

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

SCHEDULE TO

Tender Offer Statement under Section 14(d)(1) or 13(e)(1)
of the Securities Exchange Act of 1934
(Amendment No. ____)

The Scotts Miracle-Gro Company
(Name of Subject Company (issuer))

The Scotts Miracle-Gro Company (Offeror and Issuer)
(Names of Filing Persons (identifying status as offeror, issuer or other person))

Common Shares, without par value
(Title of Class of Securities)

810186106
(CUSIP Number of Class of Securities)

David M. Aronowitz
Executive Vice President, General Counsel and Corporate Secretary
The Scotts Miracle-Gro Company
1411 Scottslawn Road
Marysville, Ohio 43041
(937) 644-0011

(Name, address, and telephone numbers of person authorized
to receive notices and communications on behalf of filing persons)

Copy to:

Ronald A. Robins, Jr.
Vorys, Sater, Seymour and Pease LLP
52 East Gay Street
Columbus, Ohio 43215
(614) 464-6400

Calculation of Filing Fee

| Transaction valuation* | Amount of Filing Fee** |
|------------------------|------------------------|
| \$250,000,000.00 | \$26,750.00 |

* Calculated solely for the purpose of determining the amount of the filing fee. This amount is based upon the purchase of 4,504,504 common shares at the maximum tender offer price of \$55.50 per share.

** The amount of the filing fee, calculated in accordance with Rule 0-11(b) of the Securities Exchange Act of 1934, as amended, and Fee Advisory #5 for Fiscal Year 2007 issued by the Securities and Exchange Commission, equals \$107.00 per million of the value of the transaction.

o Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: N/A
Form or Registration No.: N/A
Filing Party: N/A
Date Filed: N/A

o Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third-party tender offer subject to Rule 14d-1.
- issuer tender offer subject to Rule 13e-4.
- going-private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

INTRODUCTION

This Tender Offer Statement on Schedule TO relates to the offer by The Scotts Miracle-Gro Company, an Ohio corporation (“SMG”), to purchase for cash up to 4,504,504 of its common shares, without par value, or such lesser number of common shares as is validly tendered and not validly withdrawn, at a price of not less than \$48.50 nor greater than \$55.50 per share, without interest. SMG’s offer is being made upon the terms and subject to the conditions set forth in the Offer to Purchase dated January 10, 2007 (the “Offer to Purchase”) and in the related Letter of Transmittal, copies of which are attached to this Schedule TO as Exhibits (a)(1)(i) and (a)(1)(ii), respectively (which together, as amended or supplemented from time to time, constitute the “Offer”). The information contained in the Offer is incorporated herein by reference in response to all of the items of this Schedule TO as more particularly described below. This Schedule TO is intended to satisfy the reporting requirements of Rule 13e-4(c)(2) of the Securities Exchange Act of 1934, as amended.

Item 1. Summary Term Sheet.

The information set forth under “Summary Term Sheet” in the Offer to Purchase is incorporated herein by reference.

Item 2. Subject Company Information.

(a) The name of the issuer is The Scotts Miracle-Gro Company. The address of SMG’s principal executive office is 14111 Scottslawn Road, Marysville, Ohio 43041. SMG’s telephone number is (937) 644-0011.

(b) The information set forth under “Introduction” in the Offer to Purchase is incorporated herein by reference.

(c) The information set forth in Section 8 of the Offer to Purchase, “Price Range of the Shares,” is incorporated herein by reference.

Item 3. Identity and Background of Filing Person.

(a) SMG is the filing person and the subject company. The address and telephone number of SMG’s principal executive office is set forth in Item 2(a) above. The information set forth in Section 11 of the Offer to Purchase, “Interests of Directors, Executive Officers and Affiliates; Transactions and Arrangements Concerning the Shares,” is incorporated herein by reference.

Item 4. Terms of the Transaction.

(a) The following information set forth in the Offer to Purchase is incorporated herein by reference:

- “Summary Term Sheet;”
- “Introduction;”
- Section 1, “Number of Shares; Expiration Time; Priority of Purchases; Proration; Odd Lot;”
- Section 2, “Purpose of the Offer; Certain Effects of the Offer; Other Plans;”
- Section 3, “Procedures for Tendering Shares;”
- Section 4, “Withdrawal Rights;”
- Section 5, “Purchase of Shares and Payment of Purchase Price;”
- Section 6, “Conditional Tender of Shares;”

- Section 7, “Conditions of the Offer;”
- Section 9, “Source and Amount of Funds;”
- Section 11, “Interests of Directors, Executive Officers and Affiliates; Transactions and Arrangements Concerning the Shares;”
- Section 14, “U.S. Federal Income Tax Consequences;” and
- Section 15, “Extension of the Offer; Termination; Amendment.”

(b) The information set forth in Section 11 of the Offer to Purchase, “Interests of Directors, Executive Officers and Affiliates; Transactions and Arrangements Concerning the Shares,” is incorporated herein by reference.

Item 5. Past Contracts, Transactions, Negotiations and Agreements.

(e) The information set forth in Section 11 of the Offer to Purchase, “Interests of Directors, Executive Officers and Affiliates; Transactions and Arrangements Concerning the Shares,” is incorporated herein by reference.

Item 6. Purposes of the Transaction and Plans or Proposals.

(a) and (b) The information set forth in Section 2 of the Offer to Purchase, “Purpose of the Offer; Certain Effects of the Offer; Other Plans,” is incorporated herein by reference.

(c) The information set forth in Section 2 of the Offer to Purchase, “Purpose of the Offer; Certain Effects of the Offer; Other Plans,” and Section 9 of the Offer to Purchase, “Source and Amount of Funds,” is incorporated herein by reference.

Item 7. Source and Amount of Funds or Other Consideration.

(a), (b) and (d) The information set forth in Section 9 of the Offer to Purchase, “Source and Amount of Funds,” is incorporated herein by reference.

Item 8. Interest in Securities of the Subject Company.

(a) and (b) The information set forth in Section 11 of the Offer to Purchase, “Interests of Directors, Executive Officers and Affiliates; Transactions and Arrangements Concerning the Shares,” is incorporated herein by reference.

Item 9. Persons/Assets, Retained Employed, Compensation or Used.

(a) The information set forth in Section 16 of the Offer to Purchase, “Fees and Expenses,” is incorporated herein by reference.

Item 10. Financial Statements.

(a) The information set forth in Section 10 of the Offer to Purchase, “Certain Information Concerning SMG,” and in Item 8 of SMG’s Annual Report on Form 10-K for the fiscal year ended September 30, 2006, “Financial Statements and Supplemental Data,” is incorporated herein by reference.

(b) The information set forth in Section 10 of the Offer to Purchase, “Certain Information Concerning SMG,” is incorporated herein by reference.

Item 11. Additional Information.

(a) The information set forth in Section 10 of the Offer to Purchase, "Certain Information Concerning SMG," Section 11 of the Offer to Purchase, "Interests of Directors, Executive Officers and Affiliates; Transactions and Arrangements Concerning the Shares," Section 12 of the Offer to Purchase, "Effects of the Offer on the Market for the Shares; Registration under the Exchange Act," and Section 13, "Regulatory Approvals," is incorporated herein by reference.

(b) The information set forth in the Offer to Purchase and in the related Letter of Transmittal, copies of which are attached to this Schedule TO as Exhibits (a)(1)(i) and (a)(1)(ii), respectively, as each may be amended or supplemented from time to time, is incorporated herein by reference.

Item 12. Exhibits.

- (a)(1)(i)* Offer to Purchase, dated January 10, 2007.
- (a)(1)(ii)* Letter of Transmittal.
- (a)(1)(iii)* Notice of Guaranteed Delivery.
- (a)(1)(iv)* Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
- (a)(1)(v)* Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees, dated January 10, 2007.
- (a)(1)(vi)* Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
- (a)(1)(vii)* Letter to Participants in The Scotts Company LLC Retirement Savings Plan.
- (a)(1)(viii)* Letter to Participants in the Smith & Hawken 401(k) Plan.
- (a)(1)(ix)* Letter to Participants in The Scotts Miracle-Gro Company Discounted Stock Purchase Plan.
- (a)(1)(x)* Notice from Merrill Lynch to Holders of Vested Stock Options and Freestanding Stock Appreciation Rights.
- (a)(1)(xi)* E-mail from Merrill Lynch to SMG Option and Freestanding Stock Appreciation Rights Holders.
- (a)(1)(xii) Internal communication to associates of SMG and its subsidiaries posted on SMG's intranet on December 12, 2006 (incorporated herein by reference to SMG's Tender Offer Statement on Schedule TO filed December 12, 2006 (File No. 1-13292) [Exhibit 99.2]).
- (a)(1)(xiii)* Internal communication to associates of SMG and its subsidiaries posted on SMG's intranet on January 10, 2007.
- (a)(2) None.
- (a)(3) Not applicable.

- (a)(4) Not applicable.
- (a)(5)(i) Press release, dated December 12, 2006 (incorporated herein by reference to SMG's Tender Offer Statement on Schedule TO filed December 12, 2006 (File No. 1-13292) [Exhibit 99.1]).
- (a)(5)(ii)* Press Release, dated January 10, 2007.
- (a)(5)(iii)* Form of Summary Advertisement dated January 10, 2007.
- (b)(i)* Commitment Letter, dated December 11, 2006, between SMG and JPMorgan Chase Bank, N.A., Bank of America, N.A. and Citigroup Global Markets Inc. and certain of their respective affiliates.
- (d)(i) Amended and Restated Agreement and Plan of Merger, dated as of May 19, 1995, among Stern's Miracle-Gro Products, Inc., Stern's Nurseries, Inc., Miracle-Gro Lawn Products Inc., Miracle-Gro Products Limited, Hagedorn Partnership, L.P., the general partners of Hagedorn Partnership, L.P., Horace Hagedorn, Community Funds, Inc., and John Kenlon, The Scotts Company and ZYX Corporation (incorporated herein by reference to the Current Report on Form 8-K dated May 31, 1995 and filed June 2, 1995, of The Scotts Company, an Ohio corporation ("Scotts") (File No. 0-19768) [Exhibit 2(b)]).
- (d)(ii) First Amendment to Amended and Restated Agreement and Plan of Merger, made and entered into as of October 1, 1999, among The Scotts Company, Scotts Miracle-Gro Products, Inc. (as successor to ZYX Corporation and Stern's Miracle-Gro Products, Inc.), Miracle-Gro Lawn Products Inc., Miracle-Gro Products Limited, Hagedorn Partnership, L.P., Community Funds, Inc., Horace Hagedorn and John Kenlon, and James Hagedorn, Katherine Hagedorn Littlefield, Paul Hagedorn, Peter Hagedorn, Robert Hagedorn and Susan Hagedorn (incorporated herein by reference to Scotts' Current Report on Form 8-K dated October 4, 1999 and filed October 5, 1999 (File No. 1-11593) [Exhibit 2]).
- (d)(iii)(A) The O.M. Scott & Sons Company Excess Benefit Plan, effective October 1, 1993 (incorporated herein by reference to the Annual Report on Form 10-K for the fiscal year ended September 30, 1993, of The Scotts Company, a Delaware corporation (File No. 0-19768) [Exhibit 10(h)]).
- (d)(iii)(B) First Amendment to The O.M. Scott & Sons Company Excess Benefit Plan, effective as of January 1, 1998 (incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 2001 (File No. 1-13292) [Exhibit 10(a)(2)]).
- (d)(iii)(C) Second Amendment to The O.M. Scott & Sons Company Excess Benefit Plan, effective as of January 1, 1999 (incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 2001 (File No. 1-13292) [Exhibit 10(a)(3)]).
- (d)(iii)(D) Third Amendment to The O.M. Scott & Sons Company Excess Benefit Plan, effective as of March 18, 2005 (amended title of plan to be The Scotts Company LLC Excess Benefit Plan) (incorporated herein by reference to SMG's Quarterly Report on Form 10-Q for the quarterly period ended April 2, 2005 (File No. 1-13292) [Exhibit 10(CC)]).

- (d)(iv) The Scotts Company LLC Executive/Management Incentive Plan (incorporated herein by reference to SMG's Current Report on Form 8-K filed February 2, 2006 (File No. 1-13292) [Exhibit 10.4]).
- (d)(v) Specimen form of Employee Confidentiality, Noncompetition, Nonsolicitation Agreement for employees participating in The Scotts Company LLC Executive/Management Incentive Plan (incorporated herein by reference to SMG's Quarterly Report on Form 10-Q for the quarterly period ended July 1, 2006 (File No. 1-13292) [Exhibit 10.1]).
- (d)(vi) Executive Officers of The Scotts Miracle-Gro Company who are parties to form of Employee Confidentiality, Noncompetition, Nonsolicitation Agreement for employees participating in The Scotts Company LLC Executive/Management Incentive Plan (incorporated herein by reference to SMG's Current Report on Form 8-K filed September 18, 2006 (File No. 1-13292) [Exhibit 10.2]).
- (d)(vii)(A) The Scotts Company 1996 Stock Option Plan (as amended through May 15, 2000) (incorporated herein by reference to Scotts' Quarterly Report on Form 10-Q for the quarterly period ended April 1, 2000 (File No. 1-13292) [Exhibit 10(d)]).
- (d)(vii)(B) The Scotts Company 1996 Stock Option Plan (2002 Amendment) (incorporated herein by reference to Scotts' Quarterly Report on Form 10-Q for the quarterly period ended December 28, 2002 (File No. 1-13292) [Exhibit 10(d)(i)]).
- (d)(vii)(C) Amendment to The Scotts Company 1996 Stock Option Plan — 2005 Amendment, effective as of March 18, 2005 (amended title of plan to be The Scotts Miracle-Gro Company 1996 Stock Option Plan) (incorporated herein by reference to SMG's Quarterly Report on Form 10-Q for the quarterly period ended April 2, 2005 (File No. 1-13292) [Exhibit 10(z)]).
- (d)(viii) Form of 1996 Stock Option Plan Stock Option Agreement — Non-Qualified Stock Option (incorporated herein by reference to Scotts' Current Report on Form 8-K filed November 19, 2004 (File No. 1-13292) [Exhibit 10.7]).
- (d)(ix) Specimen form of Stock Option Agreement (as amended through October 23, 2001) for Non-Qualified Stock Options granted to employees under The Scotts Company 1996 Stock Option Plan, French specimen (incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 2001 (File No. 1-13292) [Exhibit 10(f)]).
- (d)(x)(A) The Scotts Company Executive Retirement Plan (incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 1998 (File No. 1-11593) [Exhibit 10(j)]).
- (d)(x)(B) First Amendment to The Scotts Company Executive Retirement Plan, effective as of January 1, 1999 (incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 2001 (File No. 1-13292) [Exhibit 10(g)(2)]).

- (d)(x)(C) Second Amendment to The Scotts Company Executive Retirement Plan, effective as of January 1, 2000 (incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 2001 (File No. 1-13292) [Exhibit 10(g)(3)]).
- (d)(x)(D) Third Amendment to The Scotts Company Executive Retirement Plan, effective as of January 1, 2003 (incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 2003 (File No. 1-13292) [Exhibit 10(g)(4)]).
- (d)(x)(E) Fourth Amendment to The Scotts Company Executive Retirement Plan, effective as of January 1, 2004 (incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 2004 (File No. 1-13292) [Exhibit 10(g)(5)]).
- (d)(x)(F) Fifth Amendment to The Scotts Company Executive Retirement Plan, effective as of March 18, 2005 (amended title of plan to be The Scotts Company LLC Executive Retirement Plan) (incorporated herein by reference to SMG's Quarterly Report on Form 10-Q for the quarterly period ended April 2, 2005 (File No. 1-13292) [Exhibit 10(DD)]).
- (d)(xi) Employment Agreement, dated as of May 19, 1995, between The Scotts Company and James Hagedorn (incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 1995 (File No. 1-11593) [Exhibit 10(p)]).
- (d)(xii)(A) Letter agreement, dated June 8, 2000, between The Scotts Company and Patrick J. Norton (incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 2000 (File No. 1-13292) [Exhibit 10(q)]).
- (d)(xii)(B) Letter agreement, dated November 5, 2002, and accepted by Mr. Norton on November 22, 2002, pertaining to the terms of employment of Patrick J. Norton through December 31, 2005, and superseding certain provisions of the letter agreement, dated June 8, 2000, between The Scotts Company and Mr. Norton (incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 2002 (File No. 1-13292) [Exhibit 10(q)]).
- (d)(xii)(C) Letter of Extension, dated October 25, 2005, between The Scotts Miracle-Gro Company and Patrick J. Norton (incorporated herein by reference to SMG's Current Report on Form 8-K filed December 14, 2005 (File No. 1-13292) [Exhibit 10.3]).
- (d)(xiii) Written description of employment, severance and change in control terms between SMG and David M. Aronowitz and Denise S. Stump (incorporated herein by reference to SMG's Annual Report on Form 10-K for the fiscal year ended September 30, 2006 (File No. 1-13292) [Exhibit 10(k)]).
- (d)(xiv)(A) The Scotts Company 2003 Stock Option and Incentive Equity Plan (incorporated herein by reference to Scotts' Quarterly Report on Form 10-Q for the quarterly period ended December 28, 2002 (File No. 1-13292) [Exhibit 10(w)]).
- (d)(xiv)(B) First Amendment to The Scotts Company 2003 Stock Option and Incentive Equity Plan, effective as of March 18, 2005 (amended title of plan to be The Scotts Miracle-Gro Company 2003 Stock Option and Incentive Equity Plan) (incorporated herein by reference to SMG's Quarterly Report on Form 10-Q for the quarterly period ended April 2, 2005 (File No. 1-13292) [Exhibit 10(AA)]).

- (d)(xv) Employment Agreement for Christopher Nagel, entered into effective as of October 1, 2006, by and between Christopher Nagel and The Scotts Miracle-Gro Company (incorporated herein by reference to SMG's Current Report on Form 8-K filed December 7, 2006 (File No. 1-13292) [Exhibit 10.1]).
- (d)(xvi) The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Award Agreement for Employees, evidencing Restricted Stock Award of 38,000 Restricted Common Shares Awarded to Christopher Nagel on October 1, 2006 by The Scotts Miracle-Gro Company (incorporated herein by reference to SMG's Current Report on Form 8-K filed December 7, 2006 (File No. 1-13292) [Exhibit 10.2]).
- (d)(xvii) Form of 2003 Stock Option and Incentive Equity Plan Award Agreement for Nondirectors (incorporated herein by reference to SMG's Annual Report on Form 10-K for the fiscal year ended September 30, 2005 (File No. 1-13292) [Exhibit 10(u)]).
- (d)(xviii) Form of 2003 Stock Option and Incentive Equity Plan Award Agreement for Directors (incorporated herein by reference to SMG's Annual Report on Form 10-K for the fiscal year ended September 30, 2005 (File No. 1-13292) [Exhibit 10(v)]).
- (d)(xix) The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (incorporated herein by reference to SMG's Current Report on Form 8-K filed February 2, 2006 (File No. 1-13292) [Exhibit 10.2]).
- (d)(xx) Specimen form of Award Agreement used to evidence Time-Based Nonqualified Stock Options for Non-Employee Directors under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (incorporated herein by reference to SMG's Current Report on Form 8-K filed February 2, 2006 (File No. 1-13292) [Exhibit 10.3]).
- (d)(xxi) Specimen form of Award Agreement to evidence Time-Based Nonqualified Stock Options for Employees under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (incorporated herein by reference to SMG's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2005 (File No. 1-13292) [Exhibit 10(b)]).
- (d)(xxii) Specimen form of Award Agreement for Third Party Service Providers to evidence awards under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan to third party service providers (incorporated herein by reference to SMG's Quarterly Report on Form 10-Q for the quarterly period ended July 1, 2006 (File No. 1-13292) [Exhibit 10.3]).
- (d)(xxiii) The Scotts Miracle-Gro Company Discounted Stock Purchase Plan (As Amended and Restated as of January 26, 2006; Reflects 2-for-1 Stock Split Distributed on November 9, 2005) (incorporated herein by reference to SMG's Current Report on Form 8-K filed February 2, 2006 (File No. 1-13292) [Exhibit 10.1]).
- (d)(xxiv) Summary of Compensation for Directors of The Scotts Miracle-Gro Company (incorporated herein by reference to SMG's Annual Report on Form 10-K for the fiscal year ended September 30, 2006 (File No. 1-13292) [Exhibit 10(jj)]).
- (g) Not applicable.

(h) Not applicable.

* Filed herewith

Item 13. Information Required by Schedule 13E-3.

Not Applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

/s/ David M. Aronowitz

(Signature)

David M. Aronowitz, Executive Vice President, General Counsel and Corporate Secretary

(Name and title)

January 10, 2007

(Date)

EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| (a)(1)(i)* | Offer to Purchase, dated January 10, 2007. |
| (a)(1)(ii)* | Letter of Transmittal. |
| (a)(1)(iii)* | Notice of Guaranteed Delivery. |
| (a)(1)(iv)* | Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9. |
| (a)(1)(v)* | Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees, dated January 10, 2007. |
| (a)(1)(vi)* | Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees. |
| (a)(1)(vii)* | Letter to Participants in The Scotts Company LLC Retirement Savings Plan. |
| (a)(1)(viii)* | Letter to Participants in the Smith & Hawken 401(k) Plan. |
| (a)(1)(ix)* | Letter to Participants in The Scotts Miracle-Gro Company Discounted Stock Purchase Plan. |
| (a)(1)(x)* | Notice from Merrill Lynch to Holders of Vested Stock Options and Freestanding Stock Appreciation Rights. |
| (a)(1)(xi)* | E-mail from Merrill Lynch to SMG Option and Freestanding Stock Appreciation Rights Holders. |
| (a)(1)(xii) | Internal communication to associates of SMG and its subsidiaries posted on SMG's intranet on December 12, 2006 (incorporated herein by reference to SMG's Tender Offer Statement on Schedule TO filed December 12, 2006 (File No. 1-13292) [Exhibit 99.2]). |
| (a)(1)(xiii)* | Internal communication to associates of SMG and its subsidiaries posted on SMG's intranet on January 10, 2007. |
| (a)(2) | None. |
| (a)(3) | Not applicable. |
| (a)(4) | Not applicable. |
| (a)(5)(i) | Press release, dated December 12, 2006 (incorporated herein by reference to SMG's Tender Offer Statement on Schedule TO filed December 12, 2006 (File No. 1-13292) [Exhibit 99.1]). |
| (a)(5)(ii)* | Press Release, dated January 10, 2007. |

| Exhibit No. | Description |
|--------------|---|
| (a)(5)(iii)* | Form of Summary Advertisement dated January 10, 2007. |
| (b)(i)* | Commitment Letter, dated December 11, 2006, between SMG and JPMorgan Chase Bank, N.A., Bank of America, N.A. and Citigroup Global Markets Inc. and certain of their respective affiliates. |
| (d)(i) | Amended and Restated Agreement and Plan of Merger, dated as of May 19, 1995, among Stern's Miracle-Gro Products, Inc., Stern's Nurseries, Inc., Miracle-Gro Lawn Products Inc., Miracle-Gro Products Limited, Hagedorn Partnership, L.P., the general partners of Hagedorn Partnership, L.P., Horace Hagedorn, Community Funds, Inc., and John Kenlon, The Scotts Company and ZYX Corporation (incorporated herein by reference to the Current Report on Form 8-K dated May 31, 1995 and filed June 2, 1995, of The Scotts Company, an Ohio corporation ("Scotts") (File No. 0-19768) [Exhibit 2(b)]). |
| (d)(ii) | First Amendment to Amended and Restated Agreement and Plan of Merger, made and entered into as of October 1, 1999, among The Scotts Company, Scotts Miracle-Gro Products, Inc. (as successor to ZYX Corporation and Stern's Miracle-Gro Products, Inc.), Miracle-Gro Lawn Products Inc., Miracle-Gro Products Limited, Hagedorn Partnership, L.P., Community Funds, Inc., Horace Hagedorn and John Kenlon, and James Hagedorn, Katherine Hagedorn Littlefield, Paul Hagedorn, Peter Hagedorn, Robert Hagedorn and Susan Hagedorn (incorporated herein by reference to Scotts' Current Report on Form 8-K dated October 4, 1999 and filed October 5, 1999 (File No. 1-11593) [Exhibit 2]). |
| (d)(iii)(A) | The O.M. Scott & Sons Company Excess Benefit Plan, effective October 1, 1993 (incorporated herein by reference to the Annual Report on Form 10-K for the fiscal year ended September 30, 1993, of The Scotts Company, a Delaware corporation (File No. 0-19768) [Exhibit 10(h)]). |
| (d)(iii)(B) | First Amendment to The O.M. Scott & Sons Company Excess Benefit Plan, effective as of January 1, 1998 (incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 2001 (File No. 1-13292) [Exhibit 10(a)(2)]). |
| (d)(iii)(C) | Second Amendment to The O.M. Scott & Sons Company Excess Benefit Plan, effective as of January 1, 1999 (incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 2001 (File No. 1-13292) [Exhibit 10(a)(3)]). |
| (d)(iii)(D) | Third Amendment to The O.M. Scott & Sons Company Excess Benefit Plan, effective as of March 18, 2005 (amended title of plan to be The Scotts Company LLC Excess Benefit Plan) (incorporated herein by reference to SMG's Quarterly Report on Form 10-Q for the quarterly period ended April 2, 2005 (File No. 1-13292) [Exhibit 10(CC)]). |
| (d)(iv) | The Scotts Company LLC Executive/Management Incentive Plan (incorporated herein by reference to SMG's Current Report on Form 8-K filed February 2, 2006 (File No. 1-13292) [Exhibit 10.4]). |
| (d)(v) | Specimen form of Employee Confidentiality, Noncompetition, Nonsolicitation Agreement for employees participating in The Scotts Company LLC Executive/Management Incentive Plan (incorporated herein by reference to SMG's |

| Exhibit No. | Description |
|-------------|--|
| | Quarterly Report on Form 10-Q for the quarterly period ended July 1, 2006 (File No. 1-13292) [Exhibit 10.1]). |
| (d)(vi) | Executive Officers of The Scotts Miracle-Gro Company who are parties to form of Employee Confidentiality, Noncompetition, Nonsolicitation Agreement for employees participating in The Scotts Company LLC Executive/Management Incentive Plan (incorporated herein by reference to SMG's Current Report on Form 8-K filed September 18, 2006 (File No. 1-13292) [Exhibit 10.2]). |
| (d)(vii)(A) | The Scotts Company 1996 Stock Option Plan (as amended through May 15, 2000) (incorporated herein by reference to Scotts' Quarterly Report on Form 10-Q for the quarterly period ended April 1, 2000 (File No. 1-13292) [Exhibit 10(d)]). |
| (d)(vii)(B) | The Scotts Company 1996 Stock Option Plan (2002 Amendment) (incorporated herein by reference to Scotts' Quarterly Report on Form 10-Q for the quarterly period ended December 28, 2002 (File No. 1-13292) [Exhibit 10(d)(i)]). |
| (d)(vii)(C) | Amendment to The Scotts Company 1996 Stock Option Plan — 2005 Amendment, effective as of March 18, 2005 (amended title of plan to be The Scotts Miracle-Gro Company 1996 Stock Option Plan) (incorporated herein by reference to SMG's Quarterly Report on Form 10-Q for the quarterly period ended April 2, 2005 (File No. 1-13292) [Exhibit 10(z)]). |
| (d)(viii) | Form of 1996 Stock Option Plan Stock Option Agreement — Non-Qualified Stock Option (incorporated herein by reference to Scotts' Current Report on Form 8-K filed November 19, 2004 (File No. 1-13292) [Exhibit 10.7]). |
| (d)(ix) | Specimen form of Stock Option Agreement (as amended through October 23, 2001) for Non-Qualified Stock Options granted to employees under The Scotts Company 1996 Stock Option Plan, French specimen (incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 2001 (File No. 1-13292) [Exhibit 10(f)]). |
| (d)(x)(A) | The Scotts Company Executive Retirement Plan (incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 1998 (File No. 1-11593) [Exhibit 10(j)]). |
| (d)(x)(B) | First Amendment to The Scotts Company Executive Retirement Plan, effective as of January 1, 1999 (incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 2001 (File No. 1-13292) [Exhibit 10(g)(2)]). |
| (d)(x)(C) | Second Amendment to The Scotts Company Executive Retirement Plan, effective as of January 1, 2000 (incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 2001 (File No. 1-13292) [Exhibit 10(g)(3)]). |
| (d)(x)(D) | Third Amendment to The Scotts Company Executive Retirement Plan, effective as of January 1, 2003 (incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 2003 (File No. 1-13292) [Exhibit 10(g)(4)]). |

| Exhibit No. | Description |
|-------------|--|
| (d)(x)(E) | Fourth Amendment to The Scotts Company Executive Retirement Plan, effective as of January 1, 2004 (incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 2004 (File No. 1-13292) [Exhibit 10(g)(5)]). |
| (d)(x)(F) | Fifth Amendment to The Scotts Company Executive Retirement Plan, effective as of March 18, 2005 (amended title of plan to be The Scotts Company LLC Executive Retirement Plan) (incorporated herein by reference to SMG's Quarterly Report on Form 10-Q for the quarterly period ended April 2, 2005 (File No. 1-13292) [Exhibit 10(DD)]). |
| (d)(xi) | Employment Agreement, dated as of May 19, 1995, between The Scotts Company and James Hagedorn (incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 1995 (File No. 1-11593) [Exhibit 10(p)]). |
| (d)(xii)(A) | Letter agreement, dated June 8, 2000, between The Scotts Company and Patrick J. Norton (incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 2000 (File No. 1-13292) [Exhibit 10(q)]). |
| (d)(xii)(B) | Letter agreement, dated November 5, 2002, and accepted by Mr. Norton on November 22, 2002, pertaining to the terms of employment of Patrick J. Norton through December 31, 2005, and superseding certain provisions of the letter agreement, dated June 8, 2000, between The Scotts Company and Mr. Norton (incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 2002 (File No. 1-13292) [Exhibit 10(q)]). |
| (d)(xii)(C) | Letter of Extension, dated October 25, 2005, between The Scotts Miracle-Gro Company and Patrick J. Norton (incorporated herein by reference to SMG's Current Report on Form 8-K filed December 14, 2005 (File No. 1-13292) [Exhibit 10.3]). |
| (d)(xiii) | Written description of employment, severance and change in control terms between SMG and David M. Aronowitz and Denise S. Stump (incorporated herein by reference to SMG's Annual Report on Form 10-K for the fiscal year ended September 30, 2006 (File No. 1-13292) [Exhibit 10(k)]). |
| (d)(xiv)(A) | The Scotts Company 2003 Stock Option and Incentive Equity Plan (incorporated herein by reference to Scotts' Quarterly Report on Form 10-Q for the quarterly period ended December 28, 2002 (File No. 1-13292) [Exhibit 10(w)]). |
| (d)(xiv)(B) | First Amendment to The Scotts Company 2003 Stock Option and Incentive Equity Plan, effective as of March 18, 2005 (amended title of plan to be The Scotts Miracle-Gro Company 2003 Stock Option and Incentive Equity Plan) (incorporated herein by reference to SMG's Quarterly Report on Form 10-Q for the quarterly period ended April 2, 2005 (File No. 1-13292) [Exhibit 10(AA)]). |
| (d)(xv) | Employment Agreement for Christopher Nagel, entered into effective as of October 1, 2006, by and between Christopher Nagel and The Scotts Miracle-Gro Company (incorporated herein by reference to SMG's Current Report on Form 8-K filed December 7, 2006 (File No. 1-13292) [Exhibit 10.1]). |
| (d)(xvi) | The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Award Agreement for Employees, evidencing Restricted Stock Award of 38,000 Restricted Common Shares |

| Exhibit No. | Description |
|-------------|--|
| | Awarded to Christopher Nagel on October 1, 2006 by The Scotts Miracle-Gro Company (incorporated herein by reference to SMG's Current Report on Form 8-K filed December 7, 2006 (File No. 1-13292) [Exhibit 10.2]). |
| (d)(xvii) | Form of 2003 Stock Option and Incentive Equity Plan Award Agreement for Nondirectors (incorporated herein by reference to SMG's Annual Report on Form 10-K for the fiscal year ended September 30, 2005 (File No. 1-13292) [Exhibit 10(u)]). |
| (d)(xviii) | Form of 2003 Stock Option and Incentive Equity Plan Award Agreement for Directors (incorporated herein by reference to SMG's Annual Report on Form 10-K for the fiscal year ended September 30, 2005 (File No. 1-13292) [Exhibit 10(v)]). |
| (d)(xix) | The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (incorporated herein by reference to SMG's Current Report on Form 8-K filed February 2, 2006 (File No. 1-13292) [Exhibit 10.2]). |
| (d)(xx) | Specimen form of Award Agreement used to evidence Time-Based Nonqualified Stock Options for Non-Employee Directors under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (incorporated herein by reference to SMG's Current Report on Form 8-K filed February 2, 2006 (File No. 1-13292) [Exhibit 10.3]). |
| (d)(xxi) | Specimen form of Award Agreement to evidence Time-Based Nonqualified Stock Options for Employees under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (incorporated herein by reference to SMG's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2005 (File No. 1-13292) [Exhibit 10(b)]). |
| (d)(xxii) | Specimen form of Award Agreement for Third Party Service Providers to evidence awards under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan to third party service providers (incorporated herein by reference to SMG's Quarterly Report on Form 10-Q for the quarterly period ended July 1, 2006 (File No. 1-13292) [Exhibit 10.3]). |
| (d)(xxiii) | The Scotts Miracle-Gro Company Discounted Stock Purchase Plan (As Amended and Restated as of January 26, 2006; Reflects 2-for-1 Stock Split Distributed on November 9, 2005) (incorporated herein by reference to SMG's Current Report on Form 8-K filed February 2, 2006 (File No. 1-13292) [Exhibit 10.1]). |
| (d)(xxiv) | Summary of Compensation for Directors of The Scotts Miracle-Gro Company (incorporated herein by reference to SMG's Annual Report on Form 10-K for the fiscal year ended September 30, 2006 (File No. 1-13292) [Exhibit 10(jj)]). |
| (g) | Not applicable. |
| (h) | Not applicable. |

* Filed herewith



OFFER TO PURCHASE FOR CASH

by

THE SCOTTS MIRACLE-GRO COMPANY

of

**Up to 4,504,504 of its Common Shares at a Per Share Purchase Price
Not Less Than \$48.50 nor Greater Than \$55.50**

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON THURSDAY, FEBRUARY 8, 2007, UNLESS THE OFFER IS EXTENDED.

