (a) entered into, and shall not enter into at any time while this Agreement remains in effect, any voting agreement or voting trust with respect to the Shares that would prohibit, undermine, limit or otherwise adversely affect its compliance with its obligations pursuant to this Agreement, or (b) granted, and shall not grant at any time while this Agreement remains in effect, a proxy or power of attorney with respect to the Shares, in either case, which is inconsistent with its obligations pursuant to this Agreement.

4. *Non-Solicitation; No Effect on Fiduciary Relationship; No Other Relationship.*

(a) Between the date of this Agreement and the Expiration Date, Stockholder shall not take any action that would constitute a violation of the provisions of Section 6.10 of the Asset Purchase Agreement if taken by the Company, in each case with the limitations and exceptions of such provisions contemplated thereby that are applicable to the Company or its board of directors (including the right to participate in discussions or negotiations on the circumstances set forth therein) being similarly applicable to Stockholder. Notwithstanding anything to the contrary set forth herein, neither Stockholder nor any of its representatives shall have any liability pursuant to this Section 4(a) upon the occurrence of the Expiration Date; provided, however, that this sentence shall not limit the liability of Stockholder for any willful breach of this Section 4(a) by Stockholder. For purposes of this Section 4(a), "willful breach" shall mean an act or failure to act of such person with the actual knowledge that the taking of such act or the failure to take such act would constitute a material breach of this Section 4(a).

(b) Nothing in this Agreement shall restrict or limit the ability of any Person who is an officer or director of the Company to take any action solely in his or her capacity as an officer or director of the Company to the extent expressly permitted by the Asset Purchase Agreement or otherwise required by fiduciary duties under applicable law and none of such actions in such capacity shall be deemed to constitute a breach of this Agreement. Nothing contained in this Agreement shall be deemed to vest in the Buyer or any other Person any direct or indirect ownership or incidence of ownership of or with respect to any Shares. All rights, ownership and economic benefits of and relating to the Shares shall remain vested in and belong to Stockholder, and neither the Buyer nor any other Person shall have any authority to exercise any power or authority to direct Stockholder in the voting of any of the Shares, except as otherwise specifically provided herein, or in the performance of Stockholder's duties or responsibilities as a stockholder of the Company.

5. *Representations and Warranties of Stockholder.* Stockholder hereby represents, warrants and covenants to the Buyer as follows: (i) Stockholder is the beneficial owner of the Shares indicated on the signature page of this Agreement, which are free and clear of any liens, adverse claims, charges or other encumbrances (except as such encumbrances arising under securities laws or for such liens, adverse claims, charges or other encumbrances as would not prohibit Stockholder's compliance with its obligations pursuant to this Agreement). To Stockholder's knowledge, Stockholder does not beneficially own any securities of the Company other than the Shares indicated on the signature page of this Agreement. Stockholder has full power and authority to make, enter into and carry out the terms and conditions under this Agreement. The execution and delivery of this Agreement by Stockholder does not, and Stockholder's performance of its obligations under this Agreement will not: (a) conflict with or violate any order, decree or judgment applicable to Stockholder or to the Shares; or (b) result in any breach of or constitute a default (with notice or lapse of time, or both) under, or give to others any rights of termination, amendment, acceleration or cancellation of, or result in the creation of any encumbrance on, any of the Shares pursuant to any agreement to which Stockholder is a party or by which Stockholder is bound or affected, except in each case as would not prohibit Stockholder's compliance with its obligations pursuant to this Agreement.

6. *Additional Documents.* Stockholder (in his, her or its capacity as such) and the Buyer hereby covenant and agree to execute and deliver any additional documents reasonably necessary to carry out the purpose and the intent of this Agreement. Without limiting the generality or effect of the foregoing or any other obligation of Stockholder hereunder, Stockholder hereby authorizes the Buyer to deliver a copy of this Agreement to the Company and hereby agrees that each of the Company and the Buyer may rely upon such delivery as conclusively evidencing the consents, waivers and terminations of Stockholder referred to herein, in each case for purposes of all agreements and instruments to which such elections, consents, waivers and/or terminations are applicable or relevant. Notwithstanding anything to the contrary, Stockholder shall not be required to incur any expenses in connection with this Section 6.

7. *Legending of Shares.* If so requested by the Buyer, Stockholder agrees that the Shares shall bear a legend stating that they are subject to this Agreement. Upon request of the Stockholder at any time following the termination of this Agreement, the Buyer shall take all actions required to promptly cause any such legend to be removed from any certificate for the Shares.

8. *Termination.* This Agreement shall terminate and shall have no further force or effect as of the Expiration Date; provided, however, that the last sentence of Section 7 shall survive any termination of this Agreement.

9. *Miscellaneous.*

(a) *Severability.* If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of any party hereto under this Agreement will not be materially and adversely affected thereby, (i) such provision will be fully severable, (ii) this Agreement will be construed and enforced as if such provision had never comprised a part hereof, (iii) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by such provision or its severance therefrom and (iv) in lieu of such provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such provision as may be possible.

(b) *Binding Effect and Assignment.* This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations of the parties hereto may be assigned by either of the parties without prior written consent of the other.

(c) *Amendments and Modification.* This Agreement may not be modified, amended, altered or supplemented except upon the execution and delivery of a written agreement executed by the parties hereto.

(d) *Specific Performance; Injunctive Relief.* The parties hereto agree that irreparable damage would occur in the event that any provision of this Agreement were not performed in accordance with its specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to seek an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court having jurisdiction relating to this Agreement as provided in clause (g) hereof without the necessity of demonstrating damages or posting a bond, this being in addition to any other remedy to which they are entitled at law or in equity.

(e) *Notices.* Any notice required to be given hereunder shall be sufficient if in writing, and sent by facsimile or email transmission, by reliable overnight delivery service (with proof of service) or hand delivery (provided that any notice received on any non-Business Day or any Business Day after 5:00 p.m. (addressee's local time) shall be deemed to have been received at 9:00 a.m. (addressee's local time) on the next Business Day unless the notice is required by this Agreement to be delivered within a number of hours or calendar days), addressed as follows (or at such other address, email address or facsimile number for a party as shall be specified by like notice):

if to the Buyer, to:

Meda Consumer Healthcare Inc.
781 Chestnut Ridge Road
EOB 245
Morgantown, WV 26505
Attention: Joseph Duda
Facsimile: (304) 554-4342

with a copy (which shall not constitute notice) to each of:

Mylan Inc.
1000 Mylan Boulevard
Canonsburg, Pennsylvania 15317
Attention: Global General Counsel
Facsimile: (724) 485-6358

Hogan Lovells US LLP
Columbia Square
555 Thirteenth Street, NW
Washington, DC 20004
Attention: Daniel Keating
Facsimile: (202) 637-5910
Email: daniel.keating@hoganlovells.com

if to Stockholder, to:

the address set forth on the signature page of this Agreement, with a copy (which shall not constitute notice) to:

Reed Smith LLP
599 Lexington Avenue
New York, New York 10022
Attention: Herbert F. Kozlov, Esq.
Facsimile: (212) 521-5450
E-mail: HKozlov@ReedSmith.com

(f) *Governing Law.* This Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware, without reference to rules of conflicts of law.

(g) *CONSENT TO JURISDICTION AND SERVICE OF PROCESS.* EACH PARTY HERETO CONSENTS TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE STATE OF DELAWARE AND IRREVOCABLY AGREES THAT ALL ACTIONS OR PROCEEDINGS RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY MAY BE LITIGATED ONLY IN SUCH COURTS. EACH PARTY HERETO ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS RESPECTIVE PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF SUCH COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS, AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY HERETO IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF SUCH COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO SUCH PARTY AT THE ADDRESS SPECIFIED IN THIS AGREEMENT, SUCH SERVICE TO BECOME EFFECTIVE FIFTEEN (15) CALENDAR DAYS AFTER SUCH MAILING. NOTHING HEREIN SHALL IN ANY WAY BE DEEMED TO LIMIT THE ABILITY OF EITHER PARTY HERETO TO SERVE ANY SUCH LEGAL PROCESS, SUMMONS, NOTICES AND DOCUMENTS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

(h) *Entire Agreement.* This Agreement contains the entire understanding of the parties in respect of the subject matter hereof and supersedes all prior negotiations and understandings between the parties with respect to such subject matter.

(i) *Effect of Headings.* Headings of the Articles and Sections of this Agreement are for convenience of the parties only and shall be given no substantive or interpretive effect whatsoever.

(j) *Counterparts.* This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party, it being understood that all parties need not sign the same counterpart. This Agreement or any counterpart may be executed and delivered by facsimile copies or delivered by electronic communications by portable document format (.pdf), each of which shall be deemed an original.