The Scotts Miracle-Gro Company, an Ohio corporation ("SMG," "we" or "us"), is offering to purchase up to 4,504,504 of its common shares, without par value ("Common Shares"), at a price of not less than \$48.50 nor greater than \$55.50 per share (such per share purchase price, the "Purchase Price"), net to the seller in cash, without interest. The offer is subject to the terms and conditions set forth in this Offer to Purchase and the related Letter of Transmittal, which, together with any amendments or supplements to either, collectively constitute the "Offer." We will select the lowest Purchase Price that will enable us to purchase 4,504,504 shares or, if a lesser number of shares are validly tendered, all shares that are validly tendered and not validly withdrawn. All shares acquired in the Offer will be acquired at the same Purchase Price regardless of whether a shareholder tenders any shares at a lower price. Unless the context requires otherwise, all references in this Offer to Purchase to "shares" refer to Common Shares.

Only shares validly tendered at prices at or below the Purchase Price, and not validly withdrawn, will be purchased. However, because of the "odd lot" priority, proration and conditional tender offer provisions described in this Offer to Purchase, all of the shares tendered may not be purchased if more than the number of shares we seek are validly tendered. Shares not purchased in the Offer will be returned at our expense promptly following the expiration of the Offer.

Subject to certain limitations and legal requirements, we reserve the right, in our sole discretion, to purchase more than 4,504,504 shares pursuant to the Offer.

The Offer is subject to important conditions including the receipt by us of financing on terms and conditions satisfactory to us in an amount sufficient to purchase shares pursuant to the Offer. The Offer is not conditioned on any minimum number of shares being tendered. See Section 7, "Conditions of the Offer."

The shares are listed on the New York Stock Exchange ("NYSE") under the symbol "SMG." On December 11, 2006, the last full trading day before we first announced our intention to make the Offer, the closing price of the Common Shares on the NYSE was \$50.83 per share. On January 9, 2007, the last full trading day before we commenced the Offer, the closing price of the Common Shares on the NYSE was \$52.04 per share. **You should obtain current market quotations for the Common Shares before deciding whether to participate in the Offer.**

Questions and requests for assistance should be directed to D.F. King & Co., Inc., the Information Agent for the Offer, or to Banc of America Securities LLC, the Dealer Manager for the Offer, at their respective addresses and telephone numbers set forth on the back cover page of this Offer to Purchase. Requests for additional copies of this Offer to Purchase, the related Letter of Transmittal or the Notice of Guaranteed Delivery should be directed to the Information Agent.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of this transaction or passed upon the merits or fairness of such transaction or passed upon the adequacy or accuracy of the information contained in this document. Any representation to the contrary is a criminal offense.

The Dealer Manager for the Offer is:

Banc of America Securities LLC

Offer to Purchase dated January 10, 2007

IMPORTANT

Our Board of Directors (our “Board”) has approved the Offer. However, neither we nor our Board nor the Dealer Manager, the Information Agent nor the Depositary (as defined below) makes any recommendation to you as to whether to tender or refrain from tendering your shares or as to the price or prices at which you may choose to tender them. You must make your own decision as to whether to tender your shares and, if so, how many shares to tender and the price or prices at which you will tender them. In doing so, you should read carefully the information in the Offer to Purchase and the Letter of Transmittal and consider our reasons for making the Offer. Our directors and executive officers and our largest shareholder, Hagedorn Partnership, L.P., of which James Hagedorn, our Chairman and Chief Executive Officer, and Katherine Hagedorn Littlefield, one of our directors, are partners, have advised us that they do not intend to tender any shares owned by them in the Offer.

If you want to tender all or part of your shares, you must do one of the following before the Offer expires:

- if your shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, contact the nominee and have the nominee tender your shares for you;
- if you hold certificates in your own name, complete and sign a Letter of Transmittal according to its instructions and deliver it, together with any required signature guarantees, the certificates for your shares and any other documents required by the Letter of Transmittal, to National City Bank, the depositary for the Offer (the “Depositary”), at one of its addresses shown on the Letter of Transmittal;
- if you are an institution participating in The Depositary Trust Company, tender your shares according to the procedure for book-entry transfer described in Section 3, “*Procedures for Tendering Shares,*” of this Offer to Purchase;
- if you are a participant in The Scotts Company LLC Retirement Savings Plan or the Smith & Hawken 401(k) Plan (the “401(k) Plans”) and you wish to tender any of the shares held on your behalf thereunder, you must follow the separate instructions and procedures described in Section 3, “*Procedures for Tendering Shares,*” of this Offer to Purchase and must review the “Letter to Participants in The Scotts Company LLC Retirement Savings Plan” or the “Letter to Participants in the Smith & Hawken 401(k) Plan,” as applicable, sent to affected participants in the 401(k) Plans;
- if you are a participant in The Scotts Miracle-Gro Company Discounted Stock Purchase Plan (the “DSPP”) and you wish to tender any of your transferable shares, you must follow the separate instructions and procedures described in Section 3, “*Procedures for Tendering Shares,*” of this Offer to Purchase and must review the “Letter to Participants in The Scotts Miracle-Gro Company Discounted Stock Purchase Plan” sent to affected participants in the DSPP; or
- if you are a holder of vested options to purchase shares or freestanding stock appreciation rights under one of SMG’s equity compensation plans, you may exercise your vested options and/or freestanding stock appreciation rights and tender any of the shares issued upon exercise. The administrator of the plans’ option program will notify eligible optionees and holders of freestanding stock appreciation rights of their right to exercise their options and/or freestanding stock appreciation rights and participate in the Offer. In order to tender the underlying shares, options or freestanding stock appreciation rights may be exercised in any manner permitted under your option or freestanding stock appreciation rights agreement(s) and the applicable equity compensation plan, including, where applicable, cashless exercise other than the “Cashless Sell” method.

If you want to tender your shares, but (a) the certificates for your shares are not immediately available or cannot be delivered to the Depositary by the expiration of the Offer, (b) you cannot comply with the procedure for book-entry transfer by the expiration of the Offer, or (c) your other required documents cannot be delivered to the Depositary by the expiration of the Offer, you can still tender your shares if you comply with the guaranteed delivery procedures described in Section 3, “*Procedures for Tendering Shares.*”

To validly tender shares, other than shares registered in the name of a broker, dealer, commercial bank, trust company or other nominee, or shares held under the 401(k) Plans or the DSPP, you must validly complete the Letter of Transmittal, including the section indicating the price at which you are tendering shares. If you wish to maximize the chance that your shares will be purchased, you should check the box in the Letter of Transmittal indicating that you will accept the Purchase Price we determine. You should understand, however, that this election could result in your shares being purchased at the minimum per share price of \$48.50.

We are not making the Offer to, and will not accept any tendered shares from, shareholders in any jurisdiction where it would be illegal to do so. However, we may, at our discretion, take any actions necessary for us to make this Offer to shareholders in any such jurisdiction.

We have not authorized any person to make any recommendation on our behalf as to whether you should tender or refrain from tendering your shares or as to the price or prices at which you may choose to tender your shares in the Offer. You should rely only on the information contained in this Offer to Purchase, the related Letter of Transmittal or to which we have referred you. We have not authorized anyone to provide you with information or to make any representation in connection with the Offer other than those contained in this Offer to Purchase or the related Letter of Transmittal. If anyone makes any recommendation or representation, or gives you any information, you must not rely upon that recommendation, representation or information as having been authorized by us, the Dealer Manager, the Information Agent or the Depositary.

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FORWARD-LOOKING STATEMENTS

This Offer to Purchase (and documents incorporated by reference into this Offer to Purchase, including our Annual Report on Form 10-K for the fiscal year ended September 30, 2006 (our “2006 Form 10-K”)) contains certain forward-looking information relating to SMG that is based on the beliefs of, and assumptions made by, our management as well as information currently available to management. When used in this Offer to Purchase (and documents incorporated by reference into this Offer to Purchase, including our 2006 Form 10-K), the words “anticipate,” “believe,” “estimate,” “plan,” “project,” “expect,” “may,” “will” and similar expressions are intended to identify forward-looking information. Such information includes, for example, the statements made under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations” under Item 7 of our 2006 Form 10-K. This forward-looking information reflects our current views with respect to future events and is subject to certain risks, uncertainties and assumptions, some of which are described under the caption “Risk Factors” in Part 1, Item 1A of our 2006 Form 10-K and elsewhere in our 2006 Form 10-K. Should one or more of these risks or uncertainties occur, or should our assumptions prove incorrect, actual results may vary materially from those described in this Offer to Purchase (and documents incorporated by reference into this Offer to Purchase, including our 2006 Form 10-K) as anticipated, believed, estimated or expected.

SUMMARY TERM SHEET

We are providing this summary term sheet for your convenience. This summary term sheet highlights the material terms of the Offer, but you should realize that it does not describe all of the details of the Offer to the same extent described elsewhere in this Offer to Purchase and the Letter of Transmittal. We urge you to read the entire Offer to Purchase and the related Letter of Transmittal because they contain the full details of the Offer. Where helpful, we have included references to the sections of this Offer to Purchase where you will find a more complete discussion.

Who is offering to purchase my shares of The Scotts Miracle-Gro Company?

SMG is offering to purchase the shares.

How many shares will we purchase?

Subject to the terms and conditions of the Offer, we will purchase 4,504,504 shares or, if a lesser number of shares is validly tendered, all shares that are validly tendered and not validly withdrawn. The Offer is not conditioned on any minimum number of shares being tendered. If more than 4,504,504 shares are tendered, all shares tendered at or below the Purchase Price will be purchased on a pro rata basis, except for "odd lots" (lots of less than 100 shares held by shareholders who tender all of their shares), which will be purchased on a priority basis, and conditional tenders whose condition was not met, which will not be purchased. We also expressly reserve the right to purchase additional shares constituting up to 2% of the outstanding Common Shares, and could decide to purchase more shares, subject to applicable legal requirements. See Section 1, "*Number of Shares; Expiration Time; Priority of Purchases; Proration; Odd Lot*" and Section 7, "*Conditions of the Offer.*"

What will be the price for the shares and what will be the form of payment?

We are conducting the Offer for the shares through a procedure commonly called a modified "Dutch auction." This procedure enables you to select the price (in increments of \$0.50), within a price range specified by us, at which you are willing to sell your shares. The price range for the Offer is \$48.50 to \$55.50 per share. We will select the lowest Purchase Price that will enable us to purchase 4,504,504 shares or, if a lesser number of shares are validly tendered, all shares that are validly tendered and not validly withdrawn. The Offer is not conditioned on any minimum number of shares being tendered. All shares we purchase will be purchased at the same Purchase Price, even if you have selected a lower price. If you wish to maximize the chance that your shares will be purchased, you should check the box in the Letter of Transmittal indicating that you will accept the Purchase Price determined in the Offer. You should understand, however, that this election could result in your shares being purchased at the minimum Purchase Price of \$48.50 per share.

If your shares are purchased in the Offer, we will pay you the Purchase Price, in cash, without interest, promptly after the expiration of the Offer. If you are a participant in one of our 401(k) Plans, you should be aware that the plans are prohibited from selling shares to us for less than adequate consideration. Please refer to the "Letter to Participants in The Scotts Company LLC Retirement Savings Plan" or the "Letter to Participants in the Smith & Hawken 401(k) Plan," as applicable, for more information with respect to this limitation. See Section 1, "*Number of Shares; Expiration Time; Priority of Purchases; Proration; Odd Lot*" and Section 5, "*Purchase of Shares and Payment of Purchase Price.*"

How will we pay for the shares?

Assuming that the maximum number of shares is tendered in the Offer and the Purchase Price is an amount between \$48.50 and \$55.50 per share, the aggregate purchase price for the shares will be between \$218.5 million and \$250.0 million. We anticipate that we will pay for the shares purchased in the Offer and the related fees and expenses from available cash and from bank borrowings under the new credit facilities referenced in the Commitment Letter, dated December 11, 2006 (the "Commitment Letter"), that we have received from JPMorgan Chase Bank, N.A. ("JPMorgan"), Bank of America, N.A. ("BofA") and

Citigroup Global Markets Inc. (“Citigroup”) and certain of their respective affiliates. Although we expect that we will be able to finance the aggregate purchase price to complete the Offer from bank financing and available cash, we cannot provide any assurances thereof. See Section 7, “*Conditions of the Offer*.”

When does the Offer expire? Can the Offer be extended?

You may tender your shares until the Offer expires. The Offer will expire on Thursday, February 8, 2007, at 12:00 midnight, New York City time, unless we extend it (the “Expiration Time”). See Section 1, “*Number of Shares; Expiration Time; Priority of Purchases; Proration; Odd Lot*.” If a broker, dealer, commercial bank, trust company or other nominee holds your shares (including participants in one of our 401(k) Plans, whose shares are held by the applicable plan trustee), it is likely they have an earlier deadline for you to instruct them to accept the Offer on your behalf. Specifically, for participants in our 401(k) Plans, the deadline for tendering their shares held in one of the plans will be three business days prior to the Expiration Time, as more fully described in the “Letter to Participants in The Scotts Company LLC Retirement Savings Plan” and the “Letter to Participants in the Smith & Hawken 401(k) Plan.” We urge you to contact the broker, dealer, commercial bank, trust company or other nominee holding your shares to find out their deadline.

We may choose to extend the Offer for any reason, subject to applicable laws. See Section 15, “*Extension of the Offer; Termination; Amendment*.” We cannot assure you that we will extend the Offer or indicate the length of any extension that we may provide. If we extend the Offer, we will delay the acceptance of any shares that have been validly tendered and not validly withdrawn. We can also amend the Offer in our sole discretion or terminate the Offer under certain circumstances. See Section 7, “*Conditions of the Offer*” and Section 15, “*Extension of the Offer; Termination; Amendment*.”

How will I be notified if SMG extends the Offer or amends the terms of the Offer?

We will issue a press release by 9:00 a.m., New York City time, on the business day after the previously scheduled Expiration Time if we decide to extend the Offer. If we decide to amend the Offer, we may do so at any time and from time to time by public announcement. See Section 15, “*Extension of the Offer; Termination; Amendment*.” We cannot assure you that the Offer will be extended or, if extended, for how long.

What is the purpose of the Offer?

We believe that the repurchase of shares, together with the special dividend that we have previously disclosed (which is currently estimated to be \$500 million), is consistent with our long-term goal of maximizing shareholder value. In that regard, on October 27, 2005, our Board implemented a \$500 million share repurchase program over five fiscal years, and we have repurchased approximately \$87.9 million of our Common Shares pursuant to that program.

In considering the Offer, our management and Board reviewed, with the assistance of outside advisors, a variety of alternatives for using our available financial resources. They have evaluated our capital structure, free cash flow, leverage ratio, financial position and the anticipated cost and availability of financing, as well as our strategy and expectations for the future and other financial, industry and operating metrics. Based on this review and evaluation, our management and Board believe that the Offer is a prudent use of our financial resources.

We believe that by accessing the debt markets under what we consider are favorable conditions, we will be able to return value to shareholders now, while, at the same time, increasing the return on capital that remains invested in our business. We also believe that the Offer, and the financing thereof, together with the special dividend that we have previously disclosed (which is currently estimated to be \$500 million), creates an appropriate capital structure for our current mix of businesses.

The Offer represents a mechanism to provide shareholders, if they so elect, with the opportunity to tender all or a portion of their shares and, thereby, receive a return of capital without the usual costs associated with open market transactions. Alternatively, shareholders may elect not to participate and thereby increase their

percentage ownership of SMG following the completion of the Offer. As a result, our management and Board believe that investing in our own shares in this manner is an attractive use of capital and an efficient means to provide value to our shareholders. Shares that we acquire in the Offer will be held in treasury, which is consistent with the treatment of shares repurchased under the existing \$500 million share repurchase program. The Board may determine to retire some or all of such shares in the future. See Section 2, “*Purpose of the Offer; Certain Effects of the Offer; Other Plans.*” In connection with the consummation of the Offer, we will terminate our \$500 million share repurchase program.

What are the significant conditions of the Offer?

Our obligation to accept and pay for tendered shares depends upon a number of conditions that must be satisfied or waived prior to the expiration of the Offer, including:

- we shall have obtained financing on terms and conditions satisfactory to us, under the new credit facilities referenced in the Commitment Letter, in an amount sufficient to purchase shares pursuant to the Offer;
- there shall not be a decrease in excess of 10% in the market price for our Common Shares or in the Dow Jones Industrial Average, the NYSE Composite Index or the S&P 500 Composite Index since January 9, 2007;
- our determination that there will not be a reasonable likelihood that the consummation of the Offer and the purchase of shares thereunder will cause our Common Shares to be held of record by less than 300 persons or that the Common Shares will be delisted from the NYSE or will be eligible for deregistration under the Securities Exchange Act of 1934, as amended (the “Exchange Act”);
- no legal action shall have been threatened, pending or taken, that could reasonably be expected to adversely affect the Offer;
- no statute, injunction or order shall have been sought or enacted that indicates that any approval of a court or other authority may be required in connection with the Offer or is reasonably likely to make the purchase of some or all of our Common Shares illegal or prohibit, restrict or delay consummation of the Offer;
- no one shall have proposed, announced or made a tender or exchange offer (other than the Offer), material merger, business combination or other similar transaction involving us;
- no general suspension of trading in, or limitation of prices for, securities on any United States national securities exchange or in the over-the-counter market shall have occurred;
- no declaration of a banking moratorium or suspension of payments in respect of banks in the United States shall have occurred;
- no commencement or escalation of a war, armed hostilities or other international or national calamity or disaster, including an act of terrorism or disruptive weather condition, that could be reasonably expected to, directly or indirectly, have a material adverse effect on us, on the value or trading of our Common Shares, on our ability to consummate the Offer or on the benefits of the Offer to us; or
- no material adverse change in our business, condition (financial or otherwise), assets, income, operations, prospects or stock ownership shall have occurred.

The Offer is subject to a number of other conditions described in greater detail in Section 7, “*Conditions of the Offer.*”

Following the Offer, will SMG continue as a public company?

Yes. We expect that the completion of the Offer in accordance with its conditions will not cause our Common Shares to be delisted from the NYSE or to no longer be subject to the periodic reporting requirements of the Exchange Act. It is a condition of our obligation to purchase shares pursuant to the Offer

that there will not be a reasonable likelihood that such purchase will cause the Common Shares either (1) to be held of record by less than 300 persons or (2) to not continue to be eligible to be listed on the NYSE or to not continue to be required to be registered under the Exchange Act. See Section 7, “*Conditions of the Offer*.”

How do I tender my shares?

If you want to tender all or part of your shares, you must do one of the following before 12:00 midnight, New York City time, on Thursday, February 8, 2007, or any later time and date to which the Offer may be extended, or earlier as described below as required for participants in one of our 401(k) Plans or the DSPP or as your broker, dealer, commercial bank, trust company or other nominee may require:

- if your Common Shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, contact the nominee and have the nominee tender your shares for you;
- if you hold certificates in your own name, complete and sign a Letter of Transmittal according to its instructions and deliver it, together with any required signature guarantees, the certificates for your shares and any other documents required by the Letter of Transmittal, to the Depository at one of its addresses shown on the Letter of Transmittal;
- if you are an institution participating in The Depository Trust Company, tender your shares according to the procedure for book-entry transfer described in Section 3, “*Procedures for Tendering Shares*” of this Offer to Purchase;
- if you are a participant in one of our 401(k) Plans and you wish to tender any of the shares held on your behalf thereunder, you must follow the separate instructions and procedures described in Section 3, “*Procedures for Tendering Shares*” of this Offer to Purchase and you must review the “Letter to Participants in The Scotts Company LLC Retirement Savings Plan” or the “Letter to Participants in the Smith & Hawken 401(k) Plan,” as applicable, sent to affected participants in our 401(k) Plans;
- if you are a participant in the DSPP and you wish to tender any of your transferable shares held on your behalf pursuant to the DSPP, you must follow the separate instructions and procedures described in Section 3, “*Procedures for Tendering Shares*,” of this Offer to Purchase and you must review the “Letter to Participants in The Scotts Miracle-Gro Company Discounted Stock Purchase Plan,” sent to affected participants in the DSPP; or
- if you are a holder of vested options to purchase shares or freestanding stock appreciation rights under one of our equity compensation plans, you may exercise your vested options and/or freestanding stock appreciation rights and tender any of the shares issued upon exercise. The administrator of the plans’ option program will notify eligible optionees of their right to exercise their options and/or freestanding stock appreciation rights and participate in the Offer. In order to tender the underlying shares, options or freestanding stock appreciation rights may be exercised in any manner permitted under your option agreement(s) and the applicable equity compensation plan, including, where applicable, cashless exercise other than the “Cashless Sell” method.

If you want to tender your shares, but:

- the certificates for your shares are not immediately available or cannot be delivered to the Depository by the expiration of the Offer;
- you cannot comply with the procedures for book-entry transfer by the expiration of the Offer; or
- your other required documents cannot be delivered to the Depository by the expiration of the Offer;

you can still tender your shares if you comply with the guaranteed delivery procedures described in Section 3, “*Procedures for Tendering Shares*.”

You may contact the Information Agent or the Dealer Manager for assistance. The contact information for the Information Agent and the Dealer Manager appears on the back cover of this Offer to Purchase. See Section 3, “*Procedures for Tendering Shares*” and the Instructions to the Letter of Transmittal.

How do participants for whose benefit shares are held under our 401(k) Plans participate in the Offer?

Participants in our 401(k) Plans for whose benefit shares are held by the plan trustee may not use the Letter of Transmittal to direct the tender of shares held in the plan accounts but instead must follow the separate instructions in the “Letter to Participants in The Scotts Company LLC Retirement Savings Plan” or the “Letter to Participants in the Smith & Hawken 401(k) Plan,” as applicable, sent to affected participants in the 401(k) Plans. The instructions will include instructions to participants on how to direct the tender of shares held for their benefit and set forth the deadline for such direction. For administrative reasons, the deadline will be three business days prior to the Expiration Time. Affected participants in the 401(k) Plans should confirm their deadlines by reading the materials provided to them by the trustee of the 401(k) Plan in which they participate. See Section 3, “*Procedures for Tendering Shares*.”

Can I participate in the Offer if I hold vested stock options to purchase shares or freestanding stock appreciation rights?

If you hold vested but unexercised options to purchase shares or freestanding stock appreciation rights, you may exercise such options or freestanding stock appreciation rights in accordance with the terms of the applicable agreement and stock option plan and tender any shares received upon such exercise in accordance with the Offer. An exercise of a stock option or freestanding stock appreciation right cannot be revoked even if shares received upon exercise thereof and tendered are not purchased in the Offer for any reason. If you exercise your vested options or freestanding stock appreciation rights and wish to participate in the Offer, you should follow the above instructions applicable to shares held in your own name or held by a broker for your benefit. You should evaluate this Offer to Purchase carefully to determine if participation would be advantageous to you based on, among other things, your stock option or freestanding stock appreciation right exercise or base prices and the years left to exercise your options or freestanding stock appreciation rights, the range of tender prices and the provisions for pro rata purchases by SMG described in Section 1, “*Number of Shares; Expiration Time; Priority of Purchases; Proration; Odd Lot*.” We strongly encourage you to discuss the Offer with your tax, financial or other advisors.

It should be noted that the Offer does not affect your right to exercise your stock options or freestanding stock appreciation rights, or the terms and conditions of your grants. As a participant in an SMG stock option plan, you have the right to exercise options to buy Common Shares or freestanding stock appreciation rights at the exercise or base price until your grant expires subject to the terms of your award agreement. Based on information from our stock option plan program administrator, you may continue to utilize any of the three methods to exercise options that are currently available to you. If you choose to exercise your options using the “Cashless Sell” method (where you exercise your options to buy and simultaneously sell your shares for cash) you will not become an owner of Common Shares. This means that you will not be able to tender those shares into the Offer. However, if you choose to exercise your options using the “Exercise and Hold” or the “Combination Exercise” (exercise and sell enough shares to cover the cost of exercise and taxes, holding the remaining shares) methods, you will become an owner of Common Shares, and, therefore, you may choose to tender some of all of such shares.

Please be advised that it is the stock option holder’s responsibility to tender shares in the Offer to the extent such holder wants to participate, and it may be difficult to secure delivery of Common Shares issued pursuant to vested stock options or freestanding stock appreciation rights in a time period sufficient to allow tender of those shares before expiration of the Offer. Accordingly, if you choose to exercise your vested options or freestanding stock appreciation rights, we suggest that you exercise your vested options or freestanding stock appreciation rights and, where applicable, pay the purchase price for such shares in accordance with the terms of the related stock option plan and option or freestanding stock appreciation rights agreement at least six business days before the Expiration Date (which, unless the Offer is extended, will require you to exercise your vested stock options or freestanding stock appreciation rights and pay the related

purchase price no later than 4:00 p.m., New York City time, on February 1, 2007. See Section 3, “*Procedures for Tendering Shares.*”

Please note that shares tendered pursuant to the exercise of a vested option or freestanding stock appreciation right will not be eligible for the special dividend that is anticipated to be declared and paid following the consummation of the Offer, and, since such option will no longer be outstanding, the option or freestanding stock appreciation right will not be adjusted to reflect the special dividend as provided pursuant to the terms of our stock option plans.

Can I participate in the Offer if I hold shares purchased through SMG’s DSPP?

Shares held for at least 12 months under the DSPP may be tendered in the Offer. Participants in our DSPP whose shares are held by the plan administrator may not use the Letter of Transmittal to direct the tender of shares held on their behalf but instead must follow the instructions in the “Letter to Participants in The Scotts Miracle-Gro Company Discounted Stock Purchase Plan” sent to affected participants in the DSPP. The instructions will include instructions to participants on how to direct the tender of shares held in the applicable plan account and set forth the deadline for such direction. For administrative reasons, the deadline will be three business days prior to the Expiration Time. DSPP participants should confirm their deadlines by reading the materials provided to them by the plan administrator. See Section 3, “*Procedures for Tendering Shares.*”

For information regarding the applicable tax consequences, please see “Federal Income Tax Consequences” in The Scotts Miracle-Gro Company Discounted Stock Purchase Plan Prospectus and related FAQ that were previously distributed to you. **We strongly recommend that you consult with your tax advisor with respect to your particular situation.**

In what order will you purchase the tendered shares?

If the terms and conditions of the Offer have been satisfied or waived and more than 4,504,504 shares have been validly tendered and not validly withdrawn on or prior to the expiration of the Offer, we will purchase shares in the following order of priority:

- *first*, all odd lot shares that have been validly tendered at or below the Purchase Price, however the odd lot preference will not be available to shares tendered under our 401(k) Plans;
- *second*, after purchase of all of the foregoing shares, all other shares tendered at or below the Purchase Price on a pro rata basis, if necessary (except for shareholders who tendered their shares conditionally and for which the condition was not satisfied); and
- *third*, if necessary to permit us to purchase 4,504,504 shares (or such greater number of shares as we may elect to purchase), shares conditionally tendered at or below the Purchase Price for which the condition was not initially satisfied, to the extent feasible, by random lot (to be eligible for purchase by random lot, shareholders whose shares are conditionally tendered must have tendered all of their shares).

See Section 1, “*Number of Shares; Expiration Time; Priority of Purchases; Proration; Odd Lot.*”

If I own fewer than 100 shares and I tender all of my shares, will I be subject to proration?

If you validly tender, and do not validly withdraw, your shares at or below the Purchase Price according to the procedures specified for holders of “odd lot” shares, we will purchase all of your shares without subjecting them to the proration procedure. Notwithstanding the foregoing, you will not be entitled to the odd lot preference with respect to shares tendered under our 401(k) Plans. See Section 1, “*Number of Shares; Expiration Time; Priority of Purchases; Proration; Odd Lot.*”

Once I have tendered shares in the Offer, can I withdraw my tender?

You may withdraw any shares you have tendered at any time before 12:00 midnight, New York City time, on the date the Offer expires. The Offer will expire on Thursday, February 8, 2007, unless we extend it. If we have not accepted for payment the shares you have tendered to us, you may also withdraw your shares after 12:00 midnight, New York City time, on Friday, March 9, 2007. See Section 4, “*Withdrawal Rights*.” Participants in the DSPP and our 401(k) Plans will not be able to withdraw after their applicable tender cut-off date, as described in the “Letter to Participants in The Scotts Company LLC Retirement Savings Plan,” the “Letter to Participants in the Smith & Hawken 401(k) Plan” or the “Letter to Participants in The Scotts Miracle-Gro Company Discounted Stock Purchase Plan,” as the case may be.

How do I withdraw shares I previously tendered?

To withdraw shares, you must deliver a written notice of withdrawal with the required information to the Depository while you still have the right to withdraw the shares. If you have tendered your shares by giving instructions to a broker, dealer, commercial bank, trust company or other nominee, you must instruct that person to arrange for the withdrawal of your shares. Some additional requirements apply if the share certificates to be withdrawn have been delivered to the Depository or if your shares have been tendered under the procedure for book-entry transfer set forth in Section 3, “*Procedures for Tendering Shares*.” See Section 4, “*Withdrawal Rights*.” Affected participants in our 401(k) Plans whose shares are held by the plan trustee and affected participants in our DSPP will receive separate instructions detailing how to withdraw tendered plan shares. These instructions likely will set an earlier deadline for withdrawing plan shares for administrative reasons. Please refer to the “Letter to Participants in The Scotts Company LLC Retirement Savings Plan,” the “Letter to Participants in the Smith & Hawken 401(k) Plan” or the “Letter to Participants in The Scotts Miracle-Gro Company Discounted Stock Purchase Plan,” as applicable.

Has SMG or its Board adopted a position on the Offer?

Our Board has approved the Offer. However, neither we nor our Board nor the Dealer Manager, the Information Agent nor the Depository makes any recommendation to you as to whether to tender or refrain from tendering your shares or as to the price or prices at which you may choose to tender them. You must make your own decision as to whether to tender your shares and, if so, how many shares to tender and the price or prices at which you will tender them. In doing so, you should consider our reasons for making the Offer. See Section 2, “*Purpose of the Offer; Certain Effects of the Offer; Other Plans*.”

Do the directors, executive officers or affiliates of SMG intend to tender their shares in the Offer?

Each of our directors and executive officers has advised us that he or she does not intend to tender any shares in the Offer. In addition, our largest shareholder, Hagedorn Partnership, L.P., of which James Hagedorn, our Chairman and Chief Executive Officer, and Katherine Hagedorn Littlefield, one of our directors, are partners, has advised us that it does not intend to tender any shares in the Offer. As a result, the Offer will increase the proportional holdings of our directors, executive officers and the Hagedorn Partnership, L.P. For example, the beneficial ownership of the Hagedorn Partnership, L.P. will increase from 30.8% before the Offer to 33.0% after the consummation of the Offer if all 4,504,504 shares are repurchased. After the expiration of the Offer, our directors, executive officers and/or the Hagedorn Partnership, L.P. may, subject to applicable law and SMG’s applicable policies and practices, sell shares from time to time in open market transactions at prices that may be more or less favorable than the Purchase Price to be paid to our shareholders in the Offer.

When will SMG pay for the shares I tender?

We will pay the Purchase Price, net in cash, without interest, for the shares we purchase promptly after the expiration of the Offer and the acceptance of the shares for payment. If we are required to prorate shares purchased in the Offer, however, we do not expect that we will be able to announce the results of that proration and begin paying for tendered shares up to seven business days after the expiration of the Offer. See Section 5, “*Purchase of Shares and Payment of Purchase Price*.”

Will I have to pay brokerage commissions if I tender my shares?

If you are the record owner of your shares and you tender your shares to us in the Offer, you will not have to pay brokerage fees or similar expenses. If you own your shares through a broker, dealer, commercial bank, trust company or other nominee and that person tenders your shares on your behalf, that person may charge you a fee for doing so. You should consult with your broker, dealer, commercial bank, trust company or other nominee to determine whether any charges will apply. Participants in our 401(k) Plans whose shares are held by the plan trustee and participants in our DSPP whose shares are held by the plan administrator will not incur any additional brokerage commissions. See Section 3, “*Procedures for Tendering Shares.*”

What are the U.S. federal income tax consequences if I tender my shares?

Generally, you will be subject to U.S. federal income taxation and applicable withholding when you receive cash from us in exchange for the shares you tender in the Offer. The receipt of cash for your tendered shares generally will be treated for U.S. federal income tax purposes either as (1) a sale or exchange or (2) a distribution in respect of stock from SMG. Any gain on shares tendered through our 401(k) Plans will not be taxed at the time of tender, but special tax consequences may apply with respect to such shares. **We recommend that you consult with your tax advisor with respect to your particular situation.** See Section 14, “*U.S. Federal Income Tax Consequences.*”

Will I have to pay stock transfer tax if I tender my shares?

Generally, we will pay all stock transfer taxes unless payment is made to, or if shares not tendered or accepted for payment are to be registered in the name of, someone other than the registered holder, or tendered certificates are registered in the name of someone other than the person signing the Letter of Transmittal. See Section 5, “*Purchase of Shares and Payment of Purchase Price.*”

If I decide not to tender, how will the Offer affect my shares?

If you choose not to tender your shares in the Offer, you will own a greater percentage interest in our outstanding Common Shares following the consummation of the Offer. As we have previously disclosed, we intend to pay a significant cash dividend, currently anticipated to be \$500 million in the aggregate, to shareholders of record as of a record date to be determined after the consummation of the Offer. If you choose not to tender your shares in the Offer and retain your shares as of such record date, you will be entitled to receive your pro rata share of any such dividend when and if it is declared by the Board.

What is the recent market price of my shares?

On December 11, 2006, the last full trading day before we first announced our intention to make the Offer, the closing price of the Common Shares on the NYSE was \$50.83 per share. On January 9, 2007, the last full trading day before we commenced the Offer, the closing price of the Common Shares on the NYSE was \$52.04 per share. You are urged to obtain current market quotations for the Common Shares before deciding whether and, if so, at what price or prices, to tender your shares. See Section 8, “*Price Range of the Shares.*”

Who can answer questions I may have?

If you have any questions regarding the Offer, please contact the Information Agent for the Offer, D.F. King & Co., Inc. by calling (800) 714-3312 (Toll free) or (212) 269-5550 (Banks & Brokers call collect), or the Dealer Manager for the Offer, Banc of America Securities LLC. Additional contact information for the Information Agent and the Dealer Manager is set forth on the back cover page of this Offer to Purchase. In addition to this Offer to Purchase, a related Letter of Transmittal will be sent to participants in our 401(k) Plans and the DSPP for information purposes only. If a plan participant has any questions relating to the Offer or the number of shares held in his or her plan account, the participant should contact the party set forth in the “Letter to Participants in The Scotts Company LLC Retirement Savings Plan,” the “Letter to Participants in the Smith & Hawken 401(k) Plan” or the “Letter to Participants in The Scotts Miracle-Gro Company Discounted Stock Purchase Plan,” as applicable.

To the Holders of the Common Shares
of The Scotts Miracle-Gro Company:

INTRODUCTION

The Scotts Miracle-Gro Company (“SMG,” “we” or “us”) invites its shareholders to tender its common shares, without par value (the “Common Shares”), for purchase by SMG. We are offering to purchase 4,504,504 shares or, if a lesser number of shares is validly tendered, all shares that are validly tendered and not validly withdrawn in the Offer. The Offer is not conditioned on any minimum number of shares being tendered, but is subject to financing and other conditions as set forth below. Shares purchased in the Offer will be purchased at a price not less than \$48.50 nor greater than \$55.50 per share (such per share purchase price, the “Purchase Price”), net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in this Offer to Purchase and the related Letter of Transmittal (which, together with any amendments or supplements to either, collectively constitute the “Offer”). Unless the context requires otherwise, all references to “shares” refer to our Common Shares.

The Offer will expire at 12:00 midnight, New York City time, on Thursday, February 8, 2007, unless extended (such date and time, as the same may be extended, the “Expiration Time”).

We will select the lowest Purchase Price that will enable us to purchase 4,504,504 shares or, if a lesser number of shares is validly tendered, all shares that are validly tendered and not validly withdrawn, subject to the terms and conditions of the Offer. All shares acquired in the Offer will be acquired at the Purchase Price regardless of whether a shareholder tendered any shares at a lower price.

We will purchase only those shares validly tendered at prices at or below the Purchase Price, and not validly withdrawn. However, because of the “odd lot” priority, proration and conditional tender provisions described in this Offer to Purchase, we will not purchase all of the shares tendered at or below the Purchase Price if more than the number of shares we seek are tendered. We will return shares tendered at prices in excess of the Purchase Price and shares we do not purchase because of the “odd lot” priority, proration or conditional tenders promptly following the Expiration Time.

We reserve the right to purchase more than 4,504,504 shares pursuant to the Offer, subject to certain legal requirements. See Section 1, “*Number of Shares; Expiration Time; Priority of Purchases; Proration; Odd Lot*” and Section 15, “*Extension of the Offer; Termination; Amendment.*”

Tendering shareholders whose shares are registered in their own names and who validly tender their shares directly to the Depository for the Offer will not be obligated to pay brokerage fees or commissions or, except as set forth in Section 5, stock transfer taxes on the purchase of shares by us in the Offer. If you own your shares through a broker, dealer, commercial bank, trust company or other nominee and that person tenders your shares on your behalf, that person may charge you a fee for doing so. You should consult your broker, dealer, commercial bank, trust company or other nominee to determine whether any charges will apply. Participants in one of our 401(k) Plans whose shares are held by the plan trustee will not incur any additional brokerage commissions.

Participants in our 401(k) Plans or our DSPP may not use the Letter of Transmittal to direct the tender of their shares held in one of the plans, but instead must follow the separate instructions related to those shares. Participants in one of our 401(k) Plans or our DSPP may instruct the trustee or administrator of the plan in which they participate as set forth in the “Letter to Participants in The Scotts Company LLC Retirement Savings Plan,” “Letter to Participants in the Smith & Hawken 401(k) Plan” or the “Letter to Participants in The Scotts Miracle-Gro Company Discounted Stock Purchase Plan,” as applicable, to tender some or all of the shares allocated to the participant’s account. If a participant’s instructions are not received three business days prior to the Expiration Time, the trustee or custodian will not tender shares allocated to the participant’s account. See Section 3, “*Procedures for Tendering Shares.*”

In addition, holders of vested but unexercised options to purchase shares outstanding under our equity incentive plans may exercise those options and tender some or all of the shares issued upon such exercise. Holders of stock awards and other restricted equity interests may not tender shares or shares represented by such interests unless they are fully vested and transferable.

The Offer is subject to important conditions, including the receipt by us of financing on terms and conditions satisfactory to us in an amount sufficient to purchase shares pursuant to the Offer. See Section 7, “Conditions of the Offer.”

Our Board has approved the Offer. However, neither we nor our Board nor the Dealer Manager, the Information Agent nor the Depository makes any recommendation to you as to whether to tender or refrain from tendering your shares or as to the price or prices at which you may choose to tender them. You must make your own decision as to whether to tender your shares and, if so, how many shares to tender and the price or prices at which you will tender them. In doing so, you should consider our reasons for making the Offer. See Section 2, “Purpose of the Offer; Certain Effects of the Offer; Other Plans.”

Each of our directors and executive officers has advised us that he or she does not intend to tender any shares in the Offer. In addition, our largest shareholder, Hagedorn Partnership, L.P., of which James Hagedorn, our Chairman and Chief Executive Officer, and Katherine Hagedorn Littlefield, one of our directors, are partners, has advised us that it does not intend to tender any shares in the Offer. As a result, the Offer will increase the proportional holdings of our directors, executive officers and the Hagedorn Partnership, L.P. For example, the beneficial ownership of the Hagedorn Partnership, L.P. will increase from 30.8% before the Offer to 33.0% after the consummation of the Offer if all 4,504,504 shares are repurchased. After the expiration of the Offer, our directors, executive officers and/or the Hagedorn Partnership, L.P. may, subject to applicable law and SMG’s applicable policies and practices, sell shares from time to time in open market transactions at prices that may be more or less favorable than the Purchase Price to be paid to our shareholders in the Offer.

We will pay the fees of and expenses incurred in connection with the Offer by Banc of America Securities LLC, the Dealer Manager for the Offer, National City Bank, the Depository for the Offer, and D.F. King & Co., Inc., the Information Agent for the Offer. See Section 16, “Fees and Expenses.”

As of December 29, 2006, there were approximately 67,668,683 Common Shares issued and outstanding. The 4,504,504 shares that we are offering to purchase hereunder represent approximately 6.7% of the total number of outstanding Common Shares. The Common Shares are listed and traded on the NYSE under the symbol “SMG.” On December 11, 2006, the last full trading day before we first announced our intention to make the Offer, the closing price of the Common Shares as reported on the NYSE was \$50.83 per share. On January 9, 2007, the last full trading day before we commenced the Offer, the closing price of the Common Shares on the NYSE was \$52.04 per share. **You are urged to obtain current market quotations for the Common Shares before deciding whether and, if so, at what price or prices, to tender your shares. See Section 8, “Price Range of the Shares.”**

This Offer to Purchase and the related Letter of Transmittal contain important information that you should read carefully before you make any decision regarding the Offer.

THE TENDER OFFER

1. Number of Shares; Expiration Time; Priority of Purchases; Proration; Odd Lot

General. Subject to the terms and conditions of the Offer, we will purchase 4,504,504 shares or, if a lesser number of shares is validly tendered, all shares that are validly tendered and not validly withdrawn, at the Purchase Price, net to the seller in cash, without interest.

We will purchase all shares validly tendered and not validly withdrawn, upon the terms and subject to the conditions of the Offer, including the “odd lot” priority, proration and conditional tender provisions described in this Offer to Purchase. In accordance with the rules of the Securities and Exchange Commission (the “SEC”), we may, and we expressly reserve the right to, purchase in the Offer an additional amount of shares not to exceed 2% of the outstanding Common Shares (approximately 1,353,373 shares) without amending or extending the Offer. In addition, we could decide to purchase shares beyond a 2% increase, subject to applicable legal requirements. See Section 2, “*Purpose of the Offer; Certain Effects of the Offer; Other Plans*” and Section 15, “*Extension of the Offer; Termination; Amendment.*” All shares not purchased because of the odd lot priority, proration or conditional tender provisions will be returned to the tendering shareholders or, in the case of shares delivered by book-entry transfer, credited to the account at the book-entry transfer facility from which the transfer had previously been made, at our expense promptly following the Expiration Time (as defined below).

As described in Section 14, “*U.S. Federal Income Tax Consequences,*” the number of shares that we will purchase from a shareholder in the Offer may affect the U.S. federal income tax consequences to that shareholder and, therefore, may be relevant to a shareholder’s decision whether or not to tender shares in the Offer.

This Offer to Purchase and the related Letter of Transmittal will be mailed to record holders of shares and will be furnished to brokers, dealers, commercial banks and trust companies whose names, or the names of whose nominees, appear on our shareholder list or, if applicable, who are listed as participants in a clearing agency’s security position listing for subsequent transmittal to beneficial owners of shares.

Expiration Time. The term “Expiration Time” means 12:00 midnight, New York City time, on Thursday, February 8, 2007, unless and until we, in our reasonable discretion, have extended the period of time during which the Offer will remain open, in which event the term “Expiration Time” shall refer to the latest time and date at which the Offer, as so extended by us, shall expire. See Section 15, “*Extension of the Offer; Termination; Amendment,*” for a description of our right to extend, delay, terminate or amend the Offer.

Subject to applicable SEC regulations, we reserve the right, in our sole discretion, to change the terms of the Offer, including, but not limited to, purchasing more or less than 4,504,504 shares in the Offer. If:

- we increase the maximum Purchase Price above \$55.50 per share or decrease the minimum Purchase Price below \$48.50 per share, increase the number of shares being sought in the Offer (and such increase exceeds 2% of the outstanding Common Shares), or decrease the number of shares being sought; and
- the Expiration Time is less than ten business days from, and including, the date that notice of any such increase or decrease is first published, sent or given in the manner specified in Section 15,

then the Offer will be extended as necessary so that there are ten business days from the date of such notice until the Expiration Time. For the purposes of the Offer, a “business day” means any day other than a Saturday, Sunday or United States federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight, New York City time.

If you are a participant in one of our 401(k) Plans, you should be aware that the plans are prohibited from selling shares to us for less than adequate consideration. Please refer to the “Letter to Participants in The Scotts Company LLC Retirement Savings Plan” or “Letter to Participants in the Smith & Hawken 401(k) Plan,” as applicable, for more information with respect to this limitation.

We also expressly reserve the right, in our sole discretion, at any time and from time to time, and regardless of whether or not any of the events set forth in Section 7, “*Conditions of the Offer*,” shall have occurred or shall be deemed by us to have occurred, to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and payment for, any shares by giving oral or written notice of such extension to the Depositary and making a public announcement of such extension. See Section 15, “*Extension of the Offer; Termination; Amendment*.”

Priority of Purchases. If any of the conditions described in Section 7, “*Conditions of the Offer*” are not satisfied or waived prior to the Expiration Time, we will not complete the Offer and we will promptly return all tendered shares. If all such conditions described in Section 7 have been satisfied or waived and, if 4,504,504 shares or fewer have been validly tendered and not validly withdrawn at or prior to the Expiration Time, we will purchase all such shares. If the conditions described in Section 7 have been satisfied or waived and more than 4,504,504 shares have been validly tendered and not validly withdrawn at or prior to the Expiration Time, we will purchase shares in the following order of priority:

- *first*, all such shares owned beneficially or of record by an Odd Lot Holder (as defined below) who validly tenders all of such shares (partial tenders will not qualify for this preference) at or below the Purchase Price and completes, or whose broker, dealer, commercial bank, trust company or other nominee completes, the section captioned “Odd Lot” in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery, however, the Odd Lot preference will not be available to shares tendered under one of our 401(k) Plans;
- *second*, after purchase of all of the foregoing shares, all other shares tendered at or below the Purchase Price on a pro rata basis, if necessary (except for shareholders who tendered their shares conditionally and for which the condition was not satisfied); and
- *third*, if necessary to permit us to purchase 4,504,504 shares (or such greater number of shares as we may elect to purchase), shares conditionally tendered at or below the Purchase Price for which the condition was not initially satisfied, to the extent feasible, by random lot (to be eligible for purchase by random lot, shareholders whose shares are conditionally tendered must have tendered all of their shares).

In accordance with Instruction 5 of the Letter of Transmittal, shareholders desiring to tender shares must specify the price or prices, not less than \$48.50 nor greater than \$55.50 per share, at which they are willing to sell their shares to us in the Offer. Alternatively, shareholders desiring to tender shares can choose not to specify a price and, instead, elect to tender their shares at the Purchase Price ultimately paid for shares validly tendered and not validly withdrawn in the Offer, which could result in the tendering shareholder receiving a price per share as low as \$48.50. For purposes of calculating the Purchase Price, shares tendered at the Purchase Price determined in the Offer will be deemed tendered at \$48.50. As promptly as practicable following the Expiration Time, we will, in our sole discretion, determine the Purchase Price that we will pay for shares validly tendered and not validly withdrawn, taking into account the number of shares tendered and the prices specified by tendering shareholders. We will select the lowest Purchase Price that will enable us to purchase 4,504,504 shares or, if a lesser number of shares is validly tendered, all shares that are validly tendered and not validly withdrawn. By following the instructions in the Letter of Transmittal, shareholders can specify one minimum price for a specified portion of their shares and a different minimum price for other specified shares, but a separate Letter of Transmittal must be submitted for shares tendered at each price. Once the Purchase Price has been selected, we will promptly disclose it in a manner calculated to inform shareholders of this information.

Proration. In the event of an over-subscription by shareholders in the Offer, shares tendered will be subject to proration, except for “Odd Lot” shares (as defined below). Therefore, all of the shares that a shareholder tenders in the Offer may not be purchased (even if they are tendered at prices at or below the Purchase Price) or, if a tender is conditioned upon the purchase of a specified number of shares, it is possible that none of those shares will be purchased (even though they were tendered at prices at or below the Purchase Price).

If proration of tendered shares is required, we will determine the proration factor promptly following the Expiration Time, subject to adjustment to avoid the purchase of fractional shares and subject to the provisions governing conditional tenders. Proration for each shareholder tendering shares, other than Odd Lot Holders, will be based on the ratio of the number of shares tendered by the shareholder to the total number of shares tendered by all shareholders at or below the Purchase Price (excluding shares held by Odd Lot Holders). Because of the difficulty in determining the number of shares validly tendered and not validly withdrawn, and because of the Odd Lot preference described below and the conditional tender procedure described in Section 6, we expect that we will not be able to announce the final proration factor or commence payment for any shares purchased pursuant to the Offer for up to seven business days after the Expiration Time. The preliminary results of any proration will be announced by press release promptly after the Expiration Time. After the Expiration Time, shareholders may obtain preliminary proration information from the Information Agent and also may be able to obtain the information from their brokers.

If, as a result of the number of shares tendered, the number of shares to be purchased from a shareholder making a conditional tender is reduced below the minimum number specified by that shareholder, that tender will automatically be regarded as withdrawn, except as described in Section 6, and all shares tendered by the shareholder will be returned promptly after the Expiration Time at our expense.

Odd Lot. The term “Odd Lot” shares means all shares tendered at prices at or below the Purchase Price by a shareholder who owns beneficially or of record a total of fewer than 100 shares (such shareholder, an “Odd Lot Holder”) and so certified in the appropriate place on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery. To qualify for the priority preference for Odd Lot shares, an Odd Lot Holder must tender all shares owned in accordance with the procedures described in Section 3, “*Procedures for Tendering Shares.*” Odd Lot shares will be accepted for payment before any proration of the purchase of other tendered shares. This preference is not available to partial tenders or to beneficial or record holders of an aggregate of 100 or more shares, even if these holders have separate accounts or certificates representing fewer than 100 shares. This preference is also not available to participants for whose benefit the applicable trustee holds fewer than 100 shares in our 401(k) Plans. By validly tendering shares in the Offer, an Odd Lot Holder who holds shares in its name and tenders its shares directly to the Depository would not only avoid the payment of brokerage commissions, but also would avoid any applicable Odd Lot discounts in a sale of the holder’s shares. Any Odd Lot Holder wishing to tender all shares held pursuant to the Offer should complete the section entitled “Odd Lot” in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery.

2. Purpose of the Offer; Certain Effects of the Offer; Other Plans

Purpose of the Offer. On December 12, 2006, we announced that our Board had authorized the Offer to repurchase up to \$250 million of our outstanding Common Shares, and we announced that we intend to pay a significant cash dividend, currently anticipated to be \$500 million in the aggregate, to shareholders of record as of a record date to be determined after the consummation of the Offer.

We believe that the repurchase of shares and the proposed dividend is consistent with our long-term goal of maximizing shareholder value. We had previously implemented a \$500 million share repurchase program and repurchased approximately \$87.9 million of our Common Shares pursuant to that program.

In considering the Offer, our management and Board reviewed, with the assistance of outside advisors, a variety of alternatives for using our available financial resources. They have evaluated our capital structure, free cash flow, leverage ratio, financial position and the anticipated cost and availability of financing, as well as our strategy and expectations for the future and other financial, industry and operating metrics. We note, however, that actual results may differ from our expectations. See “*Forward-Looking Statements.*” Based on this review and evaluation, our management and Board believe that the Offer is a prudent use of our financial resources.

We believe that by accessing the debt markets under what we consider are favorable conditions, we will be able to return value to shareholders now, while, at the same time, increasing the return on capital that

remains invested in our business. We also believe that the Offer, and the financing thereof, together with the special dividend, creates an appropriate capital structure for our current mix of businesses.

We believe that the Offer represents a mechanism to provide shareholders, if they so elect, with the opportunity to tender all or a portion of their shares and, thereby, receive a return of capital. The Offer also provides shareholders (particularly those who, because of the size of their holdings, might not otherwise be able to sell their shares without potential disruption to the market price) with an opportunity to obtain liquidity with respect to all or a portion of their holdings, without potential disruption to the market price and the usual costs associated with open market transactions. Alternatively, shareholders may elect not to participate and thereby increase their percentage ownership of SMG following the completion of the Offer. As a result, our management and Board believe that investing in our own shares in this manner is an attractive use of capital and an efficient means to provide value to our shareholders. In connection with the consummation of the Offer, we will terminate the balance of our five-year \$500 million share repurchase program.

Our Board determined to conduct a modified “Dutch auction” tender offer and delegated authority to our Chief Executive Officer, Chief Financial Officer, Treasurer and each of our Executive Vice Presidents, in consultation with the Finance Committee of our Board, to authorize a price range for the shares after considering, among other matters, recent stock trading ranges and volumes for the Common Shares, various self tender offers affected by other companies, liquidity opportunities available to our shareholders, and our results of operations, current financial condition and expected future cash needs.

After the Offer is completed, we believe that our anticipated cash flow from operations, our access to credit facilities and capital markets and our financial condition will be adequate for our needs. However, actual experience may differ significantly from our expectations. See “*Forward-Looking Statements.*” In considering the Offer, our management and our Board took into account the expected financial impact of the Offer, including our increased indebtedness as described in Section 9, “*Source and Amount of Funds.*”

Our Board has approved the Offer. However, neither we nor our Board nor the Dealer Manager, the Information Agent nor the Depositary makes any recommendation to you as to whether to tender or refrain from tendering your shares or as to the price or prices at which you may choose to tender them. You must make your own decision as to whether to tender your shares and, if so, how many shares to tender and the price or prices at which you will tender them. In doing so, you should consider our reasons for making the Offer. Our directors and executive officers have advised us that they do not intend to tender any shares owned by them in the Offer. See Section 11, “*Interests of Directors, Executive Officers and Affiliates; Transactions and Arrangements Concerning the Shares.*”

Certain Effects of the Offer. Shareholders who do not tender their shares pursuant to the Offer and shareholders who otherwise retain an equity interest in the Company as a result of a partial tender of shares or a proration will continue to be owners of the Company. As a result, those shareholders will realize a proportionate increase in their relative equity interest in the Company and, thus, in our future earnings and assets, if any, and will bear the attendant risks associated with owning our equity securities, including risks resulting from our purchase of shares. We can give no assurance, however, that we will not issue additional shares or equity interests in the future. Shareholders may be able to sell non-tendered shares in the future on the NYSE or otherwise, at a net price which may be significantly higher or lower than the Purchase Price. We can give no assurance, however, as to the price at which a shareholder may be able to sell his or her shares in the future, which may be higher or lower than the Purchase Price paid by us in the Offer.

Each of our directors and executive officers has advised us that he or she does not intend to tender any shares in the Offer. In addition, our largest shareholder, Hagedorn Partnership, L.P., of which James Hagedorn, our Chairman and Chief Executive Officer, and Katherine Hagedorn Littlefield, one of our directors, are partners, has advised us that it does not intend to tender any shares in the Offer. As a result, the Offer will increase the proportional holdings of our directors, executive officers and the Hagedorn Partnership, L.P. For example, the beneficial ownership of the Hagedorn Partnership, L.P. will increase from 30.8% before the Offer to 33.0% after the consummation of the Offer if all 4,504,504 shares are repurchased. After the expiration of the Offer, our directors, executive officers

and/or the Hagedorn Partnership, L.P. may, subject to applicable law and SMG's applicable policies and practices, sell shares from time to time in open market transactions at prices that may be more or less favorable than the Purchase Price to be paid to our shareholders in the Offer.

Shares we acquire pursuant to the Offer will be held in treasury, which is consistent with the treatment of shares repurchased under the existing \$500 million share repurchase program. The Board may determine to retire some or all of such shares in the future.

The Offer will reduce our "public float" (the number of shares owned by non-affiliate shareholders and available for trading in the securities markets). Such reduction in our public float may reduce the volume of trading in our Common Shares and may result in lower stock prices or reduced liquidity in the trading market for our Common Shares following completion of the Offer.

The Offer also provides certain shareholders with an efficient way to sell their shares without incurring brokers' fees or commissions. Where shares are tendered by the registered owner of those shares directly to the Depositary, the sale of those shares in the Offer will permit the seller to avoid the usual transaction costs associated with open market transactions. Furthermore, Odd Lot Holders who hold shares registered in their names and tender their shares directly to the Depositary and whose shares are purchased in the Offer will avoid not only the payment of brokerage commissions but also any applicable odd-lot discounts that might be payable on sales of their shares in transactions on the NYSE.

In connection with the consummation of the Offer, we expect to incur additional debt under our new credit facilities, as described in Section 9, "*Source and Amount of Funds.*" At September 30, 2006, on a pro forma basis after giving effect to the Offer, assuming the purchase by us of 4,504,504 shares at the Purchase Price of \$55.50 per share (the maximum price in the modified Dutch auction range) and the incurrence of \$774 million of additional debt in connection with the Offer, the proposed special dividend and costs associated with the repurchase of our 6.625% senior subordinated notes, we would have had approximately \$1.2 billion of long-term debt outstanding and shareholders' equity of approximately \$320.0 million. Our substantial indebtedness could have important consequences to our shareholders, such as requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes; limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; or placing us at a competitive disadvantage compared to our competitors that have less debt. See Section 10, "*Certain Information Concerning SMG.*"

The Offer is consistent with our recent history of repurchasing shares from time to time as a means of increasing shareholder value. On October 27, 2005, our Board authorized the repurchase from time to time during fiscal years 2006 through 2010 of up to \$100 million of our Common Shares per fiscal year or \$500 million in the aggregate. We have repurchased 1,964,200 shares, or approximately \$87.9 million in aggregate value, of our Common Shares since approval of the repurchase plan. In connection with the consummation of the Offer, we will terminate the outstanding share repurchase plan.

Other Plans. With the exception of acquisitions of businesses that we do not believe to be material or any other event or plan disclosed in this Offer to Purchase, we currently have no plans, proposals or negotiations underway that relate to or would result in:

- any extraordinary transaction, such as a merger, reorganization or liquidation, involving us or any of our subsidiaries;
- any purchase, sale or transfer of a material amount of our assets or any of our subsidiaries;
- any material change in our present dividend rate or policy or indebtedness or capitalization;
- any change in our present Board or management, including any plans or proposals to change the number or the term of directors (although we may fill vacancies arising on our Board) or to change any material term of the employment contract of any executive officer;
- any other material change in our corporate structure or business;

- any class of our equity securities being delisted from or ceasing to be authorized to be quoted on the NYSE;
- any class of our equity securities becoming eligible for termination of registration under Section 12(g)(4) of the Exchange Act;
- the suspension of our obligation to file reports under Section 15(d) of the Exchange Act;
- the acquisition or disposition by any person of our securities; or
- any changes in our articles of incorporation, code of regulations or other governing instruments or other actions that could impede the acquisition of control of us.

3. Procedures for Tendering Shares

Valid Tender. For you to make a valid tender of shares in the Offer, either:

- the Depository must receive, at one of the addresses set forth on the back cover of this Offer to Purchase and prior to the Expiration Time:
 - a Letter of Transmittal, or a facsimile thereof, validly completed and duly executed, together with any required signature guarantees, or, in the case of a book-entry transfer, an agent's message (as defined below), and any other required documents; and
 - either certificates representing the tendered shares or, in the case of tendered shares delivered in accordance with the procedures for book-entry transfer we describe below, a book-entry confirmation (as defined below) of that delivery; or
- you must, before the Expiration Time, comply with the guaranteed delivery procedures described below.

If a broker, dealer, commercial bank, trust company or other nominee holds your shares, it is likely they have an earlier deadline for you to act to instruct them to accept the Offer on your behalf. We urge you to contact your broker, dealer, commercial bank, trust company or other nominee to find out their applicable deadline.

Participants in our 401(k) Plans whose shares are held by the plan trustee and participants in our DSPP may not use the Letter of Transmittal to direct the tender of shares held in the applicable plan account. Instead, to tender plan shares, plan participants must follow the separate instructions in the "Letter to Participants in The Scotts Company LLC Retirement Savings Plan," the "Letter to Participants in the Smith & Hawken 401(k) Plan" or the "Letter to Participants in The Scotts Miracle-Gro Company Discounted Stock Purchase Plan," as applicable, sent to affected participants in such plans. These instructions will include instructions to participants on how to direct the tender of shares held in the applicable plan account and set forth the deadline for such direction. The deadline likely will be earlier than the Expiration Time.

The valid tender of shares by you by one of the procedures described in this Section 3 will constitute a binding agreement between you and us on the terms of, and subject to the conditions to, the Offer.

In accordance with Instruction 5 of the Letter of Transmittal, each shareholder desiring to tender shares pursuant to the Offer must either (1) check one of the boxes corresponding to the price at which shares are being tendered in the section of the Letter of Transmittal captioned "Shares Tendered at Price Determined by Shareholder," or (2) check the box in the section of the Letter of Transmittal captioned "Shares Tendered at Price Determined in the Tender Offer," in which case you will be deemed to have tendered your shares at the minimum price of \$48.50 (YOU SHOULD UNDERSTAND THAT THIS ELECTION MAY CAUSE THE PURCHASE PRICE TO BE LOWER AND COULD RESULT IN THE TENDERED SHARES BEING PURCHASED AT THE MINIMUM PRICE OF \$48.50 PER SHARE). A tender of shares will be valid if, and only if, one of these boxes is checked on the Letter of Transmittal.

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If you wish to indicate a specific price (in increments of \$0.50) at which your shares are being tendered, you must check the appropriate box in the section of the Letter of Transmittal captioned “Shares Tendered at Price Determined by Shareholder.” You should be aware that this election could mean that none of your shares will be purchased in the Offer if you check a box other than the box representing the lowest Purchase Price.

If you wish to maximize the chance that your shares will be purchased in the Offer, you should check the box in the section of the Letter of Transmittal captioned “Shares Tendered at Price Determined in the Tender Offer.” For purposes of calculating the Purchase Price, shares tendered at the Purchase Price determined in the Offer will be deemed tendered at \$48.50. Note that this election could result in the tendered shares being purchased at the minimum Purchase Price of \$48.50.

If you wish to tender shares at more than one price, you must complete separate Letters of Transmittal for each price at which shares are being tendered. You cannot tender the same shares (unless previously validly withdrawn in accordance with the terms of the Offer) at more than one price.

Odd Lot Holders who tender all their shares must also complete the section captioned “Odd Lot” in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery, to qualify for the preferential treatment available to Odd Lot Holders as set forth in Section 1, “*Number of Shares; Expiration Time; Priority of Purchases; Proration; Odd Lot.*”

We urge shareholders who hold shares through brokers, dealers, commercial banks, trust companies or other nominees to consult such persons to determine whether transaction costs are applicable if they tender shares through such persons and not directly to the Depository.

Book-Entry Transfer. For purposes of the Offer, the Depository will establish an account for the shares at The Depository Trust Company (the “book-entry transfer facility”) within two business days after the date of this Offer to Purchase. Any financial institution that is a participant in the book-entry transfer facility’s system may make book-entry delivery of shares by causing the book-entry transfer facility to transfer those shares into the Depository’s account in accordance with the book-entry transfer facility’s procedures for that transfer. Although delivery of shares may be effected through book-entry transfer into the Depository’s account at the book-entry transfer facility, the Letter of Transmittal, or a facsimile thereof, validly completed and duly executed, with any required signature guarantees, or an agent’s message, and any other required documents must, in any case, be transmitted to, and received by, the Depository at one of the addresses set forth on the back cover of this Offer to Purchase prior to the Expiration Time, or the tendering shareholder must comply with the guaranteed delivery procedures we describe below.

The confirmation of a book-entry transfer of shares into the Depository’s account at the book-entry transfer facility as we describe above is referred to in this Offer to Purchase as a “book-entry confirmation.” **Delivery of documents to the book-entry transfer facility in accordance with the book-entry transfer facility’s procedures will not constitute delivery to the Depository.**

The term “agent’s message” means a message transmitted by the book-entry transfer facility to, and received by, the Depository and forming a part of a book-entry confirmation, stating that the book-entry transfer facility has received an express acknowledgment from the participant tendering shares through the book-entry transfer facility that the participant has received and agrees to be bound by the terms of the Letter of Transmittal and that we may enforce that agreement against that participant.

The method of delivery of shares, the Letter of Transmittal and all other required documents, including delivery through the book-entry transfer facility, is at the election and risk of the tendering shareholder. Shares will be deemed delivered only when actually received by the Depository (including, in the case of a book-entry transfer, by book-entry confirmation). If you plan to make delivery by mail, we recommend that you deliver by registered mail with return receipt requested and obtain proper insurance. In all cases, sufficient time should be allowed to ensure timely delivery.

Signature Guarantees. No signature guarantee will be required on a Letter of Transmittal for shares tendered thereby if:

- the “registered holder” (as defined below) of those shares signs the Letter of Transmittal and has not completed either the box entitled “Special Delivery Instructions” or the box entitled “Special Payment Instructions” on the Letter of Transmittal; or
- those shares are tendered for the account of an “eligible institution” (as defined below).

A “registered holder” of tendered shares will include any participant in the book-entry transfer facility’s system whose name appears on a security position listing as the owner of those shares, and an “eligible institution” is a “financial institution,” which term includes most commercial banks, savings and loan associations and brokerage houses, that is a participant in any of the following: (1) the Securities Transfer Agents Medallion Program; (2) the New York Stock Exchange, Inc. Medallion Signature Program; or (3) the Stock Exchange Medallion Program.