{Signatures on Next Page}

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered on the day and year first above written.

Meda Consumer Healthcare Inc.

By: /s/ Jeffrey N. Hostler
Signature of Authorized Signatory
Name: Jeffrey N. Hostler
Title: Chief Financial Officer

STOCKHOLDER

By: /s/ Jason Barr
Signature
Name: Jason Barr
Title: Director

Print Address

Telephone

Facsimile No.

Email Address

Shares beneficially owned:

_____ shares of common stock

_____ shares of common stock issuable upon exercise of outstanding options

_____ shares of restricted common stock

{SIGNATURE PAGE TO VOTING AGREEMENT}

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered on the day and year first above written.

Meda Consumer Healthcare Inc.

By: /s/ Jeffrey N. Hostler
Signature of Authorized Signatory
Name: Jeffrey N. Hostler
Title: Chief Financial Officer

STOCKHOLDER

By: /s/ Mark Burnett
Signature
Name: Mark Burnett
Title: Director

Print Address

Telephone

Facsimile No.

Email Address

Shares beneficially owned:

_____ shares of common stock

_____ shares of common stock issuable upon exercise of outstanding options

_____ shares of restricted common stock

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Meda Consumer Healthcare Inc.

By: /s/ Jeffrey N. Hostler
Signature of Authorized Signatory
Name: Jeffrey N. Hostler
Title: Chief Financial Officer

STOCKHOLDER

By: /s/ Robert V. Cuddihy, Jr.
Signature
Name: Robert V. Cuddihy
Title: Executive Vice President, Chief Operating Officer and
Chief Financial Officer

Print Address

Telephone

Facsimile No.

Email Address

Shares beneficially owned:

_____ shares of common stock
_____ shares of common stock issuable upon exercise of outstanding options
_____ shares of restricted common stock

{SIGNATURE PAGE TO VOTING AGREEMENT}

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Meda Consumer Healthcare Inc.

By: /s/ Jeffrey N. Hostler
Signature of Authorized Signatory
Name: Jeffrey N. Hostler
Title: Chief Financial Officer

STOCKHOLDER

By: /s/ Louis Gleckel, MD
Signature
Name: Louis Gleckel, MD
Title: Director

Print Address

Telephone

Facsimile No.

Email Address

Shares beneficially owned:

_____ shares of common stock

_____ shares of common stock issuable upon exercise of outstanding options

_____ shares of restricted common stock

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Meda Consumer Healthcare Inc.

By: /s/ Jeffrey N. Hostler
Signature of Authorized Signatory
Name: Jeffrey N. Hostler
Title: Chief Financial Officer

STOCKHOLDER

By: /s/ Ted Karkus
Signature
Name: Ted Karkus
Title: Chairman of the Board
Chief Executive Officer

Print Address

Telephone

Facsimile No.

Email Address

Shares beneficially owned:

_____ shares of common stock
_____ shares of common stock issuable upon exercise of outstanding options
_____ shares of restricted common stock

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Meda Consumer Healthcare Inc.

By: /s/ Jeffrey N. Hostler
Signature of Authorized Signatory
Name: Jeffrey N. Hostler
Title: Chief Financial Officer

STOCKHOLDER

By: /s/ Mark Leventhal
Signature
Name: Mark Leventhal
Title: Director

Print Address

Telephone

Facsimile No.

Email Address

Shares beneficially owned:

_____ shares of common stock
_____ shares of common stock issuable upon exercise of outstanding options
_____ shares of restricted common stock

{SIGNATURE PAGE TO VOTING AGREEMENT}

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered on the day and year first above written.

Meda Consumer Healthcare Inc.

By: /s/ Jeffrey N. Hostler
Signature of Authorized Signatory
Name: Jeffrey N. Hostler
Title: Chief Financial Officer

STOCKHOLDER

By: /s/ James McCubbin
Signature
Name: James McCubbin
Title: Director

Print Address

Telephone

Facsimile No.