Except as described above, all signatures on any Letter of Transmittal for shares tendered thereby must be guaranteed by an eligible institution. See Instruction 12 of the Letter of Transmittal. If the certificates for shares are registered in the name of a person other than the signer of the Letter of Transmittal, or if payment is to be made or certificates for shares not tendered or not accepted for payment are to be returned to a person other than the registered holder of the certificates surrendered, then the tendered certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name or names of the registered holders or owners appear on the certificates, with the signatures on the certificates or stock powers guaranteed as described above. See Instruction 12 of the Letter of Transmittal.

Guaranteed Delivery. If you wish to tender shares in the Offer and your certificates for shares are not immediately available or the procedures for book-entry transfer cannot be completed on a timely basis or time will not permit all required documents to reach the Depository prior to the Expiration Time, you may still validly tender your shares if all the following conditions are met:

- your tender is made by or through an eligible institution;
- a validly completed and duly executed Notice of Guaranteed Delivery, substantially in the form we provide, is received by the Depository, as provided below, prior to the Expiration Time; and
- the Depository receives, at one of the addresses set forth on the back cover of this Offer to Purchase and within the period of three NYSE trading days after the date of execution of that Notice of Guaranteed Delivery, either: (1) the certificates representing the shares being tendered together with (a) a Letter of Transmittal, or a facsimile thereof, relating thereto that has been validly completed and duly executed and includes all signature guarantees required thereon and (b) all other required documents; or (2) in the case of any book-entry transfer of the shares being tendered that is effected in accordance with the book-entry transfer procedures we describe above under “—Book-Entry Transfer” within the same three NYSE trading day period: (a) a Letter of Transmittal or a facsimile thereof, relating thereto that has been validly completed and duly executed and includes all signature guarantees required thereon, or an agent’s message, (b) a book-entry confirmation relating to that transfer, and (c) all other required documents.

For these purposes, a “NYSE trading day” is any day on which the New York Stock Exchange is open for business.

A Notice of Guaranteed Delivery must be delivered to the Depository by hand, facsimile transmission or mail and must include a guarantee by an eligible institution in the form set forth in the Notice of Guaranteed Delivery that is to be delivered to the Depository.

401(k) Plans. Participants in our 401(k) Plans who wish to have the trustee tender shares credited to their plan account must complete, execute and return to the plan trustee the tender direction form included in the “Letter to Participants in The Scotts Company LLC Retirement Savings Plan” or the “Letter to Participants in the Smith & Hawken 401(k) Plan,” as applicable, sent to affected participants in the plans. Participants in

our 401(k) Plans may not use the Letter of Transmittal to direct the tender of their shares held in those plans, but instead must follow the separate instruction form sent to them. Although the Offer will remain open to all shareholders until the Expiration Time, if the trustee does not receive a participant's instructions by 4:00 p.m., New York City time, on February 5, 2007, the trustee will not tender shares attributable to the participant's account. Participants are urged to read the "Letter to Participants in The Scotts Company LLC Retirement Savings Plan" or the "Letter to Participants in the Smith & Hawken 401(k) Plan," as applicable, and the separate direction form carefully. Please note that the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and our trust agreements with the trustee of the 401(k) Plans prohibit the sale of shares to us for less than "adequate consideration" (which is defined by ERISA for a publicly traded security as the prevailing market price on a national securities exchange). Accordingly, if you elect to tender shares held in your account under a 401(k) Plan at a price that is lower than the closing price of our Common Shares on the date that the trustee of such 401(k) Plan tenders the shares, the tender price you elect will be deemed to have been increased to the closest tender price that is not less than the closing price of our Common Shares on the NYSE on the date that the trustee of such 401(k) Plan tenders the shares. This could result in the selected percentage of your shares not being accepted for purchase by us. Similarly, if you elect to maximize the chance of having us purchase shares held in your account under a 401(k) Plan by checking the box captioned "Shares Tendered at Price Determined in the Tender Offer," meaning it will be equal to the Purchase Price, on the applicable direction form and the closing price of our Common Shares on the NYSE on the Expiration Date is within the range of prices set forth on such form, the tender price you elect will be deemed to have been increased to the closest tender price that is not less than the closing price of our Common Shares on the NYSE on the Expiration Date. If the closing price of our shares on the Expiration Date is greater than the maximum price available in the Offer, none of your shares will be tendered and your tender instructions will be deemed to have been withdrawn.

The proceeds received by a 401(k) Plan from any purchase of shares in the Offer from a participant's plan account will be deposited in the participant's account and invested in the Fidelity Managed Income Portfolio for participants in The Scotts Company LLC Retirement Savings Plan and the Fidelity Advisor Stable Value Portfolio II for participants in the Smith & Hawken 401(k) Plan and will remain in the applicable 401(k) Plan; provided, however, that, subject to the terms of our 401(k) Plans, including applicable transfer restrictions imposed by the plan administrator, you may elect to redirect the proceeds to any other available investments under our 401(k) Plans once the proceeds have been allocated to your account.

Stock Purchase Plan. Participants in the DSPP who wish to have the administrator tender shares attributable to their plan account that have been held for at least 12 months must complete, execute and return to the administrator the tender instruction form included with the "Letter to Participants in The Scotts Miracle-Gro Company Discounted Stock Purchase Plan" sent to affected participant in the DSPP. Participants in our DSPP may not use the Letter of Transmittal to direct the tender of their shares held in the DSPP, but instead must follow the separate tender instruction form provided by the administrator. If the administrator does not receive a participant's instructions by 4:00 p.m., New York City time, on February 5, 2007, the administrator will not tender shares attributable to such participant's DSPP account. Participants are urged to read the "Letter to Participants in The Scotts Miracle-Gro Company Discounted Stock Purchase Plan" and the separate tender instruction form carefully.

Cash received by the administrator for any shares tendered and accepted for payment by SMG, less any applicable withholding, will be distributed to participants in the DSPP by check. Any shares tendered but not accepted for payment by us will remain in the participant's account under the plan.

Stock Option Plans; Freestanding Stock Appreciation Rights. Holders of vested but unexercised options to purchase shares or freestanding stock appreciation rights may exercise such options or freestanding stock appreciation rights in accordance with the terms of the equity plan under which they were granted and tender the shares received upon such exercise in accordance with the Offer. Holders of vested but unexercised options or freestanding stock appreciation rights should evaluate this Offer to Purchase carefully to determine if participation would be advantageous to them, based on, among other things, their stock option or freestanding stock appreciation right exercise or base prices, the date of their grants and the years left to exercise their options or freestanding stock appreciation rights, the range of tender prices and the provisions for pro rata

purchases by the Company described in Section 1. Please note that shares tendered pursuant to the exercise of a vested option or freestanding stock appreciation right will not be eligible for the special dividend that is anticipated to be declared and paid following the consummation of the Offer, and, since such option or freestanding stock appreciation right will no longer be outstanding, the option or freestanding stock appreciation right will not be adjusted to reflect the special dividend as provided pursuant to the terms of our stock option plans. **We strongly encourage those holders to discuss the Offer with their tax, financial or other advisors.** Holders of stock awards and other restricted equity interests may not tender shares or shares represented by such interests unless they are fully vested. Holders of vested options or freestanding stock appreciation rights will have to exercise them by February 1, 2007, to be in a position to tender.

Other Requirements. Notwithstanding any other provision hereof, payment for shares accepted for payment in the Offer will in all cases be made only after timely receipt by the Depositary of:

- certificates representing, or a book-entry confirmation respecting, those shares;
- a Letter of Transmittal, or a facsimile thereof, validly completed and duly executed, with any required signature guarantees thereon, or, in the case of a book-entry transfer, an agent's message in lieu of a Letter of Transmittal; and
- any other documents the Letter of Transmittal requires.

Accordingly, tendering shareholders may be paid at different times depending on when certificates representing, or book-entry confirmations respecting, their shares are actually received by the Depositary.

Under no circumstances will we pay interest on the Purchase Price for the shares we purchase in the Offer, regardless of any extension of or amendment to the Offer or any delay in making payment for shares accepted for payment in the Offer.

Return of Unpurchased Shares. If any tendered shares are not purchased, or if less than all shares evidenced by a shareholder's certificates are tendered, certificates for unpurchased shares will be returned promptly after the expiration or termination of the Offer or the proper withdrawal of the shares, or, in the case of shares tendered by book-entry transfer at the book-entry transfer facility, the shares will be credited to the appropriate account maintained by the tendering shareholder at the book-entry transfer facility, in each case without expense to the shareholder.

Tendering Shareholder's Representation and Warranty; Our Acceptance Constitutes an Agreement. It is a violation of Rule 14e-4 under the Exchange Act for a person acting alone or in concert with others, directly or indirectly, to tender shares for such person's own account unless at the time of tender and at the Expiration Time such person has a "net long position" in (1) the shares that is equal to or greater than the amount tendered and will deliver or cause to be delivered such shares for the purpose of tendering to us within the period specified in the Offer or (2) other securities immediately convertible into, exercisable for or exchangeable into shares ("Equivalent Securities") that is equal to or greater than the amount tendered and, upon the acceptance of such tender, will acquire such shares by conversion, exchange or exercise of such Equivalent Securities to the extent required by the terms of the Offer and will deliver or cause to be delivered such shares so acquired for the purpose of tendering to us within the period specified in the Offer. Rule 14e-4 also provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person. A tender of shares made pursuant to any method of delivery set forth in this Offer to Purchase will constitute the tendering shareholder's representation and warranty to us that (a) such shareholder has a "net long position" in shares or Equivalent Securities being tendered within the meaning of Rule 14e-4, and (b) such tender of shares complies with Rule 14e-4. Our acceptance for payment of shares tendered pursuant to the Offer will constitute a binding agreement between the tendering shareholder and us upon the terms and subject to the conditions of the Offer.

Determination of Validity. All questions as to the number of shares to be accepted, the price to be paid for shares to be accepted and the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of shares will be determined by us, in our sole discretion, and our determination will be final and binding on all parties. We reserve the absolute right to reject any or all tenders we determine not

to be in proper form or the acceptance for payment of, or payment for, shares that may be unlawful. We also reserve the absolute right to waive any conditions of the Offer with respect to all shareholders or any defect or irregularity in any tender with respect to any particular shares or any particular shareholder whether or not we waive similar defects or irregularities in the case of other shares or shareholders. No tender of shares will be deemed to have been validly made until all defects or irregularities relating thereto have been cured or waived. None of us, the Dealer Manager, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification. Our interpretation of the terms of and conditions to the Offer, including the Letter of Transmittal and the instructions thereto, will be final and binding. By tendering shares to us, you agree to accept all decisions we make concerning these matters and waive any right you might otherwise have to challenge those decisions.

Backup U.S. Federal Income Tax Withholding. Under U.S. federal income tax laws, payments in connection with the Offer may be subject to “backup withholding” meaning that 28% of the gross proceeds payable to a shareholder or other payee pursuant to the Offer must be withheld and remitted to the United States Treasury (the “Treasury”), unless the shareholder or other payee:

- provides a correct taxpayer identification number (i.e., the shareholder’s employer identification number or, for an individual shareholder, the shareholder’s social security number) and certifies, under penalties of perjury, that he, she or it is not subject to backup withholding, and otherwise complies with applicable requirements of the backup withholding rules; or
- establishes that it is exempt from backup withholding (i.e., a corporation or certain foreign individuals) and, when required, demonstrates this fact and otherwise complies with applicable requirements of the backup withholding rules.

Any amount withheld under these rules will be creditable against the shareholder’s U.S. federal income tax liability or refundable to the extent that it exceeds such liability if the shareholder provides the required information to the Internal Revenue Service (the “IRS”). A shareholder that does not provide a correct taxpayer identification number may be subject to penalties imposed by the IRS. Each tendering shareholder other than a foreign shareholder should complete and sign the Substitute Form W-9 included as part of the Letter of Transmittal so as to provide the information and certification necessary to avoid backup withholding. Each foreign shareholder should complete and sign the appropriate IRS Form W-8 in order to provide the information and certification necessary to avoid backup withholding. Such statements may be obtained from the Depositary. See Instruction 2 of the Letter of Transmittal.

Any tendering shareholder or other payee that fails to comply fully and sign the Substitute Form W-9 included in the Letter of Transmittal (or such other IRS form as may be applicable) may be subject to required U.S. backup withholding at a rate equal to 28% of the gross proceeds paid to such shareholder or other payee pursuant to the Offer.

In addition, gross proceeds payable pursuant to the Offer to a foreign shareholder or its agent will be subject to withholding of U.S. federal income tax at a rate of 30%, unless SMG determines that a reduced rate of withholding is applicable pursuant to a tax treaty or that an exemption from withholding is applicable because such gross proceeds are effectively connected with the conduct of a trade or business within the United States and, in either case, the foreign shareholder provides the appropriate certification, as described below. For this purpose, a foreign shareholder is any shareholder that is not for U.S. federal income tax purposes: (a) a citizen or resident of the United States, (b) a corporation, partnership, or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (c) an estate the income of which is subject to U.S. federal income tax regardless of its source or (d) a trust (1) the administration of which is subject to the primary supervision of a court within the United States and for which one or more U.S. persons have the authority to control all substantial decisions or (2) for which a valid election has been made to be treated as a U.S. person for U.S. federal income tax purposes under applicable Treasury regulations.

A foreign shareholder may be eligible to file for a refund of such amounts withheld or a portion of such amounts withheld if such shareholder satisfies the “complete termination,” “substantially disproportionate,” or “not essentially equivalent to a dividend” tests described in Section 14 or if such shareholder is entitled to a reduced rate of withholding pursuant to a tax treaty and we withheld at a higher rate. In order to obtain a reduced rate of withholding under a tax treaty, a foreign shareholder must deliver to the Depository before payment a properly completed and executed IRS Form W-8BEN claiming such an exemption or reduction. Such forms may be obtained from the Depository. In order to claim an exemption from withholding on the grounds that gross proceeds paid pursuant to the Offer are effectively connected with the conduct of a trade or business within the United States, a foreign shareholder must deliver to the Depository a properly completed and executed IRS Form W-8ECI claiming such exemption. Such forms may be obtained from the Depository. See Instruction 2 of the Letter of Transmittal. Backup withholding generally will not apply to amounts subject to the 30% rate or a treaty-reduced rate of withholding. Foreign shareholders should consult their own tax advisors regarding the application of U.S. federal income tax withholding, including eligibility for a withholding tax reduction or exemption and the refund procedure.

For a more complete discussion of U.S. federal income tax consequences to tendering shareholders, see Section 14, “*U.S. Federal Income Tax Consequences.*”

Lost Certificates. If the share certificates that you want to surrender have been lost, destroyed or stolen, you should promptly notify the Depository at (800) 622-6757. The Depository will instruct you as to the steps that must be taken in order to replace the certificates.

We will decide, in our sole discretion, all questions as to the number of shares to be accepted, the price to be paid for shares to be accepted and the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of shares, and each such decision will be final and binding on all parties.

4. Withdrawal Rights

Except as this Section 4 otherwise provides, tenders of shares are irrevocable. You may withdraw any shares that you have previously tendered in the Offer according to the procedures we describe below at any time prior to the Expiration Time. Thereafter, such tenders are irrevocable, except that they may be withdrawn after 12:00 midnight, New York City time, on Friday, March 9, 2007 if they have not previously been accepted.

For a withdrawal to be proper, a written notice of withdrawal must:

- be received in a timely manner by the Depository at one of its addresses set forth on the back cover of this Offer to Purchase; and
- specify the name of the person having tendered the shares to be withdrawn, the number of shares to be withdrawn and the name of the registered holder of the shares to be withdrawn, if different from the name of the person who tendered the shares.

If certificates for shares have been delivered or otherwise identified to the Depository, then, prior to the physical release of those certificates, you must submit the serial numbers shown on those certificates to the Depository and, unless an eligible institution has tendered those shares, an eligible institution must guarantee the signatures on the notice of withdrawal.

If shares have been delivered in accordance with the procedures for book-entry transfer described in Section 3, any notice of withdrawal must also specify the name and number of the account at the book-entry transfer facility to be credited with the withdrawn shares and otherwise comply with the book-entry transfer facility’s procedures.

Withdrawals of tenders of shares may not be rescinded, and any shares validly withdrawn will thereafter be deemed not validly tendered for purposes of the Offer. Withdrawn shares may be re-tendered at any time prior to the Expiration Time by again following one of the procedures described in Section 3.

We will decide, in our sole discretion, all questions as to the form and validity, including time of receipt, of notices of withdrawal, and each such decision will be final and binding. We also reserve the absolute right to waive any defect or irregularity in the withdrawal of shares by any shareholder, whether or not we waive similar defects or irregularities in the case of any other withdrawal. None of us, the Dealer Manager, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give any such notification.

Under no circumstances will we pay interest on the Purchase Price for shares accepted for purchase in the Offer. If we have not accepted tendered shares for payment as provided in this Offer to purchase by 12:00 midnight, New York City time, on Friday, March 9, 2007, you may withdraw any or all of your tendered shares.

For shares being held under our 401(k) Plans, please refer to the special instructions in the “Letter to Participants in The Scotts Company LLC Retirement Savings Plan” or the “Letter to Participants in the Smith & Hawken 401(k) Plan,” as applicable, sent to affected participants for information about withdrawal rights and the deadline to submit withdrawal instructions. Please note that, in order to timely withdraw their shares, participants in a 401(k) Plan must submit a withdrawal request in accordance with the procedures set forth in the “Letter to Participants in The Scotts Company LLC Retirement Savings Plan” or the “Letter to Participants in the Smith & Hawken 401(k) Plan,” as applicable, no later than 4:00 p.m., New York City time, on February 5, 2007, unless we extend the Offer, in which case such withdrawal request must be received no later than 4:00 p.m., New York City time, on the third business day prior to the expiration of the Offer as extended.

Participants in the DSPP who wish to have the administrator withdraw previously tendered shares attributable to their account must follow the procedures set forth in the “Letter to Participants in the The Scotts Miracle-Gro Company Discounted Stock Purchase Plan” no later than 4:00 p.m., New York City time, on February 5, 2007, unless we extend the Offer, in which case such withdrawal request must be received no later than 4:00 p.m., New York City time, on the third business day prior to the expiration of the Offer as extended.

If SMG extends the Offer, is delayed in its purchase of shares or is unable to purchase shares pursuant to the Offer for any reason, then, without prejudice to our rights under the Offer, the Depositary may, subject to applicable law, retain tendered shares on behalf of SMG, and such shares may not be withdrawn, except to the extent the tendering shareholders are entitled to withdrawal rights as described in this Section 4.

5. Purchase of Shares and Payment of Purchase Price

Upon the terms and subject to the conditions of the Offer, as promptly as practicable following the Expiration Time, we will (1) determine a single per share Purchase Price we will pay for the shares validly tendered and not validly withdrawn, taking into account the number of shares tendered and the prices specified by tendering shareholders, and (2) accept for payment and pay the relevant price for (and thereby purchase) up to 4,504,504 shares validly tendered at prices at or below the Purchase Price and not validly withdrawn.

Subject to applicable rules of the SEC, we expressly reserve the right to delay acceptance for payment of, or payment for, shares in anticipation of governmental regulatory approvals. We remain, however, obligated to pay the Purchase Price for the shares accepted for payment promptly after the Expiration Time.

For purposes of the Offer, we will be deemed to have accepted for payment (and therefore purchased), subject to the Odd Lot priority, proration and conditional tender provisions of the Offer, shares that are validly tendered at or below the Purchase Price selected by us and not validly withdrawn only when, as and if we give oral or written notice to the Depositary of our acceptance of such shares for payment pursuant to the Offer.

Upon the terms and subject to the conditions of the Offer, we will accept for payment and pay the Purchase Price for the shares accepted for payment pursuant to the Offer promptly after the Expiration Time.

In all cases, payment for shares tendered and accepted for payment pursuant to the Offer will be made promptly, subject to possible delay in the event of proration, but only after timely receipt by the Depository of:

- certificates for shares, or of a timely book-entry confirmation of shares into the Depository's account at the book-entry transfer facility;
- a validly completed and duly executed Letter of Transmittal (or manually signed facsimile of the Letter of Transmittal) or, in the case of a book-entry transfer, an agent's message; and
- any other required documents.

We will pay for shares purchased pursuant to the Offer by depositing the aggregate purchase price for the shares with the Depository, which will act as agent for tendering shareholders for the purpose of receiving payment from us and transmitting payment to the tendering shareholders.

In the event of proration, we will determine the proration factor and pay for those tendered shares accepted for payment as soon as practicable after the Expiration Time. However, we expect that we will not be able to announce the final results of any proration or commence payment for any shares purchased pursuant to the Offer until approximately seven business days after the Expiration Time. Certificates for all shares tendered and not purchased, including all shares tendered at prices in excess of the Purchase Price and shares not purchased due to proration, will be returned or, in the case of shares tendered by book-entry transfer, will be credited to the account maintained with the book-entry transfer facility by the participant who delivered the shares, to the tendering shareholder at our expense promptly after the Expiration Time or termination of the Offer.

Under no circumstances, including, but not limited to, by reason of any delay in making payment, will we pay interest on the Purchase Price. In addition, if certain events occur, we may not be obligated to purchase any shares pursuant to the Offer. See Section 7, "Conditions of the Offer."

Except as this Section 5 otherwise provides, we will pay all stock transfer taxes, if any, payable on the transfer to us of shares purchased pursuant to the Offer. If, however, payment of the Purchase Price is to be made to, or (in the circumstances permitted by the Offer) if unpurchased shares are to be registered in the name of, any person other than the registered holder, or if tendered certificates are registered in the name of any person other than the person signing the Letter of Transmittal, the amount of all stock transfer taxes, if any (whether imposed on the registered holder or the other person), payable on account of the transfer will be deducted from the Purchase Price unless satisfactory evidence of the payment of the stock transfer taxes, or exemption from payment of the stock transfer taxes, is submitted.

If you are a participant in our 401(k) Plans, you should be aware that the 401(k) Plans are prohibited from selling shares to us for less than adequate consideration. Please refer to the "Letter to Participants in The Scotts Company LLC Retirement Savings Plan" or the "Letter to Participants in the Smith & Hawken 401(k) Plan," as applicable, for more information with respect to this limitation.

Any tendering shareholder or other payee who fails to complete fully, sign and return to the Depository the Substitute Form W-9 included with the Letter of Transmittal or other applicable form may be subject to backup U.S. federal income tax withholding of 28% of the gross proceeds paid to the shareholder or other payee pursuant to the Offer. See Section 3, "Procedures for Tendering Shares." Also see Section 14, "U.S. Federal Income Tax Consequences."

6. Conditional Tender of Shares

Under certain circumstances and subject to the exceptions set forth in Section 1, we may prorate the number of shares purchased pursuant to the Offer. As discussed in Section 14, the number of shares to be purchased from a particular shareholder might affect the tax treatment of such purchase to such shareholder and such shareholder's decision whether to tender. **Each shareholder is urged to consult with his, her or its own tax advisor with respect to his, her or its particular situation.** Accordingly, a shareholder may tender shares subject to the condition that a specified minimum number of such holder's shares tendered pursuant to a Letter of Transmittal or Notice of Guaranteed Delivery must be purchased if any such shares so tendered are

purchased. Any shareholder desiring to make such a conditional tender must so indicate in the box captioned "Conditional Tender" in such Letter of Transmittal or, if applicable, in the Notice of Guaranteed Delivery, and have tendered all of such shareholder's shares.

If you wish to make a conditional tender you must calculate and appropriately indicate such minimum number of shares. If the effect of accepting tenders on a pro rata basis as described in Section 1 would be to reduce the number of shares to be purchased from any shareholder (tendered pursuant to a Letter of Transmittal, Notice of Guaranteed Delivery or agent's message) below the minimum number so specified, that tender will automatically be regarded as validly withdrawn (except as provided in the next paragraph) and all shares tendered by the shareholder pursuant to the Letter of Transmittal, Notice of Guaranteed Delivery or agent's message will be returned promptly thereafter at our expense.

After giving effect to these withdrawals, we will accept the remaining shares validly tendered, conditionally or unconditionally, and not validly withdrawn on a pro rata basis, if necessary. If conditional tenders would otherwise be regarded as withdrawn and would cause the total number of shares to be purchased to fall below 4,504,504 shares (or such greater number of shares as we may elect to purchase) then, to the extent feasible, we will select enough of the conditional tenders that would otherwise have been withdrawn to permit us to purchase 4,504,504 shares (or such lesser number of shares as is validly tendered and not validly withdrawn). In selecting among the conditional tenders, we will select by random lot, treating all tenders by a particular taxpayer as a single lot, and will limit our purchase in each case to the designated minimum number of shares to be purchased. To be eligible for purchase by random lot, shareholders whose shares are conditionally tendered must have tendered all of their shares.

Notwithstanding the general discussion contained in this Section 6, conditional tenders are not permissible with respect to the tender of shares under our 401(k) Plans.

7. Conditions of the Offer

Notwithstanding any other provision of the Offer, we will not be required to accept for payment, purchase or pay for any shares tendered, and may terminate or amend the Offer or may postpone the acceptance for payment of, or the purchase of and the payment for shares tendered, subject to Rule 13e-4(f) under the Exchange Act, if at any time on or after the date of commencement of the Offer and prior to the Expiration Time and, in the case of any required governmental approval, prior to the time of payment for any shares (whether any shares have theretofore been accepted for payment), any of the following events occur or are determined by us to have occurred:

- we are unable by the Expiration Time to borrow on terms and conditions satisfactory to us, under the new credit facilities referenced in the Commitment Letter, an amount sufficient to purchase shares pursuant to the Offer;
- any general suspension of, or general limitation on prices for, or trading in, securities on any national securities exchange in the United States or in the over-the-counter market;
- a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States or any limitation (whether or not mandatory) by any governmental agency or authority on, or any other event that, in our reasonable judgment, could reasonably be expected to adversely affect, the extension of credit by banks or other financial institutions;
- a material change in U.S. or any other currency exchange rates or a suspension of or limitation on the markets for such currencies;
- the commencement or escalation of a war, armed hostilities or other similar national or international calamity directly or indirectly involving the United States;
- a decrease in excess of 10% in the market price for our Common Shares or in the Dow Jones Industrial Average, the NYSE Composite Index or the S&P 500 Composite Index since January 9, 2007;

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- in the case of any of the foregoing existing at the time of the commencement of the Offer, in our reasonable judgment, a material acceleration or worsening thereof;
- any change (or condition, event or development involving a prospective change) has occurred or been threatened in the business, properties, assets, liabilities, capitalization, shareholders' equity, financial condition, operations, results of operations or prospects of us or any of our subsidiaries or affiliates that, in our reasonable judgment, does or could reasonably be expected to have a materially adverse effect on us or any of our subsidiaries or affiliates, or we have become aware of any fact that, in our reasonable judgment, does or could reasonably be expected to have a material adverse effect on the value of our shares;
- legislation amending the Internal Revenue Code of 1986, as amended (the "Code"), has been passed by either the U.S. House of Representatives or the U.S. Senate or becomes pending before the U.S. House of Representatives or the U.S. Senate or any committee thereof, the effect of which, in our reasonable judgment, would be to change the tax consequences of the transaction contemplated by the Offer in any manner that would adversely affect us or any of our subsidiaries or affiliates;
- there has been threatened, instituted, or pending any action, proceeding, application or counterclaim by or before any court or governmental, administrative or regulatory agency or authority, domestic or foreign, or any other person or tribunal, domestic or foreign, that:
 - challenges or seeks to challenge, restrain, prohibit or delay the making of the Offer or any other matter relating to the Offer, or seeks to obtain any material damages relating to the transactions contemplated by the Offer;
 - seeks to make the purchase of, or payment for, some or all of the shares pursuant to the Offer illegal or results in a delay in our ability to accept for payment or pay for some or all of such shares;
 - seeks to impose limitations on our affiliates' ability to acquire or hold or to exercise full rights of ownership, including, but not limited to, the right to vote their shares on all matters validly presented to our shareholders;
 - otherwise could reasonably be expected to materially adversely affect the business, properties, assets, liabilities, capitalization, shareholders' equity, financial condition, operations, results of operations or prospects of us or any of our subsidiaries or affiliates; or
 - otherwise relates to the Offer or that otherwise, in our reasonable judgment, could reasonably be expected to adversely affect us or any of our subsidiaries or affiliates or the value of our shares;
- any action has been taken or any statute, rule, regulation, judgment, decree, injunction or order (preliminary, permanent or otherwise) has been proposed, sought, enacted, entered, promulgated, enforced or deemed to be applicable to the Offer or us or any of our subsidiaries or affiliates by any court, government or governmental agency or other regulatory or administrative authority, domestic or foreign, that, in our reasonable judgment:
 - indicates that any approval or other action of any such court, agency or authority may be required in connection with the Offer or the purchase of shares in the Offer;
 - could reasonably be expected to prohibit, restrict or delay consummation of the Offer; or
 - otherwise could reasonably be expected to materially adversely affect the business, properties, assets, liabilities, capitalization, shareholders' equity, financial condition, operations, results of operations or prospects of us or any of our subsidiaries or affiliates;
- a tender or exchange offer for any or all of our outstanding shares (other than this Offer), or any material merger, acquisition, business combination or other similar transaction with or involving us or

any subsidiary, has been proposed, announced or made by any person or entity or has been publicly disclosed;

- we learn that:
 - any entity, “group” (as that term is used in Section 13(d)(3) of the Exchange Act) or person has acquired or proposes to acquire beneficial ownership of more than 5% of the outstanding Common Shares, whether through the acquisition of shares, the formation of a group, the grant of any option or right, or otherwise (other than as and to the extent disclosed in a Schedule 13D or Schedule 13G filed with the SEC on or before January 9, 2007); or
 - any entity, group or person who has filed a Schedule 13D or Schedule 13G with the SEC on or before January 9, 2007 has acquired or proposes to acquire, whether through the acquisition of shares, the formation of a group, the grant of any option or right, or otherwise, beneficial ownership of an additional 1% or more of the outstanding Common Shares;
 - any person, entity or group has filed a Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, reflecting an intent to acquire us or any shares, or has made a public announcement reflecting an intent to acquire us or any of our subsidiaries or any of our respective assets or securities; or
- we determine that there will be a reasonable likelihood that the consummation of the Offer and the purchase of shares will cause the Common Shares to be:
 - held of record by less than 300 persons; or
 - delisted from the NYSE or result in them no longer being required to be registered under the Exchange Act.

The conditions referred to above are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any such condition, and may be waived by us, in whole or in part, at any time and from time to time in our sole discretion before the Expiration Time. Our failure at any time to exercise any of the foregoing rights will not be deemed a waiver of any other right, and each such right will be deemed an ongoing right that may be asserted at any time and from time to time prior to the Expiration Time. In certain circumstances, if we waive any of the conditions described above, we may be required to extend the Expiration Time. Any determination by us concerning the events described above will be final and binding on all parties.

8. Price Range of the Shares

Our Common Shares are traded on the NYSE under the symbol “SMG.” The following table sets forth, for each of the periods indicated, the high and low sales prices per share as reported by the NYSE based on published financial sources and the dividends paid per share by us. The quarterly share prices have been adjusted to reflect the 2-for-1 stock split on November 9, 2005.

| <u>Fiscal Year Ending September 30,</u> | <u>High</u> | <u>Low</u> | <u>Dividends</u> |
|--|-------------|------------|------------------|
| 2005 | | | |
| First Quarter | \$36.83 | \$30.95 | |
| Second Quarter | \$36.19 | \$33.29 | |
| Third Quarter | \$36.56 | \$33.55 | |
| Fourth Quarter | \$43.97 | \$36.19 | \$ 0.125 |
| 2006 | | | |
| First Quarter | \$48.11 | \$41.37 | \$ 0.125 |
| Second Quarter | \$50.47 | \$44.94 | \$ 0.125 |
| Third Quarter | \$47.50 | \$39.40 | \$ 0.125 |
| Fourth Quarter | \$44.98 | \$36.19 | \$ 0.125 |
| 2007 | | | |
| First Quarter | \$54.72 | \$44.02 | \$ 0.125 |
| Second Quarter (through January 9, 2007) | \$52.56 | \$51.85 | |

On December 11, 2006, the last full trading day before we first announced our intention to make the Offer, the closing price of our Common Shares on the NYSE was \$50.83 per share. On January 9, 2007, the last full trading day before the commencement of the Offer, the closing price of our Common Shares on the NYSE was \$52.04 per share. **You should obtain current market quotations for the Common Shares before deciding whether to tender your shares in the Offer.**

9. Source and Amount of Funds

Assuming that the maximum number of shares is tendered in the Offer and the Purchase Price is an amount between \$48.50 and \$55.50 per share, the aggregate purchase price for the shares will be between \$218.5 million and \$250.0 million. We anticipate that we will obtain the funds necessary to pay for the shares purchased in the Offer, the special dividend and the related fees and expenses from available cash and borrowings under the new credit facilities referenced in the Commitment Letter that we have received from JPMorgan, BofA and Citigroup and certain of their respective affiliates (the “Agents”).

Commitment Letter. The following summary of certain material terms of the Commitment Letter (including the Summary of Terms and Conditions attached thereto as Exhibit A) is qualified in its entirety by the terms of the Commitment Letter, which is filed as an exhibit to our Issuer Tender Offer Statement on Schedule TO (the “Schedule TO”) and which is incorporated herein by reference. The following summary may not contain all of the information about the Commitment Letter that is important to you. We encourage you to read the Commitment Letter carefully and in its entirety.

The Agents have committed, subject to the terms and conditions set forth in the Commitment Letter, to provide SMG and certain of its subsidiaries the following loan facilities totaling in the aggregate up to \$2.1 billion: (a) a senior secured five-year term loan in the principal amount of \$550.0 million (the “Term Loan”) and (b) a senior secured five-year revolving loan facility in the aggregate principal amount of up to \$1.55 billion (the “Revolving Credit Facility” which may be referred to with the Term Loan as the “New Credit Facilities”). Prior to the closing date of the New Credit Facilities, SMG may request the Agents to seek additional commitments to the New Credit Facilities in an aggregate amount of up to \$200 million, which would be allocated ratably between the Term Loan and the Revolving Credit Facility. After the closing of the New Credit Facilities, SMG shall also have the right to seek to increase the Term Loan or the Revolving Credit Facility in an aggregate amount of up to \$200 million, subject to certain specified conditions. The New

Credit Facilities will replace our existing credit facility, which was entered into, as amended, on July 21, 2005. We will also use proceeds from our New Credit Facilities to repurchase our 6.625% senior subordinated notes due 2013 in an aggregate principal amount of \$200 million and to seek the consent of the holders thereof to amend the indenture governing such notes to eliminate substantially all of the restrictive covenants pertaining to such notes.

The Commitment Letter will terminate on February 28, 2007.

Term Loan. The proceeds of the Term Loan may be used to finance the purchase of shares pursuant to the Offer and to pay related fees and expenses. The Term Loan will be made in a single drawing on the Closing Date (as that term is defined in the Commitment Letter). The Term Loan will be repayable in quarterly installments equal to approximately 1% of the original principal amount in the first year, 5% of the original principal amount in the second year, 25% of the original principal amount in the third year, 30% of the original principal amount in the fourth year and 39% of the original principal amount in the fifth year, with any balance to be payable on the final maturity date. We believe that cash flow generated from operations will be sufficient to repay the Term Loan in accordance with its terms.

Revolving Credit Facility. The proceeds of the Revolving Credit Facility may be used to finance our working capital requirements and for other general purposes. We may use a portion of the Revolving Credit Facility to fund the special dividend (currently anticipated to be approximately \$500 million) that we intend to pay to shareholders of record as of a record date to be determined after the consummation of the Offer. The Revolving Credit Facility will also be available for issuance of up to \$65 million of letters of credit and for borrowings of swingline loans of up to \$100 million. We believe that cash flow generated from operations will be sufficient to repay the Revolving Credit Facility in accordance with its terms.

Interest. Interest on the outstanding balances under the New Credit Facilities is payable, at our option, at a rate equal to the Applicable Margin (as defined in the Commitment Letter) plus the ABR (as defined in the Commitment Letter) or at the Applicable Margin plus the LIBOR Rate (as defined in the Commitment Letter). Based on our anticipated Leverage Ratio (as defined in the Commitment Letter), we expect the Applicable Margin as of the Closing Date to be 1.25% in the case of LIBOR Rate loans and 0.25% in the case of ABR loans. We believe that cash flow generated from operations will be sufficient to make the required interest payments on the New Credit Facilities in accordance with their terms.

Optional Prepayments. We may make optional prepayments of loans under the New Credit Facilities, in whole or in part, without premium or penalty (other than applicable LIBOR breakage costs), in minimum amounts to be agreed.

Mandatory Prepayments. Subject to certain exceptions and conditions described in greater detail in the Commitment Letter, we will be obligated to use net cash proceeds of the following to prepay the Term Loan:

- any incurrence of non-permitted indebtedness; and
- sales or other dispositions of assets or property (subject to customary exceptions and thresholds), including as a result of casualty or condemnation.

Mandatory prepayments will be applied to the installments of the Term Loan ratably.

Guarantors. The New Credit Facilities will be guaranteed by each of our domestic subsidiaries that are guarantors under our existing credit facility and by each future direct or indirect domestic subsidiary, subject to materiality thresholds that will be no more restrictive than our existing credit facility.

Security for the New Credit Facilities. The New Credit Facilities will be secured by (1) a perfected first priority security interest in all of our and our direct and indirect domestic subsidiaries' accounts receivable, inventory and equipment and (2) the pledge of all of the capital stock of our domestic subsidiaries and 65% of the capital stock of our first-tier foreign subsidiaries (provided that obligations of our foreign subsidiary borrowers shall be secured by 100% of such foreign subsidiaries' capital stock and 100% of the capital stock of their first-tier subsidiaries), in each case, subject to exceptions to be agreed to with the Agents. The collateral shall not include any of our or our subsidiaries' intellectual property.

Conditions Precedent to the New Credit Facilities. The commitments of JPMorgan, BofA, Citigroup and their respective affiliates, and the availability of each of the New Credit Facilities, are and will be subject to customary conditions precedent, including:

- the preparation, execution and delivery of satisfactory loan documentation with respect to the New Credit Facilities, which documentation is expected to be substantially similar to our existing credit facility agreement; and
- receipt by the Agents and other lenders of a pro forma consolidated balance sheet of SMG and its consolidated subsidiaries as of September 30, 2006, adjusted to give effect to the consummation of the New Credit Facilities on such date, which shall not be inconsistent in any material respect with the information previously provided to the Agents.

In addition, our future ability to borrow under the New Credit Facilities will be subject to customary on-going conditions, including the absence of a default under any of the loan documents and our representations and warranties being true and correct in all material respects immediately prior to, and after giving effect to, such extension of credit.

Representations and Warranties; Covenants; Events of Default. The terms of the New Credit Facilities will include customary representations and warranties, customary affirmative and negative covenants, customary financial covenants and customary events of default, in each case, which, in general, will not be more restrictive than those contained in our existing credit facility agreement.

Syndication. The Agents may syndicate the New Credit Facilities to a group of lenders arranged by the Agents in consultation with us.

General. There is a possibility that we will not be able to borrow funds under the anticipated New Credit Facilities if any of the conditions in the Commitment Letter are not met. Absent an amendment or waiver, we would not be permitted to consummate the purchase of shares pursuant to the Offer and make the special dividend under the terms of our existing credit facility and our 6.625% senior subordinated notes due 2013. Obtaining sufficient financing to pay for the purchase of shares in the Offer on terms and conditions reasonably satisfactory to us is a condition to the consummation of the Offer. See Section 7, “*Conditions of the Offer.*”

We will incur significant indebtedness pursuant to the New Credit Facilities in connection with the Offer and the intended payment of the special dividend and, as a result, will be significantly leveraged. This leverage could have certain material adverse effects on us, including, but not limited to, the following:

- our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions and general corporate or other purposes could be impaired, or any such financing may not be available, on terms we consider to be favorable to us;
- a substantial portion of our cash flow will be required for interest payments and, as a result, will not be available for our operations or other purposes;
- any substantial decrease in net operating cash flows or any substantial increase in expenses could make it difficult for us to meet our debt service requirements or force us to modify our operations or sell assets;
- our ability to withstand competitive pressures or business downturns may be decreased; and
- our level of indebtedness may make us more vulnerable to economic downturns and reduce our flexibility in responding to changing business, regulatory and economic conditions.

Our ability to repay expected borrowings under the New Credit Facilities and to meet our other debt, lease or contractual obligations (including continued compliance with applicable financial covenants) will depend upon one or more of the following: our future performance, our cash flow from operations and our ability to execute our business plan, each of which is subject to prevailing economic conditions and financial, business and other known and unknown risks and uncertainties, certain of which are beyond our control. These

factors include, without limitation, those described in this Offer to Purchase under “*Forward-Looking Statements*” or incorporated herein by reference. After the Offer and the intended special dividend are completed, we believe that our expected cash flow from operations, anticipated access to the unused portion of the New Credit Facilities and continued access to capital markets will be adequate for our expected liquidity needs, including capital expenditures, and to meet the cash requirements of our contractual obligations.

10. Certain Information Concerning SMG

General. The Scotts Miracle-Gro Company, an Ohio corporation, traces its roots to two businesses launched by entrepreneurs. In 1868, Civil War veteran O.M. Scott launched a seed business in Marysville, Ohio, based on the conviction that “farmers shall have clean, weed-free fields.” Beginning in 1907, we expanded our reach by selling grass seed to consumers and eventually exited the agricultural market. By 1988 — both through innovation and acquisition — we had become a leading marketer of lawn fertilizer, grass seed and growing media products within the United States.

Separately, Horace Hagedorn and his partner Otto Stern launched Stern’s Miracle-Gro Products, Inc. in 1951 in New York. Their easy-to-use plant food quickly revolutionized the gardening category. Through aggressive and innovative marketing, Miracle-Gro® eventually became the leading plant food product in the gardening industry. In 1995, The Scotts Company merged with Miracle-Gro through a series of merger transactions, marking the start of a significant evolution for SMG.

In the late 1990’s, we launched a geographic and category expansion. We acquired companies with industry-leading brands in France, Germany and the United Kingdom. In fiscal 1999, we acquired the Ortho® brand in the United States and exclusive worldwide consumer marketing rights for the marketing and distribution of consumer Roundup®* products within the United States and other specified countries, thereby adding industry-leading controls to our portfolio. We have rapidly expanded into the lawn care service industry with the launch of Scotts LawnService® in 1998. Since fiscal 2002, SMG has invested nearly \$100 million in the acquisitions of local and regional lawn care businesses to provide a platform for our rapid expansion throughout the U.S. In October 2004, we entered the fast growing outdoor living category with the acquisition of Smith & Hawken, Ltd. SMG entered the wild bird food category in fiscal 2006 with the acquisition of Gutwein & Co., Inc. and its Morning Song® brand of bird food.

As SMG celebrates its 100th Anniversary in selling products to consumers, we own the leading brands in nearly every category of the lawn and garden industry. A list of some of our North America leading brands is as follows:

| <u>Category</u> | <u>Brands</u> |
|-----------------|---|
| Lawns | Scotts®; Turf Builder® |
| Gardens | Miracle-Gro®; Osmocote® |
| Growing Media | Miracle-Gro®; Scotts®; Hyponex®; Earthgro®; SuperSoil® (acquired October 3, 2005) |
| Grass Seed | Scotts®; Turf Builder® |
| Controls | Ortho®; Bug-B-Gon®; Weed-B-Gon®; Roundup®* |
| Outdoor Living | Smith & Hawken® (acquired October 2, 2004) |
| Wild Bird Food | Morning Song® (acquired November 18, 2005) |

* Roundup® is a registered trademark of Monsanto Technology LLC, a company affiliated with Monsanto Company.

In addition, we have the following significant brands in Europe: Miracle-Gro® plant fertilizers, Weedol® and Pathclear® herbicides, EverGreen® lawn fertilizers and Levington® growing media in the United Kingdom; KB® and Fertiligène® in France; Celaflo®r®, Nexa-Lotte® and Substral® in Germany and Austria; and ASEF®, KB® and Substral® in Belgium, the Netherlands and Luxembourg (the “Benelux countries”). Roundup® is also a significant brand in the United Kingdom, France, Germany and other European markets.

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Our world headquarters are located at 14111 Scottslawn Road, Marysville, Ohio 43041, and our telephone number is (937) 644-0011.

Where You Can Find More Information. We are subject to the informational filing requirements of the Exchange Act and, accordingly, are obligated to file reports, statements and other information with the SEC relating to our business, financial condition and other matters. Information as of particular dates, concerning our directors and officers, their remuneration, options granted to them, the principal holders of our securities and any material interest of these persons in transactions with us is required to be disclosed in proxy statements distributed to our shareholders and filed with the SEC. We also have filed an Issuer Tender Offer Statement on Schedule TO with the SEC that includes additional information relating to the Offer.

These reports, statements and other information can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Copies of material filed with the SEC may also be obtained by mail, upon payment of the SEC's customary charges, from the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549. The SEC also maintains a web site on the Internet at www.sec.gov that contains reports, proxy and information statements and other information regarding registrants like SMG that file electronically with the SEC.

Incorporation by Reference. The rules of the SEC allow us to "incorporate by reference" information into this document, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The Offer incorporates by reference the documents listed below, including the financial statements and the notes related thereto contained in those documents, that have been previously filed with the SEC (excluding information furnished rather than filed). These documents contain important information about us:

- Annual Report on Form 10-K for the fiscal year ended September 30, 2006, as filed on December 14, 2006;
- Definitive Proxy Statement on Schedule 14A, as filed on December 20, 2006;
- Current Reports on Form 8-K, as filed on November 8, 2006, November 13, 2006, December 7, 2006 and January 5, 2007; and
- All documents filed by us under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act on or after the date hereof and prior to the Expiration Date.

You can obtain any of the documents incorporated by reference in this Offer to Purchase from us or from the SEC's web site at the address described above. Documents incorporated by reference are available from us without charge, excluding any exhibits to those documents. You may request a copy of these documents by writing to us at: Investor Relations, The Scotts Miracle-Gro Company, 14111 Scottslawn Road, Marysville, Ohio 43041, or telephoning us at (937) 644-0011. Please be sure to include your complete name and address in your request. If you request any incorporated documents, we will mail them to you by first class mail, or another equally prompt means, within one business day after we receive your request. You can find additional information by visiting our web site at www.scotts.com.

Selected Historical and Pro Forma Financial Information. The following tables show (1) selected historical financial information about SMG as of September 30, 2006 and for the fiscal year then ended and (2) selected pro forma financial information as of and for the same period, assuming (a) the purchase of 4,504,504 shares in the Offer, at the Purchase Price of \$55.50 per share (the maximum price in the modified Dutch auction range) for an aggregate purchase price of \$250.0 million, (b) the special cash dividend of \$500.0 million intended to be payable to shareholders of record as of a record date to be determined after the consummation of the Offer, (c) the repurchase of our 6.625% senior subordinated notes due 2013 in an aggregate principal amount of \$200.0 million and the solicitation of the consent of the holders thereof to amend the indenture governing such notes to eliminate substantially all of the restrictive covenants pertaining to such notes, (d) the incurrence of up to \$2.1 billion of indebtedness pursuant to the New Credit Facilities described in the Commitment Letter and the replacement of our existing credit facility and (e) the payment of the fees and expenses related to (a), (b), (c) and (d) above of approximately \$24.0 million, as if each were

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completed at the beginning of our 2006 fiscal year for statement of operations data and at September 30, 2006 for balance sheet information. The Offer is conditioned upon the receipt by us of financing on terms and conditions satisfactory to us. See Section 7, “*Conditions of the Offer.*”

The selected unaudited pro forma financial information is intended for informational purposes only and does not purport to be indicative of the results that would actually have been obtained if the Offer and the other transactions described above had been completed at the dates indicated or that may be obtained at any date in the future. The following selected unaudited pro forma consolidated financial data is based on available information and various estimates and assumptions. We believe that these assumptions provide a reasonable basis for presenting all of the significant effects of the Offer and the special dividend and the financing therefor and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma financial information. We have included the following unaudited pro forma financial information solely for the purpose of providing shareholders with information that may be useful for purposes of considering and evaluating the Offer. Our future results are subject to prevailing economic and industry specific conditions and financial, business and other known and unknown risks and uncertainties, certain of which are beyond our control. These factors include, without limitation, those described in this Offer to Purchase under “*Forward-Looking Statements*” and incorporated by reference herein. The pro forma amounts have been calculated assuming (1) that we complete the Offer for 4,504,504 shares at the price of \$55.50 per share, (2) that we pay a special cash dividend of \$500.0 million, (3) that we repurchase all \$200.0 million aggregate principal amount of our outstanding 6.625% senior subordinated notes due 2013, (4) the incurrence of \$2.1 billion in indebtedness under the New Credit Facilities described in the Commitment Letter, (5) the replacement of our existing credit facility and (6) the payment of \$24.0 million in fees and expenses related to the foregoing. The pro forma earnings per share and pro forma book value per share may change materially if significantly fewer shares are purchased pursuant to the Offer.

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The following actual financial data as of and for the fiscal year ended September 30, 2006, has been derived from our historical financial statements included in our 2006 Form 10-K, which has been filed with the SEC, and should be read in conjunction with those financial statements. The pro forma statement of operations reflects the assumed increase in interest expense and related income tax benefit assuming the refinancing and increase in borrowings to finance the repurchase of our Common Shares, as well as the anticipated one-time special dividend, occurred as of the beginning of the 2006 fiscal year. The pro forma balance sheet reflects the effect of the same transactions assuming the transactions occurred as of the last day of the fiscal year.

| Statement of Operations Data | Year Ended September 30, 2006 | |
|---|--|------------|
| | Actual (in millions, except per share data) | Pro Forma |
| Net sales | \$ 2,697.1 | \$ 2,697.1 |
| Cost of sales | 1,741.1 | 1,741.1 |
| Restructuring and other charges | 0.1 | 0.1 |
| Gross profit | 955.9 | 955.9 |
| Operating expenses: | | |
| Selling, general and administrative | 636.9 | 636.9 |
| Impairment, restructuring and other charges | 75.7(a) | 75.7(a) |
| Other income, net | (9.2) | (9.2) |
| Income from operations | 252.5 | 252.5 |
| Interest expense | 39.6 | 96.6(b) |
| Income before income taxes | 212.9 | 155.9 |
| Income taxes | 80.2 | 59.6(c) |
| Net income | \$ 132.7 | \$ 96.3(d) |
| Basic earnings per common share: | | |
| Net income | \$ 1.97 | \$ 1.53 |
| Number of shares used | 67.5 | 63.0(e) |
| Diluted earnings per common share: | | |
| Net income | \$ 1.91 | \$ 1.48 |
| Number of shares used | 69.4 | 64.9(e) |
| Ratio of earnings to fixed charges | 4.48x | 2.32x |

| Balance Sheet Data | As of September 30, 2006 | |
|--|--|------------|
| | Actual (in millions, except per share data) | Pro Forma |
| Cash and cash equivalents | \$ 48.1 | \$ 48.1 |
| Total current assets | 942.0 | 942.0 |
| Total assets | 2,217.6 | 2,222.8(f) |
| Long-term debt, net of current position | 475.2 | 1,249.2(g) |
| Total liabilities | 1,135.9 | 1,902.8(h) |
| Shareholders' equity | 1,081.7 | 320.0(i) |
| Total liabilities and shareholders' equity | 2,217.6 | 2,222.8 |
| Shares outstanding | 66.6 | 62.1(e) |
| Net book value per share | \$ 16.24 | \$ 5.15 |

Notes

- (a) Includes \$66.4 million of impairment charges primarily related to our European consumer business.
- (b) Reflects the adjustment of interest expense for an assumed increase in average borrowings to \$1.5 billion from \$732 million in actual average borrowings for fiscal 2006 at the assumed blended rate of 6.44% versus the actual fiscal 2006 blended rate of 5.41%. A 1/8% variance in interest rates would have an approximate \$2.0 million effect on interest expense.
- (c) Reflects the adjustment of income taxes for the assumed reduction of income before taxes from \$212.9 million to \$155.9 million at a pro forma effective tax rate of 38.2% versus the actual rate of 37.7% for fiscal 2006.
- (d) Excludes the following charges in connection with the refinancing: (i) approximately \$8.8 million of write-offs of deferred debt issuance costs and (ii) approximately \$10.0 million of costs in connection with the repurchase of \$200 million aggregate principal amount of our 6.625% senior subordinated notes due 2013, net of \$7.1 million in related tax benefits.
- (e) Assumes the repurchase of a maximum of 4.5 million Common Shares pursuant to the Offer.
- (f) Reflects \$14.0 million in debt issuance costs to be capitalized and amortized over future periods and the write-off of \$8.8 million of deferred debt issuance costs relating to borrowings retired pursuant to the recapitalization.
- (g) Reflects an increase in long-term borrowings to finance \$250.0 million of share repurchases pursuant to the Offer, the anticipated \$500.0 million special dividend and \$24.0 million in tender and debt issuance costs.
- (h) Reflects the adjustments described in note (g) above and a \$7.1 million reduction in accrued taxes for the income tax expense benefit associated with the write-off of deferred financing costs and the costs associated with the repurchase of our 6.625% senior subordinated notes due 2013.
- (i) Reflects a reduction of \$761.7 million in shareholders' equity consisting of (i) \$250.0 million for the repurchase of Common Shares pursuant to the Offer, (ii) \$500 million for the anticipated special cash dividend and (iii) charges of \$11.7 million relating to the write-off of deferred debt issuance costs and costs in connection with the repurchase of our 6.625% senior subordinated notes due 2013, net of related tax benefits.

11. Interests of Directors, Executive Officers and Affiliates; Transactions and Arrangements Concerning the Shares

As of December 29, 2006, there were 67,668,683 Common Shares issued and outstanding. Holders of Common Shares are entitled to one vote per share. The 4,504,504 shares we are offering to purchase in the

Offer represent approximately 6.7% of the total number of outstanding Common Shares as of December 29, 2006.

Beneficial Ownership of Directors and Executive Officers and the Hagedorn Partnership, L.P.

As of November 28, 2006, our directors and executive officers as a group (16 persons) beneficially owned an aggregate of 23,508,164 Common Shares, representing approximate 33.7% of the total outstanding Common Shares, including, in the case of Mr. Hagedorn and Ms. Littlefield, Common Shares held through the Hagedorn Partnership, L.P. See Notes (5), (6) and (13) below. Though they are entitled to participate in the Offer on the same basis as all other shareholders, our directors and executive officers, together with the Hagedorn Partnership, L.P., have advised us that they do not intend to tender any shares owned by them in the Offer.

The aggregate number and percentage of shares that were beneficially owned by each of our directors and executive officers, all of our current executive officers and directors as a group and the Hagedorn Partnership, L.P., as of November 28, 2006 appears in the table below. Also shown is the percentage of outstanding Common Shares that will be beneficially owned by each of our directors and executive officers, all of our current executive officers and directors as a group and the Hagedorn Partnership, L.P., assuming we purchase 4,504,504 shares in the Offer and that no director or executive officer or the Hagedorn Partnership, L.P., tenders any shares owned by him, her or it in the Offer. After consummation of the Offer, our directors and executive officers, as well as the Hagedorn Partnership, L.P., may, subject to applicable law and our applicable policies and procedures, sell their shares from time to time in open market transactions at prices that may be more or less favorable than the Purchase Price to be paid to our shareholders in the Offer.

| <u>Name of Beneficial Owner(1)</u> | <u>Number of Shares(2)(3)(4)</u> | <u>Percentage (Before Offer)</u> | <u>Percentage (After Offer)</u> |
|---|----------------------------------|----------------------------------|---------------------------------|
| <i>Directors:</i> | | | |
| Mark R. Baker | 22,220 | * | * |
| Gordon F. Brunner | 54,784 | * | * |
| Arnold W. Donald | 82,394 | * | * |
| Joseph P. Flannery | 94,000 | * | * |
| James Hagedorn | 22,134,813(5) | 32.27% | 35.19% |
| Thomas N. Kelly Jr. | 6,000 | * | * |
| Katherine Hagedorn Littlefield | 20,914,851(6) | 30.99% | 33.25% |
| Karen G. Mills | 144,836 | * | * |
| Patrick J. Norton | 272,200(7) | * | * |
| Stephanie M. Shern | 50,000 | * | * |
| John M. Sullivan | 116,000 | * | * |
| John Walker, Ph.D. | 26,200 | * | * |
| <i>Executive Officers (Non-Directors):</i> | | | |
| David M. Aronowitz | 220,475(8) | * | * |
| David C. Evans | 32,600(9) | * | * |
| Christopher L. Nagel | 147,088(10) | * | * |
| Denise S. Stump | 33,554(11) | * | * |
| All current directors and executive officers as a group (16 individuals) | 23,508,164(12) | 33.66% | 37.37% |
| Hagedorn Partnership, L.P. 800 Port Washington Blvd Port Washington, NY 11050 | 20,843,851(13) | 30.92% | 33.13% |

* Indicates less than 1%

- (1) Unless otherwise indicated, the beneficial owner has sole voting and dispositive power as to all Common Shares reflected in the table. All fractional Common Shares have been rounded to the nearest whole Common Share. The mailing address of each of our current executive officers and directors is 14111 Scottslawn Road, Marysville, Ohio 43041.
- (2) All Common Share amounts have been adjusted to reflect the 2-for-1 stock split on November 9, 2005.
- (3) Includes “common share equivalents” attributable to the named executive officer’s account relating to common share units under The Scotts Company LLC Executive Retirement Plan (the “Executive Retirement Plan”), and to the named director’s account holding stock units received, in lieu of the director’s annual cash retainer and any other fees paid for service as a director, under The Scotts Miracle-Gro Company 1996 Stock Option Plan (the “1996 Plan”) and The Scotts Miracle-Gro Company 2003 Stock Option and Incentive Equity Plan (the “2003 Plan”), although under the terms of each of the Executive Retirement Plan, the 1996 Plan and the 2003 Plan, the named individual has no voting or dispositive power with respect to the portion of his or her account attributed to Common Shares. For this reason, these “common share equivalents” are not included in the computation of the “Percentage” figures in the table. As of November 28, 2006, our directors and executive officers had the following number of “common share equivalents”: Mr. Baker 1,220; Dr. Brunner 3,934; Mr. Donald 1,394; Mr. Hagedorn 10,876; Ms. Mills 2,836; Mr. Aronowitz 12,966; Mr. Nagel 3,188 and Ms. Stump 236.
- (4) The “Percentage” computation is based upon the sum of (i) 67,413,056 Common Shares outstanding on November 28, 2006 and (ii) the number of Common Shares, if any, as to which the named person or group has the right to acquire beneficial ownership upon the exercise of options and stock appreciation rights which are currently exercisable or which will first become exercisable within 60 days after November 28, 2006. As of November 28, 2006, our directors and executive officers had the following number of options and stock appreciation rights that are currently exercisable or that will first become exercisable within 60 days after November 28, 2006: Mr. Baker 14,000; Dr. Brunner 47,500; Mr. Donald 79,000; Mr. Flannery 90,000; Mr. Hagedorn 1,140,000; Mr. Kelly 6,000; Ms. Littlefield 71,000; Ms. Mills 132,000; Mr. Norton 232,000; Ms. Shern 48,000; Mr. Sullivan 115,000; Dr. Walker 24,000; Mr. Aronowitz 172,000; Mr. Evans 24,000; Mr. Nagel 92,000; and Ms. Stump 23,000.
- (5) Mr. Hagedorn is a general partner of Hagedorn Partnership, L.P., a Delaware limited partnership (the “Hagedorn Partnership”), and has shared voting and dispositive power with respect to the Common Shares held by the Hagedorn Partnership and those subject to the right to vote and right of first refusal in favor of the Hagedorn Partnership. See note (13) below. Includes, in addition to those Common Shares described in note (13) below, 30,000 Common Shares held directly, 26,600 Common Shares that are the subject of a restricted stock grant made to Mr. Hagedorn on December 1, 2004 as to which the restriction period will lapse on December 1, 2007, 28,600 Common Shares that are the subject of a restricted stock grant made to him on October 12, 2005 as to which the restriction period will lapse on October 12, 2008, 33,100 Common Shares that are the subject of a restricted stock grant made to him on October 11, 2006 as to which the restriction period will lapse on October 11, 2009, 20,978 common share units that are allocated to his account and held by the trustee under a 401(k) Plan and 808 Common Shares held in a custodial account under the DSPP.

Mr. Hagedorn also owns 4.975 shares, or 0.05% of the outstanding shares, of Scotts Italia S.r.l., an indirect subsidiary of SMG. Mr. Hagedorn is a nominee shareholder to satisfy the two shareholder requirement for an Italian corporation. The remaining 94.525 shares of Scotts Italia S.r.l. are held by OM Scott International Investments, Inc., an indirect subsidiary of SMG.
- (6) Ms. Littlefield is a general partner and the Chair of the Hagedorn Partnership and has shared voting and dispositive power with respect to the Common Shares held by the Hagedorn Partnership and those subject to the right to vote and right of first refusal in favor of the Hagedorn Partnership. See note (13) below.
- (7) Represents 40,000 Common Shares held directly and 200 Common Shares owned by Mr. Norton’s spouse.

- (8) Represents 700 Common Shares held directly, 1,400 Common Shares that are the subject of a restricted stock grant made to Mr. Aronowitz on December 1, 2004 as to which the restriction period will lapse on December 1, 2007, 24,200 Common Shares that are the subject of a restricted stock grant made to him on October 12, 2005 as to which the restriction period will lapse for 4,200 Common Shares on October 12, 2008 and for 20,000 Common Shares on October 12, 2009, 5,600 Common Shares that are the subject of a restricted stock grant made to him on October 11, 2006 as to which the restriction period will lapse on October 11, 2009, four Common Shares held in an open-market Associate Stock Purchase Plan and 3,605 common share units that are allocated to his account and held by the trustee under a 401(k) Plan.
- (9) Represents 3,000 Common Shares that are the subject of a restricted stock grant made to Mr. Evans on October 12, 2005 as to which the restriction period will lapse on October 12, 2008 and 5,600 Common Shares that are the subject of a restricted stock grant made to him on October 11, 2006 as to which the restriction period will lapse on October 11, 2009.
- (10) Represents 1,400 Common Shares that are the subject of a restricted stock grant made to Mr. Nagel on December 1, 2004 as to which the restriction period will lapse on December 1, 2007, 5,200 Common Shares that are the subject of a restricted stock grant made to him on October 12, 2005 as to which the restriction period will lapse on October 12, 2008, 38,000 Common Shares that are the subject of a restricted stock grant made to him on October 1, 2006 as to which the restriction period will lapse for 19,000 Common Shares on October 1, 2007 and for 19,000 Common Shares on October 1, 2009 and 7,300 Common Shares that are the subject of a restricted stock grant made to him on October 11, 2006 as to which the restriction period will lapse on October 11, 2009.
- (11) Represents 1,000 Common Shares that are the subject of a restricted stock grant made to Ms. Stump on December 1, 2004 as to which the restriction period will lapse on December 1, 2007, 4,200 Common Shares that are the subject of a restricted stock grant made to her on October 12, 2005 as to which the restriction period will lapse on October 12, 2008, 4,900 Common Shares that are the subject of a restricted stock grant made to her on October 11, 2006 as to which the restriction period will lapse on October 11, 2009 and 218 Common Shares held in a custodial account under the DSPP.
- (12) See notes (5) through (11) above and note (13) below.
- (13) The Hagedorn Partnership owns 20,622,027 Common Shares of record. The Hagedorn Partnership has the right to vote, and a right of first refusal with respect to, 221,824 Common Shares held by John Kenlon, a former shareholder of Stern's Miracle-Gro Products, Inc., and his children. Mr. James Hagedorn, Ms. Katherine Hagedorn Littlefield, Mr. Paul Hagedorn, Mr. Peter Hagedorn, Mr. Robert Hagedorn and Ms. Susan Hagedorn are siblings, general partners of the Hagedorn Partnership and former shareholders of Stern's Miracle-Gro Products, Inc. The general partners share voting and dispositive power with respect to the securities held by the Hagedorn Partnership and those subject to the right to vote and right of first refusal in favor of the Hagedorn Partnership. Mr. James Hagedorn and Ms. Katherine Hagedorn Littlefield are directors of SMG. Community Funds, Inc., a New York not-for-profit corporation, is a limited partner of the Hagedorn Partnership.

Transactions and Arrangements Concerning the Shares

Share Repurchase Plans. On October 27, 2005, our Board authorized the repurchase from time to time of up to \$100 million of our Common Shares each fiscal year through September 30, 2010, or \$500 million in the aggregate. We have repurchased 1,964,200 shares, or \$87.9 million in aggregate value, of our Common Shares since approval of the share repurchase plan. In connection with the consummation of the Offer, we will terminate the outstanding share repurchase plan.

Recent Securities Transactions. Based on our records and on information provided to us by our directors, executive officers, affiliates and subsidiaries, neither we nor any of our directors, executive officers,

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affiliates or subsidiaries have effected any transactions involving our Common Shares during the 60 days prior to January 10, 2007, except as follows:

- Executive officers and directors made the following sales of shares during the 60 days prior to January 10, 2007, in each case pursuant to the exercise of vested stock options:

| <u>Name</u> | <u>Date</u> | <u>Number Sold</u> | <u>Average Price per Share</u> | <u>Method of Sale</u> |
|--------------------|-------------------|--------------------|--------------------------------|-----------------------|
| David M. Aronowitz | January 3, 2007 | 3,000 | \$ 52.00 | Open market |
| James Hagedorn | November 13, 2006 | 23,000 | 49.41 | Open market |
| | November 14, 2006 | 19,000 | 49.54 | Open market |
| | November 15, 2006 | 17,600 | 49.58 | Open market |
| | November 16, 2006 | 33,900 | 49.58 | Open market |
| | November 17, 2006 | 10,000 | 49.58 | Open market |
| | November 20, 2006 | 18,200 | 49.61 | Open market |
| | November 21, 2006 | 30,300 | 49.91 | Open market |
| | November 22, 2006 | 26,000 | 50.07 | Open market |
| | November 24, 2006 | 10,100 | 50.12 | Open market |
| | November 27, 2006 | 7,600 | 50.11 | Open market |
| | November 29, 2006 | 12,300 | 49.69 | Open market |
| John M. Sullivan | December 18, 2006 | 10,000 | 51.15 | Open market |

- On November 30, 2006, participants in our DSPP purchased Common Shares (including pursuant to the reinvestment of dividends) for the November 2006 period. The following executive officers purchased shares under the DSPP on November 30, 2006: Mr. Hagedorn (44.9236 shares purchased pursuant to the DSPP and 1.4834 shares purchased pursuant to the reinvestment of dividends); and Ms. Stump (11.2309 shares purchased pursuant to the DSPP and 0.3998 shares purchased pursuant to the reinvestment of dividends). The price per share for such purchases was \$44.52, and the price per share for the reinvestment of dividends was \$49.02.
- On January 3, 2007, participants in our DSPP purchased Common Shares for the December 2006 period. The following executive officers purchased shares under the DSPP on January 3, 2007: Mr. Hagedorn (42.6167 shares); and Ms. Stump (10.6542 shares). The price per share for such purchases was \$46.93.