Email Address

Shares beneficially owned:

_____ shares of common stock
_____ shares of common stock issuable upon exercise of outstanding options
_____ shares of restricted common stock

{SIGNATURE PAGE TO VOTING AGREEMENT}

**AMENDMENT NO. 1 TO
AMENDED AND RESTATED RIGHTS AGREEMENT**

This AMENDMENT NO. 1 (this "Amendment") to the Amended and Restated Rights Agreement, dated as of June 18, 2014 (the "Rights Agreement"), by and between ProPhase Labs, Inc., a Delaware corporation (the "Company"), and American Stock Transfer & Trust Company, LLC, as rights agent (the "Rights Agent"), is entered into January 6, 2017. Capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings given to them in the Rights Agreement.

WITNESSETH:

WHEREAS, the Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its stockholders to amend the Rights Agreement as set forth herein immediately prior to and in connection with the execution of the Asset Purchase Agreement, dated as of January 6, 2017 (as amended, modified or supplemented, from time to time, the "Asset Purchase Agreement"), by and among the Company, Meda Consumer Healthcare Inc. ("Meda") and Mylan Inc. ("Mylan"), pursuant to which the Company will sell to Meda substantially all of the assets of the Company;

WHEREAS, the Company desires to amend the Rights Agreement pursuant to Section 27 of the Rights Agreement, immediately prior to entering into the Asset Purchase Agreement, to facilitate the transactions contemplated by the Asset Purchase Agreement;

WHEREAS, pursuant to Section 27 of the Rights Agreement, the Company has delivered to the Rights Agent a certificate signed by an appropriate officer of the Company which states that this Amendment is in compliance with the terms of Section 27 of the Rights Agreement; and

WHEREAS, pursuant to resolutions adopted at a duly convened special meeting of the Board held on January 5, 2017, the Board has determined that it is in the best interests of the Company and its stockholders, and consistent with the objectives of the Board in adopting the Rights Agreement, to amend the Rights Agreement in the manner set forth herein immediately prior to entering into the Asset Purchase Agreement to except from the operation of the Rights Agreement the Asset Purchase Agreement, the Voting Agreements (as defined below) and any and all transactions contemplated by the Asset Purchase Agreement and the Voting Agreements;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements herein set forth, the parties hereby agree as follows:

1. Amendment to Section 1

a. The definition of "Acquiring Person" in Section 1(a) of the Rights Agreement is hereby amended by adding the following sentence to the end of said definition as subsection 1(a)(vi):

"Notwithstanding anything in this Agreement to the contrary, none of Meda, Mylan or any of their respective Affiliates or Associates shall be or become an Acquiring Person, and the term "Acquiring Person" shall not include any of Meda, Mylan or any of their respective Affiliates or Associates, solely by reason of (i) the approval, execution, delivery, performance or public announcement of the Asset Purchase Agreement (including any amendments, modifications or supplements thereto), (ii) the consummation of the asset sale provided for by the Asset Purchase Agreement, (iii) the consummation of any other transactions contemplated by the Asset Purchase Agreement, including, but not limited to, the potential future sale of the manufacturing facility owned by the Company and its affiliate or (iv) the execution, delivery or performance of the Voting Agreements received by Meda from certain officers and directors of the Company."

b. The definition of “Beneficial Owner” of and “Beneficially Own” securities in Section 1(c) is hereby amended by adding the following sentence at the end of Section 1(c):

“Notwithstanding anything in this Agreement to the contrary, the definition of “Beneficial Owner” of and “Beneficially Own” securities shall not include any beneficial ownership of securities that may result from the execution, delivery or performance of the Voting Agreements received by Meda from certain officers and directors of the Company in connection with the execution of the Asset Purchase Agreement.”

c. Section 1 of the Rights Agreement is hereby amended by adding the following definitions to the end of Section 1:

“Asset Purchase Agreement” shall mean that certain Asset Purchase Agreement, dated as of January 6, 2017, by and among the Company, Meda and Mylan (as such agreement may be amended, modified or supplemented, from time to time).

“Meda” shall mean Meda Consumer Healthcare Inc., a Delaware corporation. “Mylan” shall mean Mylan Inc., a Pennsylvania corporation.

“Voting Agreements” shall mean those certain Voting Agreements, dated as of January 6, 2017, received by Meda from certain officers and directors of the Company providing that, among other things, the signatory agrees to vote in favor of the transactions contemplated by the Asset Purchase Agreement.