401(k) Plans. We maintain The Scotts Company LLC Retirement Savings Plan and the Smith & Hawken 401(k) Plan, each of which is a qualified defined contribution retirement plan under section 401(a) of the Code. Participants in the 401(k) Plans may elect to contribute a percentage of their base compensation on a pre-tax basis. The matching contributions to the 401(k) Plans totaled approximately \$6.0 million, \$5.4 million and \$4.9 million for the fiscal years ended September 30, 2006, 2005 and 2004, respectively. Under the 401(k) Plans, the participating employers make matching contributions in cash or SMG shares of 100% of the first 3% and 50% of the next 2% of participants' pre-tax contributions of their eligible compensation. The 401(k) Plans also provide for other discretionary employer contributions. Participants in the 401(k) Plans control the investment of their and our contributions allocated to their accounts, including allocations to the SMG Stock Fund.

Share-Based Compensation Plans. SMG grants share-based awards annually to officers and other key employees and non-employee directors pursuant to our 1996 Stock Option Plan, our 2003 Stock Option Plan and our 2006 Long-Term Incentive Plan. Historically, these awards primarily included options with exercise prices equal to the market price of the underlying shares on the date of grant with a term of 10 years. SMG also has awarded freestanding stock appreciation rights with a stated base price determined by the closing price of the Common Shares on the date of grant. In recent years, SMG also has begun to grant awards of restricted stock and performance shares. These share-based awards have been made under the plans noted above, all of which have been approved by our shareholders. Generally, in respect of grants to employees, a

three-year cliff vesting schedule is used for all share-based awards unless decided otherwise by the Compensation and Organization Committee of the Board of Directors. SMG uses newly issued Common Shares or treasury shares, if available, in conjunction with our share-based compensation awards. Grants to non-employee directors typically vest in one year or less. A maximum of 18 million Common Shares may be delivered for issuance under these plans. At December 31, 2006, approximately 4.1 million Common Shares remain available under these plans to be used to make new share-based awards. As of January 3, 2007, there were options with respect to approximately 2.9 million Common Shares that are vested or will be vested by February 1, 2007, and freestanding stock appreciation rights with respect to approximately 925,000 Common Shares that are vested or will be vested by February 1, 2007, under these plans.

Executive Retirement Plan. The Executive Retirement Plan is an unfunded non-qualified, deferred compensation plan that allows certain members of our executive management team, including all of our executive officers, and other highly compensated employees to defer compensation and to earn benefits funded by The Scotts Company LLC that they could have deferred to and earned under our 401(k) Plans but for Code limits imposed on such plans. The Executive Retirement Plan also provides participants with the opportunity to defer all or any part of the amount awarded under our Executive Incentive Plan or any incentive compensation paid pursuant to an employment agreement. Subject to certain restrictions, participants may direct that amounts credited to them under the Executive Retirement Plan be adjusted by reference to our stock fund or to one or more outside investment funds made available by the Executive Retirement Plan's administrative committee. Outside investment funds do not include our Common Shares. The amount credited to a participant in our stock fund is recorded as common share units, the number of which is determined by dividing the amount credited for the participant in the SMG stock fund by the fair market value of Common Shares when the determination is made. The amount credited to a participant in an outside investment fund is recorded as outside investment fund units, the number of which is determined by dividing the amount credited for the participant to each outside investment fund by the market value of the outside investment fund when the determination is made. Distributions from the Executive Retirement Plan generally begin when the participant terminates employment (although the participant may specify a different date) and normally are paid in either a lump sum or in annual installments over no more than ten years, whichever the participant has elected. Distributions from our stock fund always are made in the form of whole Common Shares equal to the number of whole common share units then credited to the participant and the value of fractional common share units is distributed in cash. Distributions from outside investment funds always are made in cash equal to the value of each outside investment then credited to the participant multiplied by the market value of those units. Executive Retirement Plan participants are general unsecured creditors of The Scotts Company LLC with respect to their interests in the Executive Retirement Plan. We expect that the Executive Retirement Plan will remain in effect indefinitely. However, the Executive Retirement Plan's administrative committee may amend or terminate the Executive Retirement Plan at any time. As of December 31, 2006, approximately 49,232 shares were held in a trust to discharge SMG's obligations under our Executive Retirement Plan.

The Scotts Miracle-Gro Company Discounted Stock Purchase Plan. We currently maintain The Scotts Miracle-Gro Company Discounted Stock Purchase Plan, which has been approved by our shareholders. The DSPP provides a means for our employees designated for participation in the DSPP to authorize payroll deductions on a voluntary basis to be used for the periodic purchase of Common Shares. All employees participating in the DSPP have equal rights and privileges. Under the DSPP, eligible employees are able to purchase Common Shares at a price equal to at least 90% of the fair market value of the Common Shares at the end of the applicable offering period. Dividends on the Common Shares that are not distributed to plan participants in cash are reinvested in Common Shares at the then current market price.

The maximum number of Common Shares that may be purchased under the DSPP is 300,000 in the aggregate (as adjusted for the 2-for-1 stock split of our Common Shares on November 9, 2005), subject to adjustment for changes in the capitalization of SMG. Common Shares purchased under the DSPP may be either authorized but unissued shares or treasury shares. As of December 31, 2006, approximately 95,100 Common Shares were held for the account of participants in our DSPP of which approximately 73,000 were unrestricted and may participate in the Offer.

General. Except (1) as otherwise described herein, (2) for the compensation of our directors described in our Definitive Proxy Statement on Schedule 14A, as filed on December 20, 2006, (3) for the employment agreements, change in control arrangements and policies and deferred compensation arrangements described in our Definitive Proxy Statement on Schedule 14A, as filed on December 20, 2006, and (4) for the outstanding stock options, stock awards and other equity interests granted to our directors, executive officers and other employees pursuant to our various equity incentive plans, which are described in our Definitive Proxy Statement on Schedule 14A, as filed on December 20, 2006 and Note 10 to the financial statements contained in our 2006 Form 10-K, all of which descriptions are incorporated herein by reference, neither we nor, to the best of our knowledge, any of our affiliates, directors or executive officers, is a party to any agreement, arrangement, understanding or relationship, whether or not legally enforceable, with any other person, relating, directly or indirectly, to the Offer or with respect to any of our securities, including, but not limited to, any agreement, arrangement, understanding or relationship concerning the transfer or the voting of our securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or the giving or withholding of proxies, consents or authorizations.

12. Effects of the Offer on the Market for the Shares; Registration under the Exchange Act

The purchase by us of shares in the Offer will reduce the number of shares that might otherwise be traded publicly and is likely to reduce the number of our shareholders. As a result, trading of a relatively small volume of the shares after consummation of the Offer may have a greater impact on trading prices than would be the case prior to the consummation of the Offer.

Based upon the listing standards of the NYSE, we do not expect that our purchase of shares in the Offer will cause the Common Shares to be delisted from the NYSE. The Offer is conditioned on, among other things, there not being any reasonable likelihood, in our sole judgment, that the consummation of the Offer and the purchase of shares will cause the Common Shares to be delisted from the NYSE. See Section 7, “*Conditions of the Offer.*”

The Common Shares are registered under the Exchange Act, which requires, among other things, that we furnish certain information to our shareholders and the SEC and comply with the SEC’s proxy rules in connection with meetings of our shareholders. We believe that our purchase of shares in the Offer pursuant to the terms of the Offer will not result in the Common Shares not continuing to be required to be registered under the Exchange Act. The Offer is conditioned on, among other things, there not being any reasonable likelihood, in our sole judgment, that the consummation of the Offer and the purchase of shares will result in the Common Shares not continuing to be required to be registered under the Exchange Act. See Section 7, “*Conditions of the Offer.*”

The shares are currently “margin securities” under the rules of the Federal Reserve Board. This has the effect, among other things, of allowing brokers to extend credit to their customers using such shares as collateral. We believe that, following the purchase of shares in the Offer, the shares will continue to be “margin securities” for purposes of the Federal Reserve Board’s margin rules and regulations.

13. Regulatory Approvals

We are not aware of any license or regulatory permit that we believe is material to our business that might be adversely affected by our acquisition of shares as contemplated by the Offer or of any approval or other action by any government, administrative or regulatory authority or agency, domestic, foreign or supranational, that would be required for the acquisition or ownership of shares by us as contemplated by the Offer. Should any such approval or other action be required, we presently contemplate that we will seek that approval or other action. We are unable to predict whether we will be required to delay the acceptance for payment of or payment for shares tendered in the Offer pending the outcome of any such matter. There can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial cost or conditions or that the failure to obtain the approval or other action might not result in adverse consequences to our business and financial condition. Our obligations in the Offer to accept for payment and pay for shares are subject to certain conditions. See Section 7, “*Conditions of the Offer.*”

14. U.S. Federal Income Tax Consequences

The following summary describes the material U.S. federal income tax consequences relating to the Offer to shareholders whose shares are validly tendered and accepted for payment pursuant to the Offer. This summary does not address the effect of state, local, foreign or other tax laws of participating in the Offer. Those shareholders that do not participate in the Offer should not incur any U.S. federal income tax liability as a result of the completion of the Offer. This summary is based upon the Code, Treasury regulations promulgated thereunder, administrative pronouncements and judicial decisions, all as in effect as of the date hereof and all of which are subject to change, possibly with retroactive effect. This summary addresses only shares that are held as capital assets within the meaning of Section 1221 of the Code and does not address all of the tax consequences that may be relevant to shareholders in light of their particular circumstances or to certain types of shareholders subject to special treatment under the Code, including, without limitation, certain financial institutions, dealers in securities or commodities, traders in securities who elect to apply a mark-to-market method of accounting, insurance companies, partnerships (including entities treated as partnerships for U.S. federal income tax purposes), tax-exempt organizations, regulated investment companies, certain expatriates, persons whose functional currency is other than the U.S. dollar, persons subject to the alternative minimum tax, persons that hold shares as a position in a “straddle” or as a part of a “hedging,” “conversion,” “constructive sale” or integrated transaction for U.S. federal income tax purposes or persons that received their shares through the exercise of employee stock options or otherwise as compensation. In addition, except as otherwise specifically noted, this discussion applies only to shareholders that are “U.S. Holders” (as defined below).

For purposes of this discussion, a “U.S. Holder” means:

- a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or of any political subdivision thereof;
- an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust (1) the administration of which is subject to the primary supervision of a court within the United States and for which one or more U.S. persons have the authority to control all substantial decisions or (2) for which a valid election has been made to be treated as a U.S. person for U.S. federal income tax purposes under applicable Treasury regulations.

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) is a shareholder, the tax treatment of a partner generally will depend upon the status of the partner and upon the activities of the partnership. A shareholder that is a partnership, and partners in such partnership, should consult their tax advisors regarding the tax consequences of participating in the Offer.

Shareholders are urged to consult their tax advisors to determine the particular tax consequences to them of participating or not participating in the Offer, including the applicability and effect of state, local, foreign and other tax laws and the possible effect of changes in U.S. federal or other tax laws.

Characterization of the Purchase. The purchase of shares by us in the Offer will be a taxable transaction for U.S. federal income tax purposes. As a consequence of the purchase, a U.S. Holder, depending upon the U.S. Holder’s particular circumstances, will be treated either as having sold the U.S. Holder’s shares or as having received a distribution in respect of such shares from us.

Under Section 302 of the Code, a U.S. Holder whose shares are purchased by us in the Offer will be treated as having sold its shares, and thus will recognize capital gain or loss, if the purchase:

- results in a “complete termination” of the U.S. Holder’s equity interest in us;
- results in a “substantially disproportionate” redemption with respect to the U.S. Holder; or
- is “not essentially equivalent to a dividend” with respect to the U.S. Holder.

Each of these tests, referred to as the “Section 302 Tests,” is explained in more detail below.

If a U.S. Holder satisfies any of the Section 302 Tests explained below, the U.S. Holder will be treated as if it sold its shares to us and will recognize capital gain or loss equal to the difference between the amount of cash received in the Offer and the U.S. Holder's adjusted tax basis in the shares surrendered in exchange therefor. This gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period for the shares that were sold exceeds one year as of the date of purchase by us in the Offer. Long-term capital gain recognized by a non-corporate U.S. Holder generally will be subject to U.S. federal income tax at a maximum rate of 15%. Specified limitations apply to the deductibility of capital losses by U.S. Holders. Gain or loss must be determined separately for each block of shares (i.e., shares acquired at the same cost in a single transaction) that is purchased by us from a U.S. Holder in the Offer. A U.S. Holder may be able to designate, generally through its broker, which blocks of shares it wishes to tender in the Offer if less than all of its shares are tendered in the Offer, and the order in which different blocks will be purchased by us in the event of proration in the Offer. U.S. Holders should consult their tax advisors concerning the mechanics and desirability of that designation.

If a U.S. Holder does not satisfy any of the Section 302 Tests explained below, the purchase of a U.S. Holder's shares by us in the Offer will not be treated as a sale or exchange under Section 302 of the Code with respect to the U.S. Holder. Instead, the amount received by the U.S. Holder with respect to the purchase of its shares by us in the Offer will be treated as a dividend to the U.S. Holder with respect to its shares under Section 301 of the Code, to the extent of the portion of our current and accumulated earnings and profits (within the meaning of the Code) allocable to such shares. We believe that we will have current and accumulated earnings and profits as of September 30, 2007. Provided certain holding period requirements are satisfied, non-corporate U.S. Holders generally will be subject to U.S. federal income tax at a maximum rate of 15% on dividends deemed received (i.e., the entire amount of cash received without reduction for the adjusted tax basis of the shares purchased). To the extent that the amount received pursuant to the Offer exceeds the U.S. Holder's allocable share of our current and accumulated earnings and profits, such excess amount first will be treated as a tax-free return of capital to the extent of the U.S. Holder's adjusted tax basis in its shares, which will reduce the U.S. Holder's adjusted tax basis in its shares (but not below zero), and any remainder will be treated as capital gain (which may be long-term capital gain as described above). To the extent that a purchase of a U.S. Holder's shares by us in the Offer is treated as the receipt by the U.S. Holder of a dividend, the U.S. Holder's remaining adjusted tax basis in the purchased shares (after such adjustment as described in the previous sentence) will be added to any shares retained by the U.S. Holder subject to, in the case of corporate U.S. Holders, reduction of basis, but not below zero, under Section 1059 of the Code to the extent of the non-taxed portion of the dividend. To the extent that such non-taxed portion of the dividend exceeds such basis, the corporate U.S. Holder will recognize gain. A dividend received by a corporate U.S. Holder, as explained below, may be eligible for the dividends-received deduction and subject to the "extraordinary dividend" provisions of Section 1059 of the Code.

Constructive Ownership of Stock and Other Issues. In applying each of the Section 302 Tests explained below, U.S. Holders must take into account not only shares that they actually own but also shares they are treated as owning under the constructive ownership rules of Section 318 of the Code. Under the constructive ownership rules, a U.S. Holder is treated as owning any shares that are owned (actually and in some cases constructively) by certain related individuals and entities as well as shares that the U.S. Holder has the right to acquire by exercise of an option or by conversion or exchange of a security. Due to the factual nature of the Section 302 Tests, U.S. Holders should consult their tax advisors to determine whether their respective sales of shares in the Offer qualify for sale or exchange treatment in their particular circumstances.

If a U.S. Holder sells shares to persons other than us at or about the time the U.S. Holder also sells shares pursuant to the Offer, and the various sales effected by the U.S. Holder are part of an overall plan to reduce or terminate such U.S. Holder's proportionate interest in us, then the sales to persons other than us may, for U.S. federal income tax purposes, be integrated with the U.S. Holder's exchange of shares pursuant to the Offer and, if integrated, should be taken into account in determining whether the U.S. Holder satisfies any of the Section 302 Tests with respect to shares sold to us.

We cannot predict whether or the extent to which the Offer will be oversubscribed. If the Offer is oversubscribed, proration of tenders in the Offer will cause us to accept fewer shares than are tendered. This

in turn may affect the U.S. Holder's U.S. federal income tax consequences. In particular, this may affect the U.S. Holder's ability to satisfy one of the Section 302 Tests described below. Accordingly, a tendering U.S. Holder may choose to submit a "conditional tender" under the procedures described in Section 6, which allows the U.S. Holder to tender shares subject to the condition that a specified minimum number of the U.S. Holder's shares must be purchased by us if any such shares so tendered are purchased. In any event, no assurance can be given that a U.S. Holder will be able to determine in advance whether its disposition of shares pursuant to the Offer will be treated as a sale or exchange or as a dividend distribution in respect of stock from us.

Section 302 Tests. One of the following tests must be satisfied in order for the purchase of shares by us in the Offer to be treated as a sale or exchange for U.S. federal income tax purposes:

- *Complete Termination Test.* The purchase of a U.S. Holder's shares by us in the Offer will result in a "complete termination" of the U.S. Holder's equity interest in us if all of the shares that are actually owned by the U.S. Holder are sold in the Offer and all of the shares that are constructively owned by the U.S. Holder, if any, are sold in the Offer or, with respect to shares owned by certain related individuals, the U.S. Holder effectively waives, in accordance with Section 302(c) of the Code, the attribution of shares that otherwise would be considered as constructively owned by the U.S. Holder. U.S. Holders wishing to satisfy the "complete termination" test through waiver of the constructive ownership rules should consult their tax advisors.
- *Substantially Disproportionate Test.* The purchase of a U.S. Holder's shares by us in the Offer will result in a "substantially disproportionate" redemption with respect to the U.S. Holder if (i) the percentage of the then outstanding voting stock actually and constructively owned by the U.S. Holder immediately after the purchase is less than 80% of the percentage of the voting stock actually and constructively owned by the U.S. Holder immediately before the purchase (treating as outstanding all shares purchased in the Offer), (ii) the percentage of the then outstanding common stock (whether voting or nonvoting) actually and constructively owned by the U.S. Holder immediately after the purchase is less than 80% of the percentage of the common stock actually and constructively owned by the U.S. Holder immediately before the purchase (treating as outstanding all shares purchased in the Offer), and (iii) immediately following the purchase the U.S. Holder actually and constructively owns less than 50% of our total voting power (consisting of all classes of outstanding voting stock).
- *Not Essentially Equivalent to a Dividend Test.* The purchase of a U.S. Holder's shares by us in the Offer will be treated as "not essentially equivalent to a dividend" if the reduction in the U.S. Holder's proportionate interest in us as a result of the purchase constitutes a "meaningful reduction" given the U.S. Holder's particular circumstances. Whether the receipt of cash by a U.S. Holder who sells shares in the Offer will be "not essentially equivalent to a dividend" is independent of whether or not we have current or accumulated earnings and profits and will depend upon the U.S. Holder's particular facts and circumstances. The IRS has indicated in a published revenue ruling that even a small reduction in the percentage interest of a shareholder whose relative stock interest in a publicly held corporation is minimal (for example, an interest of less than 1%) and who exercises no control over corporate affairs should constitute a "meaningful reduction." U.S. Holders should consult their tax advisors as to the application of this test because this test will be satisfied only if the reduction in the U.S. Holder's proportionate interest in us is "meaningful" given the particular circumstances of the U.S. Holder in the context of the Offer. In particular, depending upon the total number of shares purchased by us in the Offer, it is possible that a U.S. Holder's percentage interest in us (including any interest attributable to shares constructively owned by the U.S. Holder as a result of the ownership of options) may increase even though the total number of shares held by the U.S. Holder decreases.

Corporate Shareholder Dividend Treatment. If a corporate U.S. Holder does not satisfy any of the Section 302 Tests described above and we have current or accumulated earnings and profits in respect of our current taxable year, such corporate U.S. Holder may, to the extent that any amounts received by it in the Offer are treated as a dividend, be eligible for the dividends-received deduction. The dividends-received deduction is subject to certain limitations. In addition, any amount received by a corporate U.S. Holder

pursuant to the Offer that is treated as a dividend may constitute an “extraordinary dividend” under Section 1059 of the Code. Corporate U.S. Holders should consult their tax advisors concerning the tax consequences of dividend treatment and the application of Section 1059 of the Code to the Offer in their particular circumstances.

Foreign Shareholders. The following general discussion applies to shareholders that are “Non-U.S. Holders.” A “Non-U.S. Holder” is a person or entity that, for U.S. federal income tax purposes, is:

- a non-resident alien individual, other than certain former citizens and residents of the United States subject to tax as expatriates;
- a foreign corporation; or
- a foreign estate or trust.

The U.S. federal income tax treatment of our purchase of shares from a Non-U.S. Holder pursuant to the Offer will depend on whether such Non-U.S. Holder is treated, based upon the Non-U.S. Holder’s particular circumstances, as having sold the tendered shares or as having received a distribution in respect of such Non-U.S. Holder’s shares. The appropriate treatment of our purchase of shares from a Non-U.S. Holder will be determined in the manner described above. See “—Section 302 Tests.”

If the purchase of shares by us in the Offer is characterized as a sale or exchange (as opposed to a dividend) with respect to a Non-U.S. Holder, the Non-U.S. Holder generally will not be subject to U.S. federal income tax on gain realized on the disposition of shares in the Offer unless:

- the gain is effectively connected with a trade or business of the Non-U.S. Holder in the United States, subject to an applicable treaty providing otherwise;
- the Non-U.S. Holder is an individual who holds shares as capital assets and is present in the United States for 183 days or more in the taxable year of disposition and certain other requirements are met; or
- we are or have been a “U.S. real property holding corporation” for U.S. federal income tax purposes and certain other requirements are met.

We do not believe that we currently are or have been a “U.S. real property holding corporation” for U.S. federal income tax purposes.

Non-U.S. Holders, particularly those individuals who are present in the United States for 183 days or more in the taxable year of disposition, and who are not otherwise residents of the United States for U.S. federal income tax purposes, should consult their tax advisors regarding the tax consequences of participating in the Offer.

If a Non-U.S. Holder does not satisfy any of the Section 302 Tests described above, the full amount received by the Non-U.S. Holder with respect to our purchase of shares in the Offer will be treated as a distribution to the Non-U.S. Holder with respect to the Non-U.S. Holder’s shares. The treatment, for U.S. federal income tax purposes, of such distribution as a dividend, a tax-free return of capital, or as capital gain from the sale of shares will be determined in the manner described above. See “—Characterization of the Purchase”. To the extent that amounts received by a Non-U.S. Holder with respect to our purchase of shares in the Offer are treated as a dividend, we will be required to withhold U.S. federal income tax at the rate of 30% or such lower rate as may be specified by an applicable income tax treaty, provided we have received proper certification of the application of such income tax treaty.

Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under an applicable income tax treaty and the manner of claiming the benefits of such treaty. A Non-U.S. Holder that is eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for a refund with the IRS. Amounts treated as dividends that are effectively connected with a Non-U.S. Holder’s conduct of a trade or business in the U.S. are not subject to the U.S. withholding tax, but are instead taxed in the manner applicable to

U.S. Holders, as described above. In that case, we will not be required to withhold U.S. federal withholding tax if the Non-U.S. Holder complies with applicable certification and disclosure requirements. In addition, dividends received by a corporate Non-U.S. Holder that are effectively connected with the conduct of a trade or business in the U.S. may be subject to a branch profits tax at a 30% rate, or a lower rate specified in an applicable income tax treaty.

United States Federal Income Tax Considerations for Participants in Our 401(k) Plans, the DSPP and Optionees Who Exercise Options or Freestanding Stock Appreciation Rights and Tender Shares. Neither affected participants in the 401(k) Plans nor the trustee of the 401(k) Plans will be taxed on any gain attributable to shares purchased in the tender. Such participants generally will be taxed at ordinary income rates on distributions from the 401(k) Plans in other than Common Shares and may be foregoing certain favorable tax treatment on Common Shares distributed under the 401(k) Plans in a lump sum. Generally, the tax rules applicable to individual shareholders who sell their shares in the Offer will apply to DSPP participants. Optionees and holders of freestanding stock appreciation rights who exercise vested options or freestanding stock appreciation rights will be taxed at ordinary income rates, and will be subject to withholding on the difference between their exercise price and the fair market value of the Common Shares that they acquire. Optionees who sell such Common Shares in the Offer generally will have (i) an adjusted tax basis in such Common Shares equal to the fair market value of such Common Shares at the time of exercise and (ii) a new holding period for such Common Shares. You are strongly encouraged to consult your tax advisor regarding the special rules applicable to shares held or acquired pursuant to the plans and the general tax discussions contained in the plans' prospectuses or summary plan descriptions and the special tax notices available with respect to distributions from the 401(k) Plans.

Backup Withholding. See Section 3, "Procedures for Tendering Shares," with respect to the application of backup U.S. federal income tax withholding.

15. Extension of the Offer; Termination; Amendment

We expressly reserve the right, in our sole discretion, at any time and from time to time, and regardless of whether or not any of the events set forth in Section 7 shall have occurred or shall be deemed by us to have occurred, to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and payment for, any shares by giving oral or written notice of such extension to the Depository and making a public announcement of such extension. We also expressly reserve the right, in our sole discretion, to terminate the Offer and not accept for payment or pay for any shares not theretofore accepted for payment or paid for, at which point, we may, subject to applicable law, postpone payment for shares upon the occurrence of any of the conditions specified in Section 7 hereof by giving oral or written notice of such termination or postponement to the Depository and making a public announcement of such termination or postponement. Our reservation of the right to delay payment for shares that we have accepted for payment is limited by Rule 13e-4(f)(5) under the Exchange Act, which requires that we must pay the consideration offered or return the shares tendered promptly after termination or withdrawal of a tender offer. Subject to compliance with applicable law, we further reserve the right, in our sole discretion, regardless of whether any of the events set forth in Section 7 shall have occurred or shall be deemed by us to have occurred, to amend the Offer in any respect, including, without limitation, by decreasing or increasing the consideration offered in the Offer to holders of shares or by decreasing or increasing the number of shares being sought in the Offer. Amendments to the Offer may be made at any time and from time to time effected by public announcement, such announcement, in the case of an extension, to be issued no later than 9:00 a.m., New York City time, on the next business day after the last previously scheduled or announced Expiration Time. Any public announcement made in the Offer will be disseminated promptly to shareholders in a manner reasonably designed to inform shareholders of such change. Without limiting the manner in which we may choose to make a public announcement, except as required by applicable law, we shall have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release through Business Wire or another comparable service.

If we materially change the terms of the Offer or the information concerning the Offer, we will extend the Offer to the extent required by Rules 13e-4(d)(2) and 13e-4(f)(1) under the Exchange Act. These rules and

certain related releases and interpretations of the SEC provide that the minimum period during which a tender offer must remain open following material changes in the terms of the Offer or information concerning the Offer (other than a change in price or a change in percentage of securities sought) will depend on the facts and circumstances, including the relative materiality of such terms or information. If (1) we increase or decrease the price to be paid for shares or increase or decrease the number of shares being sought in the Offer and, in the case of an increase in the number of shares being sought, such increase exceeds 2% of the outstanding shares and (2) the Offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth business day from, and including, the date that such notice of an increase or decrease is first published, sent or given to security holders in the manner specified in this Section 15, the Offer will be extended until the expiration of such period of ten business days.

16. Fees and Expenses

We have retained Banc of America Securities LLC to act as the Dealer Manager in connection with the Offer. In its role as Dealer Manager, Banc of America Securities LLC may contact brokers, dealers and similar entities and may provide information regarding the Offer to those that it contacts or persons that contact it. Banc of America Securities LLC will receive reasonable and customary compensation for its services. We also have agreed to reimburse Banc of America Securities LLC for reasonable out-of-pocket expenses incurred in connection with the Offer, including reasonable fees and expenses of counsel, and to indemnify it against certain liabilities in connection with the Offer, including certain liabilities under the federal securities laws.

Banc of America Securities LLC is also serving as the Dealer Manager for us in connection with our repurchase of our outstanding 6.625% senior subordinated notes due 2013 and the consent solicitation in connection therewith for which it is receiving customary compensation.

Affiliates of Banc of America Securities LLC have provided investment banking services to us in the past for which they have received customary compensation. Banc of America Securities LLC and its affiliates may continue to provide various investment banking services to us in the future, for which we would expect they would receive customary compensation from us. In the ordinary course of their respective business, including in their trading and brokerage operations and in a fiduciary capacity, the Dealer Manager and its affiliates may hold positions, both long and short, for their own accounts and for those of their customers, in our securities.

An affiliate of Banc of America Securities LLC is a lender under our existing credit facility and is a lender and Agent under the New Credit Facilities described in the Commitment Letter.

We have retained D.F. King & Co. to act as Information Agent and National City Bank to act as Depositary in connection with the Offer. The Information Agent may contact shareholders by mail, facsimile and personal interviews and may request brokers, dealers and other nominee shareholders to forward materials relating to the Offer to beneficial owners. The Information Agent and the Depositary will each receive reasonable and customary compensation for their respective services, will be reimbursed by us for reasonable out-of-pocket expenses and will be indemnified against certain liabilities in connection with the Offer, including certain liabilities under the federal securities laws.

We will not pay any fees or commissions to brokers, dealers, commercial banks, trust companies or other nominees or persons (other than fees to the Dealer Manager and the Information Agent as described above) for soliciting tenders of shares pursuant to the Offer. Shareholders holding shares through brokers, dealers, commercial banks, trust companies or other nominees are urged to consult such persons to determine whether transaction costs may apply if shareholders tender shares through such persons and not directly to the Depositary. We will, however, upon request, reimburse brokers, dealers, commercial banks, trust companies or other nominees for reasonable and customary mailing and handling expenses incurred by them in forwarding the Offer and related materials to the beneficial owners of shares held by them as a nominee or in a fiduciary capacity. No broker, dealer, commercial bank or trust company has been authorized to act as our agent or the agent of the Dealer Manager, the Information Agent or the Depositary for purposes of the Offer. We will pay or cause to be paid all stock transfer taxes, if any, on our purchase of shares except as otherwise provided in Section 5, "*Purchase of Shares and Payment of Purchase Price.*"

17. Miscellaneous

We are not aware of any jurisdiction where the making of the Offer is not in compliance with applicable law. If we become aware of any jurisdiction where the making of the Offer or the acceptance of shares pursuant thereto is not in compliance with applicable law, we will make a good faith effort to comply with the applicable law. If, after such good faith effort, we cannot comply with the applicable law, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of shares in such jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of us by the Dealer Manager or one or more registered brokers or dealers licensed under the laws of that jurisdiction.

Pursuant to Rule 13e-4(c)(2) under the Exchange Act, we have filed with the SEC an Issuer Tender Offer Statement on Schedule TO, which contains additional information with respect to the Offer. The Schedule TO, including the exhibits and any amendments and supplements thereto, may be examined, and copies may be obtained, at the same places and in the same manner as is set forth in Section 10 with respect to information concerning us.

You should only rely on the information contained in this document or in other documents to which we have referred you. We have not authorized any person to make any recommendation on behalf of us as to whether you should tender or refrain from tendering your shares in the Offer. We have not authorized any person to give any information or to make any representation in connection with the Offer other than those contained in this Offer to Purchase or the related Letter of Transmittal. If given or made, any recommendation or any such information or representation must not be relied upon as having been authorized by us, the Dealer Manager or the Information Agent or the Depositary.

January 10, 2007



January 10, 2007

Facsimile copies of the Letter of Transmittal, validly completed and duly executed will be accepted. The Letter of Transmittal, certificates for shares and any other required documents should be sent or delivered by each shareholder of SMG or his or her bank, broker, dealer, trust company or other nominee to the Depository as follows:

The Depository for the Offer is:

National City Bank

By Mail:
National City Bank
Corporate Actions Processing Center
P.O. Box 859208
Braintree, MA 02185-9208

By Overnight Delivery:
National City Bank
Corporate Actions Processing Center
161 Bay State Drive
Braintree, MA 02184

By Hand:
National City Bank
Corporate Trust Operations
3rd Floor Annex
4100 West 150th Street
Cleveland, OH 44135

Delivery of the Letter of Transmittal to an address other than as set forth above will not constitute a valid delivery to the Depository.

Questions and requests for assistance should be directed to the Information Agent or to the Dealer Manager for this Offer at their respective addresses and telephone numbers set forth on this page. Requests for additional copies of this Offer to Purchase, the related Letter of Transmittal or the Notice of Guaranteed Delivery should be directed to the Information Agent.

The Information Agent for the Offer is:

D.F. King & Co., Inc.
48 Wall Street
New York, New York 10005
Call Toll Free: 800-714-3312
Bankers & Brokers call collect: 212-269-5550

The Dealer Manager for the Offer is:

**Banc of America
Securities LLC**
9 West 57th Street
New York, New York 10019
(212) 583-8502
(888) 583-8900, ext. 8502
(Call Toll Free)

THE Scotts Miracle-Gro COMPANY LETTER OF TRANSMITTAL

Please complete the back if you would like to transfer ownership of unaccepted shares or request special mailing.

THE OFFER TO PURCHASE AND THIS LETTER OF TRANSMITTAL, INCLUDING THE ACCOMPANYING INSTRUCTIONS, SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

The Scotts Miracle-Gro Company (the "Company") is offering to purchase up to 4,504,504 of its common shares, without par value, in a tender offer, subject to the terms and conditions set forth in the Offer to Purchase, dated January 10, 2007. The offer is being made to all holders of the Company's common shares at a price not less than \$48.50 nor greater than \$55.50 per share. This Letter of Transmittal is to be completed only if: (a) certificates for shares are being forwarded herewith or (b) a tender of book-entry shares is being made to the account maintained by National City Bank, as Depository, pursuant to Section 3 of the Offer to Purchase and a related agent's message is not being delivered.

I/We, the undersigned, hereby tender to the Company the share(s) identified below. I/We certify that I/we have complied with all requirements as stated in the instructions on the reverse side, am/are the registered holder(s) of the shares of the Company represented by the enclosed certificates, have full authority to surrender these certificate(s), and give the instructions in this Letter of Transmittal and warrant that the shares represented by these certificates are free and clear of all liens, restrictions, adverse claims and encumbrances. I/We make the representation and warranties to the Company set forth in Section 3 of the Offer to Purchase and understand that the tender of shares made hereby constitutes an acceptance of the terms and conditions of the offer (including if the offer is extended or amended, the terms and conditions of such extension or amendment).

(2) SUBSTITUTE FORM W-9

PLEASE CERTIFY YOUR TAXPAYER IDENTIFICATION OR SOCIAL SECURITY NUMBER BY SIGNING BELOW.
If the Taxpayer Identification Number or Social Security Number printed above is **INCORRECT** OR if the space is **BLANK** write in the **CORRECT** number here.

Under penalties of perjury, I certify that:
1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. person (including a U.S. resident alien).
Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest or dividends on your tax return.

Signature: _____ Date: _____

(3) Number of Shares you own:
Certificate Number(s) _____ Book Entry _____

(4) Number of Shares you are Tendering:
Certificate Number(s) _____ Book Entry _____

(1) Signature: This form **must** be signed by the registered holder(s) exactly as their name(s) appears above or by person(s) authorized to sign on behalf of the registered holder(s) by documents transmitted herewith.

| | | | |
|-------------------------------------|--------------------------|------|---------------------|
| <input checked="" type="checkbox"/> | Signature of Shareholder | Date | Daytime Telephone # |
| | | | |
| <input checked="" type="checkbox"/> | Signature of Shareholder | Date | Daytime Telephone # |

I/We understand that the tender of shares constitutes a representation and warranty to the Company that the undersigned has a **NET LONG POSITION** in the Company's common shares or other securities exercisable or exchangeable therefor and that such tender complies with Rule 14e-4 promulgated under the Securities Exchange Act of 1934, as amended. I/We authorize the Company to withhold all applicable taxes and tax-related items legally payable by the undersigned.

Indicate below the order (by certificate number) in which shares are to be purchased in the event of proration. If you do not designate an order, if less than all shares tendered are purchased due to proration, shares will be selected for purchase by the Depository.
1st _____ 2nd _____ 3rd _____ 4th _____ 5th _____

i (5) Shares Tendered at Price Determined by Shareholder (See Instruction 5):
By checking one of the following boxes below **INSTEAD OF THE BOX UNDER "Shares Tendered at Price Determined in the Offer,"** the undersigned hereby tenders shares at the price checked. This action could result in none of the shares being purchased if the purchase price determined in the Offer is less than the price checked below. **IF YOU DESIRE TO TENDER SHARES AT MORE THAN ONE PRICE YOU MUST COMPLETE A SEPARATE LETTER OF TRANSMITTAL FOR EACH PRICE AT WHICH SHARES ARE TENDERED. PRICE (IN DOLLARS) PER SHARE AT WHICH SHARES ARE BEING TENDERED. CHECK ONLY ONE BOX.**
The same shares cannot be tendered, unless previously validly withdrawn as provided in Section 4 of the Offer to Purchase.

- | | | | |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <input type="radio"/> \$48.50 | <input type="radio"/> \$50.50 | <input type="radio"/> \$52.50 | <input type="radio"/> \$54.50 |
| <input type="radio"/> \$49.00 | <input type="radio"/> \$51.00 | <input type="radio"/> \$53.00 | <input type="radio"/> \$55.00 |
| <input type="radio"/> \$49.50 | <input type="radio"/> \$51.50 | <input type="radio"/> \$53.50 | <input type="radio"/> \$55.50 |
| <input type="radio"/> \$50.00 | <input type="radio"/> \$52.00 | <input type="radio"/> \$54.00 | |

OR

ii Shares Tendered at Price Determined in the Offer (See Instruction 5):
 By checking this box **INSTEAD OF ONE OF THE BOXES UNDER "Shares Tendered at Price Determined by Shareholder,"** the undersigned hereby tenders shares at the purchase price, as the same shall be determined in accordance with the terms of the Offer. For purposes of determining the purchase price, those shares that are tendered by the undersigned agreeing to accept the purchase price determined in the Offer will be deemed to be tendered at the minimum price. The undersigned wants to maximize the chance of having the Company purchase all of the shares the undersigned is tendering (subject to the possibility of proration). Accordingly, by checking this box instead of one of the price boxes above, the undersigned hereby tenders shares at, and is willing to accept, the purchase price determined in accordance with the terms of the Offer. **THIS ELECTION MAY LOWER THE PURCHASE PRICE AND COULD RESULT IN THE TENDERED SHARES BEING PURCHASED AT THE MINIMUM PRICE OF \$48.50 PER SHARE. CHECK ONLY ONE BOX ABOVE. IF MORE THAN ONE BOX IS CHECKED ABOVE, OR IF NO BOX IS CHECKED, THERE IS NO VALID TENDER OF SHARES.**

As described in Section 1 of the Offer to Purchase, under certain conditions, holders holding fewer than 100 shares may have their shares accepted for payment before any proration of the purchase of other tendered shares. This preference is not available to partial tenders, beneficial or record holders of an aggregate of 100 or more shares or shares tendered under our 401(k) Plans. Accordingly, this section is to be completed only if shares are being tendered by or on behalf of a person owning, beneficially or of record, fewer than 100 shares in the aggregate which are not tendered under our 401(k) Plans. The undersigned either (check one box):
 is the beneficial or record owner of an aggregate of fewer than 100 shares, all of which are being tendered; or
 is a broker, dealer, commercial bank, trust company, or other nominee that (a) is tendering for the beneficial owner(s), shares with respect to which it is the record holder, and (b) believes, based upon representations made to it by the beneficial owner(s), that each such person is the beneficial owner of an aggregate of fewer than 100 shares and is tendering all of the shares.
In addition, the undersigned is tendering either (check one box):
 at the purchase price, as the same will be determined by the Company in accordance with the terms of the Offer (persons checking this box need not indicate the price per share above); or
 at the price per share indicated above in the section captioned "Price (In Dollars) per Share at Which Shares Are Being Tendered."

(6) ODD LOT

CONDITIONAL TENDER
A tendering shareholder may condition such shareholder's tender of shares upon the Company purchasing a specified minimum number of the shares tendered, as described in Section 6 of the Offer to Purchase. Unless at least the minimum number of shares you indicate below is purchased by the Company pursuant to the terms of the Offer, none of the shares tendered by you will be purchased. Unless this box has been checked and a minimum specified, your tender will be deemed unconditional.
 The minimum number of shares that must be purchased from me, if any are purchased from me, is: _____ shares.
If, because of proration, the minimum number of shares designated will not be purchased, the Company may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, the tendering shareholder must have tendered all of such shareholder's shares and checked the box on the next line:
 The tendered shares represent all shares held by the undersigned.

HOW TO CONTACT THE INFORMATION AGENT FOR THE OFFER

D.F. King & Co., Inc.
48 Wall Street
New York, New York 10005

Banks and Brokerage Firms call collect: (212) 269-5550
All others call toll-free: (800) 714-3312

WHERE TO FORWARD YOUR TRANSMITTAL MATERIALS
By Overnight Courier:
National City Bank
Corporate Actions Processing Center
161 Bay Street Drive
Braintree, MA 02184

By Hand:
National City Bank
Corporate Trust Operations
3rd Floor Annex
4100 West 150th Street
Cleveland, OH 44135

By Mail:
National City Bank
Corporate Actions Processing Center
P.O. Box 859208
Braintree, MA 02185-9208

Delivery of this Letter of Transmittal to an address other than as set forth above will not constitute a valid delivery.

The Offer, proration period and withdrawal rights will expire at 12:00 midnight, New York City time, on February 8, 2007, unless the Offer is extended.

(7) Special Payment Instructions
If you want your check for cash to be issued in **another name**, fill in this section with the information for the **new account name**.

Signature Guarantee

Name (Please Print First, Middle & Last Name) _____ (Title of Officer Signing this Guarantee) _____

Address (Number and Street) _____ (Name of Guarantor Firm — Please Print) _____

(City, State & Zip Code) _____ (Address of Guarantor Firm) _____

(Tax Identification or Social Security Number) _____ Authorized Signature _____

(8) Special Delivery Instructions
Fill in ONLY if mailing to someone other than the undersigned or to the undersigned at an address other than that shown on the front of this card.
Mail certificate(s) and check(s) to:

Name (Please Print First, Middle & Last Name) _____

Address (Number and Street) _____

(City, State & Zip Code) _____

If you cannot produce some or all of the Company's stock certificates, you must obtain a lost instrument open penalty surety bond. Please refer to Instruction 9 at the bottom of this Form.

(9) AFFIDAVIT OF LOST, MISSING OR DESTROYED CERTIFICATE(S) AND AGREEMENT OF INDEMNITY
THIS AFFIDAVIT IS INVALID IF NOT SIGNED BELOW AND A CHECK IS NOT INCLUDED

| TOTAL SHARES LOST | | TOTAL SHARES LOST | |
|--|------------------|--|------------------|
| Please Fill In Certificate No(s), if Known | Number of Shares | Please Fill In Certificate No(s), if Known | Number of Shares |
| | | | |
| | | | |
| Attach separate schedule if needed | | Attach separate schedule if needed | |

By signing this form I/we swear, depose and state that: I/we am/are the lawful owner(s) of the certificate(s) hereinafter referred to as the "securities" described in the Letter of Transmittal. The securities have not been endorsed, pledged, cashed, negotiated, transferred, assigned, or otherwise disposed of. I/We have made a diligent search for the securities and have been unable to find it or them and make this Affidavit for the purpose of inducing the sale, exchange, redemption, or cancellation of the securities, as outlined in the Letter of Transmittal, without the surrender of the original(s), and also to request and induce St. Paul Travelers Insurance Company to provide suretyship for me/us to cover the missing securities under its Surety Policy #782664. I/We hereby agree to surrender the securities for cancellation should I/we, at any time, find the securities. I/We hereby agree for myself/ourselves, my/our heirs, successors, assigns and personal representatives, in consideration of the proceeds of the sale, exchange, redemption or cancellation of the securities, and the aforementioned suretyship, to indemnify, protect and hold harmless St. Paul Travelers Insurance Company (the Surety), National City Bank, The Scotts Miracle-Gro Company, all their subsidiaries and any other party to the transaction, from and against any and all loss, costs, and damages including court costs and attorney's fees, which they may be subject to or liable for in respect to the sale, exchange, redemption, or cancellation of the securities without requiring surrender of the original securities. The rights accruing to the parties under the preceding sentence shall not be limited or abridged by their negligence, inadvertence, accident, oversight, breach or failure to inquire into, contest, or litigate any claim, whenever such negligence, inadvertence, accident, oversight, breach or failure may occur or may have occurred. I/we agree that this Affidavit and Indemnity Agreement is to become part of Surety Policy #782664 underwritten by St. Paul Travelers Insurance Company.

Any person who, knowingly and with intent to defraud any insurance company or other person, files an application or statement of claim, containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to civil penalties as prescribed by law.

X Signed by Affiant (shareholder) _____ on this (date) _____ Month _____ Day _____ Year
(Deponent) (Indemnitor) (Heirs Individually)

Social Security # _____ Date _____ Notary Public _____
Lost Securities Surety Premium Calculation

The following formula should be used to calculate the surety premium that you must submit with this form.

- Calculate the share value of the lost shares by multiplying the number of shares that are lost by the Cash Rate:
• Enter number of share(s) lost _____ X \$52.04 = \$ _____ share value
• If the share value exceeds \$500,000, or if the shareholder is foreign or deceased, do not complete this affidavit. Complete only the Transmittal Form and contact National City Bank regarding the lost certificate(s).
 - Calculate a Surety Premium as follows (provided that if such amount is less than \$10.00, insert \$10.00 for the Surety Premium).
• The surety premium equals 2% (.02) of the share value noted in line 1 above: \$ _____ X (2%) or (.02) = \$ _____ Surety Premium
- Please enclose a money order, certified check or cashiers' check for the amount of the Surety Premium, made payable to St. Paul Travelers Insurance Company.

INSTRUCTIONS FOR COMPLETING THE LETTER OF TRANSMITTAL

- Sign, date and include your daytime telephone number in this Letter of Transmittal in Box 1 and, after completing all other applicable sections, return this form in the enclosed envelope. If your shares are represented by physical stock certificates, include them in the enclosed envelope as well.
- PLEASE SIGN IN BOX 2 TO CERTIFY YOUR TAXPAYER IDENTIFICATION OR SOCIAL SECURITY NUMBER** if you are a U.S. Taxpayer. If the Taxpayer Identification or Social Security Number is incorrect or blank, write the corrected number in Box 2 and sign to certify. Please note that National City Bank may withhold 28% of your proceeds as required by the IRS if the Taxpayer Identification or Social Security Number is not certified on our records. If you are a non-U.S. Taxpayer, please complete and return IRS Form W-8BEN or other IRS Form W-8.
- Your certificated share(s) and/or book-entry shares you hold are shown in Box 3.
- Please indicate the total number of certificated share(s) and/or book-entry shares of the Company you are tendering in Box 4.
- Indication of Price at which Shares are being Tendered.** If you want to tender your shares at a specified price within the \$48.50 to \$55.50 range, you must check one of the boxes under "Shares Tendered at Price Determined by Shareholder." If you want to tender shares and are willing to accept the purchase price selected by the Company in accordance with the Terms of the Offer, you must check the box under "Shares Tendered at Price Determined in the Tender Offer" instead of one of the price boxes under "Shares Tendered at Price Determined by Shareholder." This action will maximize the chance of having the Company purchase your shares (subject to the possibility of proration). Note that this action could result in you receiving a price per share as low as \$48.50. You must check only one box in the pricing section. **If more than one box is checked, or no box is checked, your shares will not be properly tendered.** If you want to tender portions of your shares at more than one price, you must complete a separate Letter of Transmittal for each price at which you tender shares.
- Please see the Offer to Purchase for additional information regarding Box 6.
- If you want your check for cash to be issued in **another name**, fill in Box 7 with the information for the new account name. If you complete Box 7, your signature(s) must be guaranteed.
- Complete Box 8 only if the proceeds of this transaction and any unaccepted shares of the Company are to be transferred to a person other than the registered holder or to a different address.
- If you do not hold your shares in book-entry form and you cannot produce some or all of your Company stock certificates, you must obtain a lost instrument open penalty surety bond and file it with National City Bank. To do so through National City Bank's program with St. Paul Travelers Insurance Company, complete Box 9 above, including the lost securities premium and service fees calculations, and return the form together with your payment as instructed. **Please print clearly.** Alternatively, **you may obtain a lost instrument open penalty surety bond from an insurance company of your choice that is rated A+XV or better by A. M. Best & Company.** In that instance, you would pay a surety premium directly to the surety bond provider you select and you would pay National City Bank its service fee only. **Please see the reverse side of this form on how to contact National City Bank at the number provided for further instructions on obtaining your own bond.**
- Shareholders who cannot deliver their certificates and all other required documents to the Depository or complete the procedures for book-entry transfer prior to the Expiration Time (as defined in Section 1 of the Offer to Purchase) may tender their shares by properly completing and duly executing the Notice of Guaranteed Delivery pursuant to the guaranteed delivery procedures set forth in Section 3 of the Offer to Purchase.
- The Company will determine in its sole discretion the number of shares to accept, and the validity, eligibility and acceptance for payment of any tender. Any such determination will be final and binding on the parties. There is no obligation to give notice of any defects or irregularities to shareholders.
- If any of the shares tendered hereby are owned of record by two or more joint owners, all such persons must sign this Letter of Transmittal. If any shares tendered hereby are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of certificates. If this Letter of Transmittal or any certificate or stock power is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, he or she should so indicate when signing, and proper evidence satisfactory to the Company of his or her authority to so act must be submitted with this Letter of Transmittal. If this Letter of Transmittal is signed by the registered owner(s) of the shares tendered hereby, no endorsements of certificates or separate stock powers are required unless payment of the purchase price is to be made, or certificates for shares not tendered or accepted for payment are to be issued, to a person other than the registered owner(s). Signatures on any such certificates or stock powers must be guaranteed by an eligible institution. If this Letter of Transmittal is signed by a person other than the registered owner(s) of the shares tendered hereby, or if payment is to be made or certificate(s) for shares not tendered or not purchased are to be issued to a person other than the registered owner(s), the certificate(s) representing such shares must be properly endorsed for transfer or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered owner(s) appear(s) on the certificate(s). The signature(s) on any such certificate(s) or stock power(s) must be guaranteed by an eligible institution.
- If the space provided in Boxes 3 and 4 above is inadequate, the certificate numbers and/or the number of shares should be listed on a separate signed schedule attached hereto.
- Partial Tenders (Not Applicable to Shareholders Who Tender by Book-Entry Transfer).** If fewer than all the shares represented by any certificate submitted to the Depository are to be tendered, fill in the number of shares that are to be tendered in Box 4. In that case, if any tendered shares are purchased, new certificate(s) for the remainder of the shares that were evidenced by the old certificate(s) will be sent to the registered holder(s), unless otherwise provided in the appropriate box on this Letter of Transmittal, as soon as practicable after the acceptance for payment of, and payment for, the shares tendered herewith. All shares represented by certificates delivered to the Depository will be deemed to have been tendered unless otherwise indicated.
- The method of delivery of shares, this Letter of Transmittal and all other required documents, including delivery through the book-entry transfer facility, is at the sole election and risk of the tendering shareholder. Shares will be deemed delivered only when actually received by the Depository (including, in the case of book-entry transfer, by book-entry confirmation). If delivery is by mail, registered mail with return receipt requested, properly insured is recommended. In all cases, sufficient time should be allowed to insure timely delivery.

NOTICE OF GUARANTEED DELIVERY
To Tender Common Shares of The Scotts Miracle-Gro Company
Pursuant to its Offer to Purchase for Cash
Dated January 10, 2007
of
Up to 4,504,504 of its Common Shares
At a Per Share Purchase Price Not Less Than \$48.50 Nor
Greater Than \$55.50

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON THURSDAY, FEBRUARY 8, 2007, UNLESS THE OFFER IS EXTENDED.

As set forth in Section 3 of the Offer to Purchase (as defined below), this form, or a form substantially equivalent to this form, must be used to accept the Offer (as defined below) if (1) certificates representing common shares, without par value (the "Common Shares"), of The Scotts Miracle-Gro Company, an Ohio corporation, are not immediately available, (2) the procedures for book-entry transfer cannot be completed on a timely basis or (3) time will not permit all required documents to reach the Depository prior to the Expiration Time (as defined in the Offer to Purchase). This form may be delivered by hand or transmitted by facsimile transmission or mail to the Depository. See Section 3 of the Offer to Purchase. Unless the context requires otherwise, all references in this Notice of Guaranteed Delivery to "shares" refer to Common Shares.

The Depository for the Offer is:

National City Bank

By Mail:
National City Bank
Corporate Actions Processing Center
P.O. Box 859208
Braintree, MA 02185-9208

By Overnight Delivery:
National City Bank
Corporate Actions Processing Center
161 Bay State Drive
Braintree, MA 02184

By Hand:
National City Bank
Corporate Trust Operations
3rd Floor Annex
4100 West 150th Street
Cleveland, OH 44135

Delivery of this Notice of Guaranteed Delivery to an address, or transmission of instructions via a facsimile number, other than as set forth above will not constitute a valid delivery.

This Notice of Guaranteed Delivery is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an eligible institution under the instructions in the Letter of Transmittal, the signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

Ladies and Gentlemen:

The undersigned hereby tenders to The Scotts Miracle-Gro Company, an Ohio corporation (the "Company"), at the price per share indicated in this Notice of Guaranteed Delivery, on the terms and subject to the conditions set forth in the Offer to Purchase, dated January 10, 2007 (the "Offer to Purchase") and the related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively constitute the "Offer"), receipt of which is hereby acknowledged, the number of shares set forth below, all pursuant to the guaranteed delivery procedures set forth in Section 3 of the Offer to Purchase.

Number of shares to be tendered: _____ shares.

THE UNDERSIGNED IS TENDERING SHARES AS FOLLOWS (CHECK ONLY ONE BOX):

(1) SHARES TENDERED AT PRICE DETERMINED BY SHAREHOLDER (SEE INSTRUCTION 5 OF THE LETTER OF TRANSMITTAL)

By checking ONE of the following boxes below INSTEAD OF THE BOX UNDER "Shares Tendered at Price Determined Pursuant to the Offer," the undersigned hereby tenders shares at the price checked. This action could result in none of the shares being purchased if the Purchase Price (as defined in the Offer to Purchase) for the shares is less than the price checked below. **A SHAREHOLDER WHO DESIRES TO TENDER SHARES AT MORE THAN ONE PRICE MUST COMPLETE A SEPARATE NOTICE OF GUARANTEED DELIVERY AND/ OR LETTER OF TRANSMITTAL FOR EACH PRICE AT WHICH SHARES ARE TENDERED.** The same shares cannot be tendered, unless previously validly withdrawn as provided in Section 4 of the Offer to Purchase, at more than one price.

PRICE (IN DOLLARS) PER SHARE AT WHICH SHARES
ARE BEING TENDERED

- | | |
|-------------------------------|-------------------------------|
| <input type="radio"/> \$48.50 | <input type="radio"/> \$52.50 |
| <input type="radio"/> \$49.00 | <input type="radio"/> \$53.00 |
| <input type="radio"/> \$49.50 | <input type="radio"/> \$53.50 |
| <input type="radio"/> \$50.00 | <input type="radio"/> \$54.00 |
| <input type="radio"/> \$50.50 | <input type="radio"/> \$54.50 |
| <input type="radio"/> \$51.00 | <input type="radio"/> \$55.00 |
| <input type="radio"/> \$51.50 | <input type="radio"/> \$55.50 |
| <input type="radio"/> \$52.00 | |

OR

(2) SHARES TENDERED AT PRICE DETERMINED PURSUANT TO THE OFFER (SEE INSTRUCTION 5 OF THE LETTER OF TRANSMITTAL)

By checking the box below INSTEAD OF ONE OF THE BOXES UNDER "Price (in Dollars) Per Share at which Shares are Being Tendered," the undersigned hereby tenders shares at the Purchase Price, as the same shall be determined in accordance with the terms of the Offer.

- The undersigned wants to maximize the chance of having the Company purchase all of the shares the undersigned is tendering (subject to the possibility of proration). Accordingly, by checking this box instead of one of the price boxes above, the undersigned hereby tenders shares and is willing to accept the Purchase Price determined in accordance with the terms of the Offer. This action could result in receiving a price per share as low as \$48.50.

CHECK ONLY ONE BOX UNDER (1) OR (2) ABOVE. IF MORE THAN ONE BOX IS CHECKED ABOVE, THERE IS NO VALID TENDER OF SHARES.

ODD LOT

(See Box 6 of the Letter of Transmittal)

To be completed only if shares are being tendered by or on behalf of a person owning, beneficially or of record, an aggregate of fewer than 100 shares. The undersigned (check one box):

- Is the beneficial or record owner of an aggregate of fewer than 100 shares, all of which are being tendered; or
- Is a broker, dealer, commercial bank, trust company, or other nominee that (a) is tendering for the beneficial owner(s), shares with respect to which it is the record holder, and (b) believes, based upon representations made to it by the beneficial owner(s), that each such person is the beneficial owner of an aggregate of fewer than 100 shares and is tendering all of such person's shares.

In addition, the undersigned is tendering shares (check one box):

- at the price per share indicated above in the section captioned "Price (in Dollars) Per Share at which Shares are Being Tendered"; or
 - at the Purchase Price, as the same will be determined in accordance with the terms of the Offer (persons checking this box need not indicate the price per share above).
-

CONDITIONAL TENDER

(See Box 6 of the Letter of Transmittal)

A tendering shareholder may condition his or her tender of shares upon the Company purchasing a specified minimum number of the shares tendered, all as described in Section 6 of the Offer to Purchase. Unless at least that minimum number of shares the undersigned indicates below is purchased by the Company pursuant to the terms of the Offer, none of the shares tendered will be purchased. **It is the tendering shareholder's responsibility to calculate that minimum number of shares that must be purchased if any are purchased and each shareholder is urged to consult his or her own tax advisor with respect to his or her particular situation.** Unless this box has been checked and a minimum specified, your tender will be deemed unconditional.

- The minimum number of shares that must be purchased from the undersigned, if any are purchased, is: _____ shares.

If, because of proration, the minimum number of shares will not be purchased, the Company may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, the tendering shareholder must have tendered all of his or her shares and checked the box below:

- The tendered shares represent all the Common Shares held by the undersigned.

Certificate Nos. (if available):

Name(s) of Record Holder(s):

(Please Type or Print)

Address(es):

Zip Code:

Daytime Area Code and Telephone Number:

Signature(s):

Dated: _____,

If shares will be tendered by book-entry transfer, check this box and provide the following information: Account Number at Book-Entry Transfer Facility:

THE GUARANTEE SET FORTH BELOW MUST BE COMPLETED.

**GUARANTEE
(Not To Be Used For Signature Guarantee)**

The undersigned, a firm that is a member in good standing of a recognized Medallion Program approved by the Securities Transfer Association, Inc., including the Securities Transfer Agents Medallion Program, the New York Stock Exchange, Inc. Medallion Signature Program or the Stock Exchange Medallion Program, or is otherwise an “eligible guarantor institution,” as that term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), hereby guarantees (1) that the above named person(s) “own(s)” the shares tendered hereby within the meaning of Rule 14e-4 under the Exchange Act, (2) that such tender of shares complies with Rule 14e-4 under the Exchange Act and (3) to deliver to the Depository either the certificates representing the shares tendered hereby, in proper form for transfer, or a book-entry confirmation (as defined in the Offer to Purchase) with respect to such shares, in any such case together with a properly completed and duly executed Letter of Transmittal (or a facsimile thereof), with any required signature guarantees, or an agent’s message (as defined in the Offer to Purchase) in the case of a book-entry delivery, and any other required documents, within three NYSE trading days (as defined in the Offer to Purchase) after the date hereof. The eligible institution that completes this form must communicate the guarantee to the Depository and must deliver the Letter of Transmittal and certificates for shares to the Depository within the time period shown herein. Failure to do so could result in financial loss to such eligible institution.

Name of Firm: _____

Authorized Signature: _____

Name: _____

(Please Type or Print)

Title: _____

Address: _____

Zip Code: _____

Area Code and Telephone Number: _____

Dated: _____

**Note: Do not send certificates for shares with this Notice of Guaranteed Delivery.
Certificates for shares should be sent with your Letter of Transmittal.**

**GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER ON SUBSTITUTE FORM W-9**

Guidelines for Determining the Proper Taxpayer Identification Number to Guide the Payer.—Social Security Numbers have nine digits separated by two hyphens: i.e., 000-00-0000. Employer Identification Numbers have nine digits separated by only one hyphen: i.e., 00-0000000. The table below will help determine the number to give the payer.

| For this type of account | Give the SOCIAL SECURITY number of— |
|---|---|
| 1. An individual's account | The individual |
| 2. Two or more individuals (joint account) | The actual owner of the account or, if combined funds, the first individual on the account(1) |
| 3. Custodian account of a minor (Uniform Gift to Minors Act) | The minor(2) |
| 4. a. The usual revocable savings trust account (grantor is also trustee) | The grantor-trustee(1) |
| b. So-called trust account that is not a legal or valid trust under State law | The actual owner(1) |
| 5. Sole proprietorship or single-member limited liability company ("LLC") that is disregarded as separate from its member | The owner(3) |

| For this type of account: | Give the EMPLOYER IDENTIFICATION number of— |
|--|--|
| 6. A valid trust, estate, or pension trust | The legal entity(4) |
| 7. Corporation or LLC that has elected to be taxed as a corporation | The corporation or LLC |
| 8. Religious, charitable or education organization account | The organization |
| 9. Partnership or multiple-member LLC that has not elected to be taxed as a corporation | The partnership or LLC |
| 10. Association, club or other tax-exempt organization | The organization |
| 11. A broker or registered nominee | The broker or nominee |
| 12. Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district or prison) that receives agricultural program payments | The public entity |

- (1) List first and circle the name of the person whose number you furnish. If only one person on a joint account has a Social Security Number, that person's number must be furnished.
- (2) Circle the minor's name and furnish the minor's Social Security Number.
- (3) Show the name of the owner. In addition, you may enter your "doing business as" name. You may use either your Social Security Number or Employer Identification Number.
- (4) List first and circle the name of the legal trust, estate, or pension trust. Do not furnish the identifying number of the personal representative or trustee unless the legal entity is not designated in the account title.

NOTE:If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

Obtaining a Number

If you do not have a Taxpayer Identification Number, or if you do not know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service (the "IRS") and apply for a number. Section references contained herein refer to sections of the Internal Revenue Code of 1986, as amended.

Payees Exempt from Backup Withholding

Payees specifically exempted from backup withholding include:

- An organization exempt from tax under Section 501(a), an individual retirement plan, or a custodial account under Section 403(b)(7), if the account satisfies the requirements of Section 401(f)(2),
- The United States or any of its agencies or instrumentalities,
- A State, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,

- A foreign government or any of its political subdivision, agencies, or instrumentalities, or
- An international organization or any of its agencies or instrumentalities.

Payees that may be exempt from backup withholding include:

- A corporation,
- A foreign central bank of issue,
- A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
- A futures commission merchant registered with the Commodity Futures Trading Commission,
- A real estate investment trust,
- An entity registered at all times during the tax year under the Investment Company Act of 1940,
- A common trust fund operated by a bank under Section 584(a),
- A financial institution,
- A middleman known in the investment community as a nominee or custodian, or
- A trust exempt from tax under section 664 or a non-exempt trust described in section 4947.

Payments of dividends and patronage dividends generally exempt from backup withholding include:

- Payments to nonresident aliens subject to withholding under Section 1441,
- Payments to partnerships not engaged in a trade or business in the United States and that have at least one nonresident alien partner,
- Payments of patronage dividends not paid in money,
- Payments made by certain foreign organizations, or
- Section 404(k) payments made by an ESOP.

Payments of interest generally exempt from backup withholding include:

- Payments of interest on obligations issued by individuals, unless such payments equal \$600 or more and are paid in the course of the payer's trade or business and the payee does not provide its correct taxpayer identification number to the payer,
- Payments of tax-exempt interest (including exempt-interest dividends under Section 852),
- Payments described in Section 6049(b)(5) to nonresident aliens,
- Payments on tax-free covenant bonds under Section 1451,
- Payments made by certain foreign organizations, or
- Mortgage or student loan interest paid to you.

Exempt payees described above should file Substitute Form W-9 or applicable IRS Form W-8 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT" ON THE FACE OF THE FORM, SIGN AND DATE THE FORM AND RETURN IT TO THE PAYER.

Certain payments, other than interest, dividends and patronage dividends, that are not subject to information reporting are also not subject to backup withholding. For details, see Sections 6041, 6041A, 6042, 6044, 6045, 6049, 6050A and 6050N and the regulations thereunder.

Privacy Act Notice—Section 6109 requires most recipients of dividends, interest, or other payments to give Taxpayer Identification Numbers to payers who must report the payments to the IRS. The IRS uses the numbers for identification

purposes. Payers must be given the numbers whether or not recipients are required to file tax returns. Payers generally must withhold 28% of taxable interest, dividends and certain other payments to a payee who does not furnish a Taxpayer Identification Number to a payer. Certain penalties also may apply.

Penalties

(1) Penalty for Failure to Furnish Taxpayer Identification Number—If you fail to furnish your Taxpayer Identification Number to a payer, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) Civil Penalty for False Information with Respect to Withholding—If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of \$500.

(3) Criminal Penalty for Falsifying Information—Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

(4) Misuse of Taxpayer Identification Number—If the payer discloses or misuses a Taxpayer Identification Number in violation of federal law, the payer may be subject to civil and criminal penalties.

FOR ADDITIONAL INFORMATION, CONTACT YOUR TAX CONSULTANT OR THE IRS.

OFFER TO PURCHASE FOR CASH
by
THE SCOTTS MIRACLE-GRO COMPANY
of
**Up to 4,504,504 of its Common Shares At a Per Share Purchase Price Not Less
Than \$48.50 nor Greater Than \$55.50**

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON THURSDAY, FEBRUARY 8, 2007, UNLESS THE OFFER IS EXTENDED.