2. Amendment to Section 11(a)(ii)

Section 11(a)(ii) of the Rights Agreement is hereby amended by adding the following sentence to the end of Section 11(a)(ii):

“Notwithstanding anything in this Agreement to the contrary, none of (i) the approval, execution, delivery, performance or public announcement of the Asset Purchase Agreement (including any amendments, modifications or supplements thereto), (ii) the consummation of the asset sale provided for by the Asset Purchase Agreement, (iii) the consummation of any other transactions contemplated by the Asset Purchase Agreement, including, but not limited to, the potential future sale of the manufacturing facility owned by the Company and its affiliate or (iv) the execution, delivery or performance of the Voting Agreements received by Meda from certain officers and directors of the Company shall cause the Rights to be adjusted or become exercisable in accordance with this Section 11(a)(ii).”

3. Amendment to Section 13(i)

Section 13(i) of the Rights Agreement is hereby amended by adding the following sentence to the end of Section 13(i):

“Notwithstanding anything in this Agreement to the contrary, (A) the provisions of Section 13(i) shall not be applicable to the asset sale provided for by the Asset Purchase Agreement or as a result of the execution, delivery or performance of the Voting Agreements received by Meda from certain officers and directors of the Company, and (B) provided that neither Meda nor Mylan has become an Acquiring Person, any other person becoming an Acquiring Person shall not cause the provisions of Section 13(i) to apply to Meda or Mylan as an “other Person”; provided, that nothing in this clause (B) shall restrict the application of Section 13(i) to an Acquiring Person or any Affiliates thereof.”

4. Benefits

All of the covenants and provisions of this Amendment by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

5. Severability

If any term, provision, covenant or restriction of this Amendment is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Amendment shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

6. Effectiveness and Effect of Amendment

a. Notwithstanding anything to the contrary set forth in Section 27, this Amendment shall become effective as of the date first written above, but such effectiveness is contingent upon the execution and delivery of the Asset Purchase Agreement by the parties thereto. The Company shall notify the Rights Agent via electronic mail of such execution and delivery of the Asset Purchase Agreement promptly thereafter.

b. Except as specifically modified herein, the Rights Agreement shall not otherwise be supplemented or amended by virtue of this Amendment, but shall remain in full force and effect. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, constitute a waiver or amendment of any provision of the Rights Agreement. Upon and after the effectiveness of this Amendment, each reference in the Rights Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Rights Agreement, and each reference in any other document to “the Rights Agreement”, “thereunder”, “thereof” or words of like import referring to the Rights Agreement, shall mean and be a reference to the Rights Agreement as modified hereby.

7. Governing Law

This Amendment shall be deemed to be a contract made under the laws of the State of Nevada and for all purposes shall be governed by and construed in accordance with the laws of the State of Nevada applicable to contracts made and to be performed entirely within State of Nevada.

8. Descriptive Headings

Descriptive headings of the several sections of this Amendment are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

9. Counterparts

This Amendment may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument. A signature to this Agreement transmitted electronically shall have the same authority, effect, and enforceability as an original signature.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date set forth in the first paragraph hereof.

COMPANY:

PROPHASE LABS, INC.

By: /s/ Ted Karkus

Name: Ted Karkus

Title: Chief Executive Officer

[Signature Page to Rights Agreement Amendment]

RIGHTS AGENT:

AMERICAN STOCK TRANSFER& TRUST COMPANY, LLC

By: /s/ Paula Caroppoli

Name: Paul Caroppoli

Title: Senior Vice President

[Signature Page to Rights Agreement Amendment]



PROPHASE LABS, INC. ANNOUNCES

AGREEMENT TO SELL COLD-EEZE[®] BRAND

- CLOSING IS SUBJECT TO STOCKHOLDER APPROVAL -

DOYLESTOWN, Pennsylvania – January 9, 2017 - ProPhase Labs, Inc. (NASDAQ: PRPH, www.ProPhaseLabs.com), a diversified natural health medical science company (the “Company”), announced today that it has signed an asset purchase agreement, pursuant to which the Company has agreed to sell its Cold-EEZE[®] cold remedy brand to a wholly owned subsidiary of Mylan N.V. (“Mylan”) for \$50 million before taking into account taxes, transaction costs and related deal expenses, restructuring costs and post-closing escrow requirements.

Under the terms of the asset purchase agreement, Mylan will purchase substantially all of the Company’s assets and other rights relating to the Cold-EEZE[®] cold remedy brand. The closing of the proposed sale, which is currently expected to occur in the first quarter of 2017, is subject to approval of the stockholders of the Company and other customary conditions of closing. The Company is retaining ownership of its manufacturing facility and manufacturing business in Lebanon, Pennsylvania, and its headquarters in Doylestown, Pennsylvania, as well as its dietary supplements product lines which are currently under development. As part of the transaction, the Company, through its Pharmed subsidiary, will enter into a manufacturing and supply agreement with Mylan.

In connection with the execution of the asset purchase agreement, the Company’s executive officers and directors executed voting agreements. The voting agreements provide, among other things, for the Company’s executive officers and directors to vote all of the shares owned by them in favor of the adoption of the transaction. The shares subject to the voting agreements represent approximately 24.1% of the outstanding common stock of the Company.

The Company was assisted by Bourne Partners, a boutique investment bank focused on the consumer health and pharmaceutical industries, in this transaction and is represented by the Reed Smith LLP law firm.

Important Information Regarding Proposed Asset Sale

This communication is neither a solicitation of a proxy nor an offer to purchase nor a solicitation of an offer to sell any securities. This communication is also not a substitute for any proxy statement or other filings that may be made with the Securities Exchange Commission (the “SEC”) with respect to the proposed asset sale. Approval of the proposed asset sale will be submitted to the Company’s stockholders for their consideration, and the Company will file a definitive proxy statement to be used to solicit stockholder approval of the transaction with the SEC. Detailed information about the transaction will be contained in the definitive proxy statement and other documents to be filed with the SEC and mailed to stockholders prior to the meeting.

STOCKHOLDERS OF THE COMPANY ARE ADVISED TO READ THE PROXY STATEMENT AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.

The proxy statement will be available free of charge at www.sec.gov. In addition, investors and security holders may obtain free copies of the proxy statement and other documents filed with the SEC when they become available by contacting the Company at the address and telephone number below.

The Company, its board of directors, executive officers and employees and certain other persons may be deemed to be participants in the solicitation of proxies from the Company's stockholders in connection with the approval of the transaction.

About the Company

The Company is a diversified natural health medical science company. It is a leading marketer of the Cold-EEZE[®] cold remedy brand as well as other cold and flu relief products. Cold-EEZE[®] cold remedy zinc gluconate lozenges are clinically proven to significantly reduce the duration of the common cold. Cold-EEZE[®] cold remedy customers include leading national chain, regional, specialty and local retail stores. The Company has several wholly owned subsidiaries including a manufacturing unit, which consists of an FDA registered facility to manufacture Cold-EEZE[®] cold remedy lozenges and fulfill other contract manufacturing opportunities. For more information visit us at www.ProPhaseLabs.com.

Forward Looking Statements

Except for the historical information contained herein, this document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements relating to the Company's proposed sale of assets to Mylan, including the anticipated completion date of the proposed transaction, the Company's intent and ability to solicit stockholder approval for the proposed asset sale; and the Company's plan to continue to manufacture the Cold-EEZE[®] cold remedy brand, to contract manufacture other products for third parties and to focus on its other product lines. Management believes that these forward-looking statements are reasonable as and when made. However, such forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially from those projected in the forward-looking statements. These risks and uncertainties include, but are not limited to: the difficulty of predicting the acceptance and demand for our products, the impact of competitive products and pricing, costs involved in the manufacture and marketing of products, the timely development and launch of new products, and the risk factors listed from time to time in our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and any subsequent SEC filings.

Investor Contact

Ted Karkus, Chairman and CEO

ProPhase Labs, Inc.

(215) 345-0919 x 0



ProPhase Labs Schedules an Investor Conference Call for Tuesday, January 10th at 4:30 PM

DOYLESTOWN, PA – January 9, 2017 - ProPhase Labs (NASDAQ: PRPH) announced earlier today an agreement to sell its Cold-EEZE[®] cold remedy brand. A conference call will be held on January 10th, at 4:30pm EST. ProPhase Labs Chairman and CEO, Ted Karkus will provide a company overview of the agreement. There will be a question and answer session following initial remarks.

The conference call will be webcast live at:

https://engage.vevent.com/rt/prophaselabsinc_ao~49627472 at 4:30 PM (EDT) on Tuesday, January 10, 2017.

Participants wishing to ask questions may access the live call by dialing (844) 301-0501 conference ID # 49627472A replay of the conference call will be available for 90 days on the company website www.ProPhaseLabs.com.

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About ProPhase Labs

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Investor Contact

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