January 10, 2007

To Brokers, Dealers, Commercial Banks,
Trust Companies and Other Nominees:

We have been appointed by The Scotts Miracle-Gro Company, an Ohio corporation (the "Company"), to act as Dealer Manager in connection with its offer to purchase for cash up to 4,504,504 of its common shares, without par value ("Common Shares"), at a price not less than \$48.50 nor greater than \$55.50 per share, net to the seller in cash, without interest. The offer is subject to the terms and conditions set forth in the Offer to Purchase, dated January 10, 2007 (the "Offer to Purchase"), and the related Letter of Transmittal, which, together with any amendments or supplements to either, collectively constitute the "Offer." Please furnish copies of the enclosed materials to those of your clients for whom you hold shares registered in your name or in the name of your nominee. Unless the context requires otherwise, all references herein to "shares" refer to Common Shares.

Enclosed with this letter are copies of the following documents:

1. Offer to Purchase;
2. Letter of Transmittal for your use in accepting the Offer and tendering shares and for the information of your clients;
3. A form of letter that may be sent to your clients for whose account you hold shares in your name or in the name of a nominee, with space provided for obtaining such client's instructions with regard to the Offer;
4. Notice of Guaranteed Delivery with respect to shares;
5. Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9; and
6. Return envelope addressed to National City Bank as the Depository.

Certain conditions of the Offer are described in Section 7 of the Offer to Purchase.

We urge you to contact your clients as promptly as possible. Please note that the Offer, proration period and withdrawal rights will expire at 12:00 midnight, New York City time, on Thursday, February 8, 2007, unless the Offer is extended.

In all cases, payment for shares accepted for payment pursuant to the Offer will be made only after timely receipt by the Depository of (1) the certificates for (or a timely book-entry confirmation (as defined in the Offer to Purchase) with respect to) such shares, (2) a Letter of Transmittal (or a facsimile thereof), properly completed and duly executed, with any required signature guarantees, or, in the case of a book-entry transfer effected pursuant to the procedures set forth in Section 3 of the Offer to Purchase, an agent's message (as defined in the Offer to Purchase), and (3) any other documents required by the Letter of Transmittal. Accordingly, tendering shareholders may be paid at different times depending on when certificates for shares or book-entry confirmations with respect to shares are actually received by the Depository. **Under no circumstances will interest be paid on the Purchase Price (as defined in the Offer to Purchase) regardless of any extension of, or amendment to, the Offer or any delay in paying for such shares.**

The Company will not pay any fees or commissions to any broker, dealer, commercial bank, trust company or other nominee or person (other than the Dealer Manager, the Information Agent and the Depository, as described in the Offer to

Purchase) in connection with the solicitation of tenders of shares pursuant to the Offer. However, the Company will, on request, reimburse you for documented, reasonable and customary mailing and handling expenses incurred by you in forwarding copies of the enclosed Offer materials to your clients.

Questions and requests for additional copies of the enclosed materials may be directed to the Information Agent at its address and telephone numbers set forth on the back cover of the Offer to Purchase.

Very truly yours,

Banc of America Securities LLC

Nothing contained in this letter or in the enclosed documents shall render you or any other person the agent of the Company, the Depository, the Dealer Manager, the Information Agent or any affiliate of any of them or authorize you or any other person to give any information or use any document or make any statement on behalf of any of them with respect to the Offer other than the enclosed documents and the statements contained therein.

OFFER TO PURCHASE FOR CASH
by
THE SCOTTS MIRACLE-GRO COMPANY
of
Up to 4,504,504 of its Common Shares
At a Per Share Purchase Price Not Less Than \$48.50 nor
Greater Than \$55.50

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON THURSDAY, FEBRUARY 8, 2007, UNLESS THE OFFER IS EXTENDED.

To Our Clients:

Enclosed for your consideration are the Offer to Purchase, dated January 10, 2007 (the "Offer to Purchase"), and the related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively constitute the "Offer"), in connection with the offer by The Scotts Miracle-Gro Company, an Ohio corporation (the "Company"), to purchase up to 4,504,504 of its common shares, without par value ("Common Shares"), at a price not less than \$48.50 nor greater than \$55.50 per share, net to the seller in cash, without interest. The Offer is subject to the terms and conditions set forth in the Offer to Purchase and the related Letter of Transmittal. Unless the context requires otherwise, all references herein to "shares" refer to Common Shares.

On the terms and subject to the conditions of the Offer, the Company will select the lowest Purchase Price (as defined in the Offer to Purchase) that will allow it to purchase 4,504,504 shares, or, if a lesser number of shares are validly tendered, all shares that are validly tendered and not validly withdrawn. All shares acquired in the Offer will be acquired at the same Purchase Price regardless of whether a shareholder tenders any shares at a lower price.

Only shares validly tendered at prices at or below the Purchase Price, and not validly withdrawn, will be purchased. However, because of the "odd lot" priority, proration and conditional tender offer provisions described in the Offer to Purchase, all of the shares tendered may not be purchased if more than the number of shares sought by the Company are validly tendered. Shares not purchased in the Offer will be returned at the expense of the Company promptly following the expiration of the Offer.

Subject to certain limitations and legal requirements, the Company reserves the right, in its sole discretion, to purchase more than 4,504,504 shares pursuant to the Offer.

The Offer is subject to important conditions, including the receipt by the Company of financing on terms and conditions satisfactory to the Company. See Section 7 of the Offer to Purchase.

We are the owner of record of shares held for your account. As such, we are the only ones who can tender your shares, and then only pursuant to your instructions. **We are sending you the Letter of Transmittal for your information only; you cannot use it to tender the shares we hold for your account.**

Please instruct us as to whether you wish us to tender any or all of the shares we hold for your account on the terms and subject to the conditions of the Offer.

Please note the following:

1. You may tender your shares at prices not less than \$48.50 nor greater than \$55.50 per share, as indicated in the attached Instruction Form, net to you in cash, without interest.
 2. You should consult with your broker or other financial or tax advisor on the possibility of designating the priority in which your shares will be purchased in the event of proration.
 3. The Offer is subject to important conditions, including the receipt by the Company of financing on terms and conditions satisfactory to the Company. See Section 7 of the Offer to Purchase.
 4. The Offer, proration period and withdrawal rights will expire at 12:00 midnight, New York City time, on Thursday, February 8, 2007, unless the Company extends the Offer.
-

5. The Offer is for up to 4,504,504 shares, constituting approximately 6.7% of the total number of outstanding Common Shares as of January 10, 2007.

6. Tendering shareholders who are registered shareholders or who tender their shares directly to National City Bank, the Depositary for the Offer, will not be obligated to pay any brokerage commissions or fees to the Company or the Dealer Manager, solicitation fees, or, except as set forth in the Offer to Purchase and the Letter of Transmittal, stock transfer taxes on the Company's purchase of shares under the Offer.

7. If you wish to tender portions of your shares at different prices, you must complete a separate Instruction Form for each price at which you wish to tender each such portion of your shares. We are the owner of record of shares held in your account. As such, we must submit separate Letters of Transmittal on your behalf for each price you will accept for each portion tendered.

8. If you are a shareholder who owns beneficially or of record a total of fewer than 100 shares (an "Odd Lot Holder") and you instruct us to tender on your behalf all such shares at or below the Purchase Price before the expiration of the Offer and complete the section captioned "Odd Lot" on the attached Instruction Form, the Company, on the terms and subject to the conditions of the Offer, will accept all such shares for purchase before proration, if any, of the purchase of other shares validly tendered at or below the Purchase Price and not validly withdrawn.

9. If you wish to condition your tender upon the Company's purchase of a specified minimum number of the shares which you tender, you may elect to do so and thereby avoid possible proration of your tender. The Company's purchase of shares from all tenders that are so conditioned will be determined by random lot. To elect such a condition, complete the section captioned "Conditional Tender" in the attached Instruction Form.

If you wish to have us tender any or all of your shares, please so instruct us by completing, executing, detaching and returning to us the attached instruction form. If you authorize us to tender your shares, we will tender all of your shares unless you specify otherwise on the attached Instruction Form.

Your prompt action is requested. Your Instruction Form should be forwarded to us in ample time to permit us to submit a tender on your behalf before the expiration of the Offer. Please note that the Offer, proration period and withdrawal rights will expire at 12:00 midnight, New York City time, on Thursday, February 8, 2007 unless the Offer is extended.

The Offer is being made solely under the Offer to Purchase and the related Letter of Transmittal and is being made to all record holders of Common Shares. The Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of shares residing in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction.

**Instruction Form
With Respect to
Offer to Purchase for Cash
by
The Scotts Miracle-Gro Company
of
Up to 4,504,504 of its Common Shares
At a Per Share Purchase Price Not Less Than \$48.50 nor
Greater Than \$55.50**

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase, dated January 10, 2007 (the "Offer to Purchase"), and the related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively constitute the "Offer"), in connection with the offer by The Scotts Miracle-Gro Company, an Ohio corporation (the "Company"), to purchase up to 4,504,504 of its common shares, without par value ("Common Shares"), at a price not less than \$48.50 nor greater than \$55.50 per share, net to the seller in cash, without interest. The Offer is subject to the terms and conditions set forth in the Offer to Purchase and the related Letter of Transmittal. Unless the context requires otherwise, all references herein to "shares" refer to Common Shares.

The undersigned hereby instruct(s) you to tender to the Company the number of shares indicated below or, if no number is indicated, all shares you hold for the account of the undersigned, at the price per share indicated below, on the terms and subject to the conditions of the Offer.

Number of shares to be tendered: shares.

THE UNDERSIGNED IS TENDERING SHARES AS FOLLOWS (CHECK ONLY ONE BOX):

(1) SHARES TENDERED AT PRICE DETERMINED BY SHAREHOLDER (SEE INSTRUCTION 5 OF THE LETTER OF TRANSMITTAL)

By checking ONE of the following boxes below INSTEAD OF THE BOX UNDER “Shares Tendered at Price Determined Pursuant to the Offer,” the undersigned hereby tenders shares at the price checked. This action could result in none of the shares being purchased if the Purchase Price (as defined in the Offer to Purchase) for the shares is less than the price checked below. **IF YOU DESIRE TO TENDER SHARES AT MORE THAN ONE PRICE, YOU MUST INSTRUCT US, AS THE RECORD OWNER OF SHARES HELD IN YOUR ACCOUNT, TO COMPLETE A SEPARATE NOTICE OF GUARANTEED DELIVERY AND/OR LETTER OF TRANSMITTAL FOR EACH PRICE AT WHICH SHARES ARE TO BE TENDERED.** The same shares cannot be tendered, unless previously validly withdrawn as provided in Section 4 of the Offer to Purchase, at more than one price.

**PRICE (IN DOLLARS) PER SHARE AT WHICH SHARES
ARE BEING TENDERED**

- | | |
|-------------------------------|-------------------------------|
| <input type="radio"/> \$48.50 | <input type="radio"/> \$52.50 |
| <input type="radio"/> \$49.00 | <input type="radio"/> \$53.00 |
| <input type="radio"/> \$49.50 | <input type="radio"/> \$53.50 |
| <input type="radio"/> \$50.00 | <input type="radio"/> \$54.00 |
| <input type="radio"/> \$50.50 | <input type="radio"/> \$54.50 |
| <input type="radio"/> \$51.00 | <input type="radio"/> \$55.00 |
| <input type="radio"/> \$51.50 | <input type="radio"/> \$55.50 |
| <input type="radio"/> \$52.00 | |

OR

(2) SHARES TENDERED AT PRICE DETERMINED PURSUANT TO THE OFFER (SEE INSTRUCTION 5 OF THE LETTER OF TRANSMITTAL)

By checking the box below INSTEAD OF ONE OF THE BOXES UNDER “Price (in Dollars) Per Share at which Shares are Being Tendered,” the undersigned hereby tenders shares at the Purchase Price, as the same shall be determined in accordance with the terms of the Offer.

- The undersigned wants to maximize the chance of having the Company purchase all of the shares the undersigned is tendering (subject to the possibility of proration). Accordingly, by checking this box instead of one of the price boxes above, the undersigned hereby tenders shares and is willing to accept the Purchase Price determined in accordance with the terms of the Offer. This action could result in receiving a price per share as low as \$48.50.

CHECK ONLY ONE BOX UNDER (1) OR (2) ABOVE. IF MORE THAN ONE BOX IS CHECKED ABOVE, THERE IS NO VALID TENDER OF SHARES.

ODD LOT

(See Box 6 of the Letter of Transmittal)

To be completed only if shares are being tendered by or on behalf of a person owning, beneficially or of record, an aggregate of fewer than 100 shares. The undersigned either (check one box):

- o Is the beneficial or record owner of an aggregate of fewer than 100 shares, all of which are being tendered; or
- o Is a broker, dealer, commercial bank, trust company, or other nominee that (a) is tendering for the beneficial owner(s), shares with respect to which it is the record holder, and (b) believes, based upon representations made to it by the beneficial owner(s), that each such person is the beneficial owner of an aggregate of fewer than 100 shares and is tendering all of such person's shares.

In addition, the undersigned is tendering shares either (check one box):

- o at the price per share indicated above in the section captioned "Price (in Dollars) Per Share at which Shares are Being Tendered"; or
- o at the Purchase Price, as the same will be determined in accordance with the terms of the Offer (persons checking this box need not indicate the price per share above).

CONDITIONAL TENDER

(See Box 6 of the Letter of Transmittal)

A tendering shareholder may condition his or her tender of shares upon the Company purchasing a specified minimum number of the shares tendered, all as described in Section 6 of the Offer to Purchase. Unless at least that minimum number of shares you indicate below is purchased by the Company pursuant to the terms of the Offer, none of the shares tendered will be purchased. **It is the tendering shareholder's responsibility to calculate that minimum number of shares that must be purchased if any are purchased and each shareholder is urged to consult his or her own tax advisor with respect to his or her particular situation.** Unless this box has been checked and a minimum specified, your tender will be deemed unconditional.

- o The minimum number of shares that must be purchased from the undersigned, if any are purchased, is: _____ shares.

If, because of proration, the minimum number of shares will not be purchased, the Company may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, the tendering shareholder must have tendered all of his or her shares and checked the box below:

- o The tendered shares represent all Common Shares held by the undersigned.

The method of delivery of this document is at the election and risk of the tendering shareholder. If delivery is by mail, then registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

The Company's Board of Directors has approved the Offer. However, neither the Company nor any member of its Board of Directors, nor the Dealer Manager nor the Information Agent nor the Depositary makes any recommendation to shareholders as to whether they should tender or refrain from tendering their shares or as to the purchase price or purchase prices at which they may choose to tender their shares. Shareholders must make their own decision as to whether to tender their shares and, if so, how many shares to tender and the purchase price or purchase prices at which their shares should be tendered. In doing so, shareholders should read carefully the information in the Offer to Purchase and in the related Letter of Transmittal, including the Company's reasons for making the Offer. See Section 2 of the Offer to Purchase. Shareholders should discuss whether to tender their shares with their broker or other financial or tax advisor. The Company's directors and executive officers have advised the Company that they do not intend to tender any shares owned by them in the Offer. See Section 11 of the Offer to Purchase.

Signature(s): _____

Name(s): _____

(Please Print)

Taxpayer Identification or Social Security Number: _____

Address(es): _____

(Including Zip Code)

Area Code/Phone Number: _____

Date: _____

IMMEDIATE ATTENTION REQUIRED

January 10, 2007

Re: The Scotts Miracle-Gro Company Tender Offer

Dear Participant in The Scotts Company LLC Retirement Savings Plan:

The enclosed tender offer materials and Direction Form require your immediate attention. Our records reflect that, as a participant in The Scotts Company LLC Retirement Savings Plan (the "Plan"), all or a portion of your individual account is invested in The Scotts Miracle-Gro Company Stock Fund (the "Stock Fund"). The tender offer materials describe an offer by The Scotts Miracle-Gro Company to purchase up to 4,504,504 of its common shares, without par value per share (the "Shares"), at a price not greater than \$55.50 nor less than \$48.50 per share, net to the seller in cash, without interest (the "Offer"). As described below, you have the right to instruct Fidelity Management Trust Company ("Fidelity"), as trustee of the Plan, concerning whether to tender Shares related to your individual account under the Plan. **You will need to complete the enclosed Direction Form and return it to Fidelity's tabulator in the enclosed return envelope so that it is RECEIVED by 4:00 p.m., New York City time, on Monday, February 5, 2007, unless the Offer is extended, in which case the deadline for receipt of instructions will, to the extent feasible, be three business days prior to the expiration date of the Offer.**

The remainder of this letter summarizes the transaction, your rights under the Plan and the procedures for completing and submitting the Direction Form. You should also review the more detailed explanation provided in the Offer to Purchase, dated January 10, 2007 (the "Offer to Purchase"), enclosed with this letter.

BACKGROUND

The Scotts Miracle-Gro Company ("SMG") has made an Offer to its shareholders to tender up to 4,504,504 of its common shares, for purchase by SMG at a price not greater than \$55.50 nor less than \$48.50 per Share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the enclosed Offer to Purchase. SMG will select the lowest purchase price (in increments of \$.50) that will allow it to purchase 4,504,504 Shares or, if a lesser number of Shares are properly tendered, all Shares that are properly tendered and not withdrawn. All Shares acquired in the Offer will be acquired at the same purchase price regardless of whether the shareholder tendered at a lower price.

The enclosed Offer to Purchase sets forth the objectives, terms and conditions of the Offer and is being provided to all of SMG's shareholders. To understand the Offer fully and for a more complete description of the terms and conditions of the Offer, you should carefully read the entire Offer to Purchase, including the portions thereof relating to the special dividend which SMG contemplates declaring in February, 2007.

The Offer extends to the Shares held by the Plan. As of January 3, 2007, the Plan had approximately 322,923 Shares allocated to participant accounts. Only Fidelity, as trustee of the Plan, can tender these Shares in the Offer. Nonetheless, as a participant under the Plan, you have the right to direct Fidelity whether or not to tender some or all of the Shares attributable to your individual account under the Plan, and at what price or prices. Unless otherwise required by applicable law, Fidelity will tender Shares attributable to participant accounts in accordance with participant instructions and Fidelity will not tender Shares attributable to participant accounts for which it does not receive timely instructions. **If you do not complete the enclosed Direction Form and return it to Fidelity's tabulator on a timely basis, you will be deemed to have elected not to participate in the Offer and no Shares attributable to**

your Plan account will be tendered. Fidelity will tender Shares within the Plan that have not been allocated to an individual account in the same proportion and at the same prices as they tender Shares for which they receive participant directions, unless otherwise required by applicable law.

LIMITATIONS ON FOLLOWING YOUR DIRECTION

The enclosed Direction Form allows you to specify the percentage of the Shares attributable to your account that you wish to tender and the price or prices at which you want to tender Shares attributable to your account. As detailed below, when Fidelity tenders Shares on behalf of the Plan, it may be required to tender Shares on terms different than those set forth on your Direction Form.

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and the trust agreement between SMG and Fidelity prohibit the sale of Shares to SMG for less than “adequate consideration” which is defined by ERISA for a publicly traded security as the prevailing market price on a national securities exchange. Fidelity will determine “adequate consideration,” based on the prevailing or closing market price of the Shares on the New York Stock Exchange on or about the date the Shares are tendered by Fidelity (the “prevailing market price”). Accordingly, depending on the prevailing market price of the Shares on such date, Fidelity may be unable to follow participant directions to tender Shares to SMG at certain prices within the offered range. Fidelity will tender or not tender Shares as follows:

- If the prevailing market price is greater than the maximum tender price offered by SMG (\$55.50 per Share), notwithstanding your direction to tender Shares in the Offer, the Shares will not be tendered.
- If the prevailing market price is lower than the price at which you direct Shares be tendered, notwithstanding the lower closing market price, Fidelity will follow your direction both as to percentage of Shares to tender and as to the price at which such Shares are tendered.
- If the prevailing market price is greater than the price at which you direct the Shares be tendered but within the range of \$48.50 to \$55.50, Fidelity will follow your direction regarding the percentage of Shares to be tendered, but will increase the price at which such Shares are to be tendered to the lowest tender price that is not less than prevailing market price.
- If the prevailing market price is within the range of \$48.50 to \$55.50, for all shares directed to be tendered at the “per Share purchase price to be determined pursuant to the tender offer”, Fidelity will tender such Shares at the lowest tender price that is not less than the prevailing market price.

Unless otherwise required by applicable law, Fidelity will not tender Shares for which it has received no direction, or for which it has received a direction not to tender. Fidelity makes no recommendation as to whether to direct the tender of Shares or whether to refrain from directing the tender of Shares. EACH PARTICIPANT OR BENEFICIARY MUST MAKE HIS OR HER OWN DECISIONS.

CONFIDENTIALITY

To assure the confidentiality of your decision, Fidelity and their affiliates or agents will tabulate the Direction Forms. Neither Fidelity nor their affiliates or agents will make your individual direction available to SMG.

PROCEDURE FOR DIRECTING TRUSTEE

Enclosed is a Direction Form which should be completed and returned to Fidelity's tabulator. Please note that the Direction Form indicates the number of Shares attributable to your individual account as of January 3, 2007. However, for purposes of the final tabulation, Fidelity will apply your instructions to the number of Shares attributable to your account as of February 5, 2007, or as of a later date if the Offer is extended.

If you do not properly complete the Direction Form or do not return it by the deadline specified, such Shares will be considered NOT TENDERED.

To properly complete your Direction Form, you must do the following:

(1) On the face of the Direction Form, check Box 1 or 2. CHECK ONLY ONE BOX:

- CHECK BOX 1 if you do not want the Shares attributable to your individual account tendered for sale in accordance with the terms of the Offer and simply want the Plan to continue holding such Shares.
- CHECK BOX 2 in all other cases and complete the table immediately below Box 2. Specify the percentage (in whole numbers) of Shares attributable to your individual account that you want to tender at each price indicated.

You may direct the tender of Shares attributable to your account at different prices. To do so, you must state the percentage (in whole numbers) of Shares to be sold at each price by filling in the percentage of such Shares on the line immediately before the price. Also, you may elect to accept the per Share purchase price to be determined pursuant to the tender offer, which will result in receiving a price per Share as low as \$48.50 or as high as \$55.50. Leave a given line blank if you want no Shares tendered at that particular price. The total of the percentages you provide on the Direction Form may not exceed 100%, but it may be less than 100%. If this amount is less than 100%, you will be deemed to have instructed Fidelity NOT to tender the balance of the Shares attributable to your individual account.

(2) Date and sign the Direction Form in the space provided.

(3) Return the Direction Form in the enclosed return envelope so that it is received by Fidelity's tabulator at the address on the return envelope (P.O. Box 9142, Hingham, MA 02043) not later than 4:00 P.M., New York City time, on Monday, February 5, 2007, unless the Offer is extended, in which case, to the extent feasible, the participant deadline shall be three business days prior to the expiration date of the Offer. If you wish to return the form by overnight courier, please send it to Fidelity's tabulator at Tabulator, 60 Research Road, Hingham, MA 02043. Directions via facsimile will not be accepted.

Your direction will be deemed irrevocable unless withdrawn by 4:00 p.m., New York City time, on Monday, February 5, 2007, unless the Offer is extended by SMG. In order to make an effective withdrawal, you must submit a new Direction Form which may be obtained by calling Fidelity at (800) 835-5095. Upon receipt of a new, completed and signed Direction Form, your previous direction will be deemed canceled. You may direct the re-tendering of any Shares attributable to your individual account by obtaining an additional Direction Form from Fidelity and repeating the previous instructions for directing tender as set forth in this letter.

After the deadline above for returning the Direction Form to Fidelity's tabulator, Fidelity and their affiliates or agents will complete the tabulation of all directions. Fidelity will tender the appropriate number of Shares on behalf of the Plan.

Subject to the satisfaction of the conditions described in the Offer to Purchase, SMG will buy all Shares, up to 4,504,504, that are properly tendered through the Offer. If there is an excess of Shares tendered over the exact number desired by SMG, Shares tendered pursuant to the Offer may be subject to proration, as described in the Offer to Purchase. Any Shares attributable to your account that are not purchased in the Offer will remain allocated to your individual account under the Plan.

The preferential treatment of holders of fewer than 100 Shares, as described in the Offer to Purchase, will not apply to participants in the Plan, regardless of the number of Shares held within their individual accounts. Likewise, the conditional tender of Shares, as described in the Offer to Purchase, will not apply to participants in the Plan.

EFFECT OF TENDER ON YOUR ACCOUNT

If you direct Fidelity to tender some or all of the Shares attributable to your Plan account, as of 4:00 p.m., New York City time, on February 5, 2007, certain transactions involving the Stock Fund attributable to your account, including all exchanges out, loans, withdrawals and distributions, will be prohibited until all processing related to the Offer has been completed, unless the Offer is terminated or the completion date is extended. This freeze on transactions will apply to ALL Shares attributable to your Plan account, even if you elect to tender less than 100% of the Shares. (Balances in the Stock Fund will be utilized to calculate amounts eligible for loans and withdrawals throughout this freeze on the Stock Fund.) In the event that the Offer is extended, the freeze on transactions involving the Stock Fund will, if feasible, be temporarily lifted until three days prior to the new completion date of the Offer, as extended, at which time a new freeze on these transactions involving the Stock Fund will commence. You can call Fidelity at (800) 835-5095 to obtain updated information on expiration dates, deadlines and Stock Fund freezes.

If you directed Fidelity NOT to tender any of the Shares attributable to your account or you did not return your Trustee Direction Form in a timely manner, you will continue to have access to all transactions normally available to the Stock Fund, subject to Plan rules.

While participants will not recognize any immediate tax gain or loss as a result of the Offer, the tax treatment of future withdrawals or distributions of shares from the Plan may be adversely impacted by a tender and sale of shares under the Plan. Specifically, under current federal income tax rules, to the extent that you receive from the Plan a future lump sum distribution that includes shares that have increased in value while they were held by the Plan, under certain circumstances, you may have the option of deferring payment of taxes on this increase in value until you later sell the shares after they are distributed to you, at which time the gain would be taxed at long-term capital gains rates. Your sale of shares within the Plan prior to their distribution to you (whether pursuant to the Offer or otherwise) eliminates this tax planning opportunity for the shares disposed of in the pre-distribution sale. Please refer to the Summary Plan Description and Prospectus for the Plan that has been provided to you for more information on taxes.

INVESTMENT OF PROCEEDS

For any Shares in the Plan that are tendered and purchased by SMG, SMG will pay cash to the Plan. **INDIVIDUAL PARTICIPANTS IN THE PLAN WILL NOT, HOWEVER, RECEIVE ANY CASH TENDER PROCEEDS DIRECTLY. ALL SUCH PROCEEDS WILL REMAIN IN THE PLAN AND MAY BE WITHDRAWN ONLY IN ACCORDANCE WITH THE TERMS OF THE PLAN.**

Fidelity will invest proceeds received with respect to Shares attributable to your account in the Fidelity Managed Income Portfolio as soon as administratively possible after receipt of proceeds. Fidelity

anticipates that the processing of participant accounts will be completed five to seven business days after receipt of these proceeds. You may call Fidelity at (800) 835-5095 after the reinvestment is complete to learn the effect of the tender on your account or to have the proceeds from the sale of Shares which were invested in the Fidelity Managed Income Portfolio invested in other investment options offered under the Plan.

SHARES OUTSIDE THE PLAN

If you hold Shares outside of the Plan, you will receive, under separate cover, Offer materials to be used to tender those Shares. **Those Offer materials may not be used to direct Fidelity to tender or not tender the Shares attributable to your individual account under the Plan.** Likewise, the tender of Shares attributable to your individual account under the Plan will not be effective with respect to Shares you hold outside of the Plan. The direction to tender or not tender Shares attributable to your individual account under the Plan may only be made in accordance with the procedures in this letter. Similarly, the enclosed Direction Form may not be used to tender Shares held outside of the Plan.

FURTHER INFORMATION

If you require additional information concerning the procedure to tender Shares attributable to your individual account under the Plan, please contact Fidelity at (800) 835-5095. If you require additional information concerning the terms and conditions of the Offer, please call D.F. King & Co., Inc., the Information Agent, toll free at (800) 714-3312.

Sincerely,

Fidelity Management Trust Company

**DIRECTION FORM
THE SCOTTS MIRACLE-GRO TENDER OFFER**

***BEFORE COMPLETING THIS FORM, PLEASE READ CAREFULLY
THE ACCOMPANYING OFFER TO PURCHASE AND ALL OTHER ENCLOSED MATERIALS***

PLEASE NOTE THAT IF YOU DO NOT SEND IN A PROPERLY COMPLETED, SIGNED DIRECTION FORM, OR IF SUCH DIRECTION FORM IS NOT RECEIVED BY 4:00 P.M., NEW YORK CITY TIME ON MONDAY, FEBRUARY 5, 2007, UNLESS THE TENDER OFFER IS EXTENDED, THE SHARES ATTRIBUTABLE TO YOUR PLAN ACCOUNT WILL NOT BE TENDERED IN ACCORDANCE WITH THE TENDER OFFER, UNLESS OTHERWISE REQUIRED BY LAW.

Fidelity Management Trust Company ("Fidelity") makes no recommendation to any participant in The Scotts Company LLC Retirement Savings Plan (the "Plan") as to whether to tender or not, or at which prices. Your direction to Fidelity will be kept confidential.

This Direction Form, if properly signed, completed and received by Fidelity's tender offer tabulator in a timely manner, will supersede any previous Direction Form.

Date

Please Print Name

Signature

As of January 3, 2007, the number of shares attributable to your account under the Plan is shown to the right of your address.

In connection with the Offer to Purchase made by The Scotts Miracle-Gro Company, dated January 10, 2007, I hereby instruct Fidelity to tender the shares attributable to my Plan account as of February 5, 2007, unless a later deadline is announced, as follows (check only one box and complete):

(CHECK BOX #1 OR #2)

- o1. Please refrain from tendering and continue to HOLD all shares attributable to my individual account under the Plan.
- o2. Please TENDER shares attributable to my individual account under the Plan in the percentage indicated below for each of the prices provided. A blank space before a given price will be taken to mean that no shares attributable to my account are to be tendered at that price. I understand that certain transactions involving shares attributable to my Plan account, including exchanges out, loans, withdrawals and distributions, will be prohibited until all processing of the Offer has been completed, and that such freeze will apply to ALL such shares even if I elect to tender less than 100%. FILL IN THE TABLE BELOW ONLY IF YOU HAVE CHECKED BOX #2.

Percentage of Shares to be Tendered (The total of all percentages must be less than or equal to 100%. If the total is less than 100%, you will be deemed to have directed Fidelity NOT to tender the remaining percentage.)

| | | | | | | | |
|-------|--------------|-------|--------------|-------|--------------|-------|--------------|
| _____ | % at \$48.50 | _____ | % at \$50.50 | _____ | % at \$52.50 | _____ | % at \$54.50 |
| _____ | % at \$49.00 | _____ | % at \$51.00 | _____ | % at \$53.00 | _____ | % at \$55.00 |
| _____ | % at \$49.50 | _____ | % at \$51.50 | _____ | % at \$53.50 | _____ | % at \$55.50 |
| _____ | % at \$50.00 | _____ | % at \$52.00 | _____ | % at \$54.00 | _____ | % at TBD** |

** By entering a percentage on the % line at TBD, the undersigned is willing to accept the purchase price resulting from the Offer for the percentage of shares elected. This could result in receiving a price per share as low as \$48.50 or as high as \$55.50 per Share.

IMMEDIATE ATTENTION REQUIRED

January 10, 2007

Re: The Scotts Miracle-Gro Company Tender Offer

Dear Participant in the Smith & Hawken 401(k) Plan:

The enclosed tender offer materials and Direction Form require your immediate attention. Our records reflect that, as a participant in the Smith & Hawken 401(k) Plan (the "Plan"), all or a portion of your individual account is invested in The Scotts Miracle-Gro Company Stock Fund (the "Stock Fund"). The tender offer materials describe an offer by The Scotts Miracle-Gro Company to purchase up to 4,504,504 of its common shares, without par value per share (the "Shares"), at a price not greater than \$55.50 nor less than \$48.50 per share, net to the seller in cash, without interest (the "Offer"). As described below, you have the right to instruct Fidelity Management Trust Company ("Fidelity"), as trustee of the Plan, concerning whether to tender Shares related to your individual account under the Plan. **You will need to complete the enclosed Direction Form and return it to Fidelity's tabulator in the enclosed return envelope so that it is RECEIVED by 4:00 p.m., New York City time, on Monday, February 5, 2007, unless the Offer is extended, in which case the deadline for receipt of instructions will, to the extent feasible, be three business days prior to the expiration date of the Offer.**

The remainder of this letter summarizes the transaction, your rights under the Plan and the procedures for completing and submitting the Direction Form. You should also review the more detailed explanation provided in the Offer to Purchase, dated January 10, 2007 (the "Offer to Purchase"), enclosed with this letter.

BACKGROUND

The Scotts Miracle-Gro Company ("SMG") has made an Offer to its shareholders to tender up to 4,504,504 of its common shares, for purchase by SMG at a price not greater than \$55.50 nor less than \$48.50 per Share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the enclosed Offer to Purchase. SMG will select the lowest purchase price (in increments of \$.50) that will allow it to purchase 4,504,504 Shares or, if a lesser number of Shares are properly tendered, all Shares that are properly tendered and not withdrawn. All Shares acquired in the Offer will be acquired at the same purchase price regardless of whether the shareholder tendered at a lower price.

The enclosed Offer to Purchase sets forth the objectives, terms and conditions of the Offer and is being provided to all of SMG's shareholders. To understand the Offer fully and for a more complete description of the terms and conditions of the Offer, you should carefully read the entire Offer to Purchase, including the portions thereof relating to the special dividend which SMG contemplates declaring in February, 2007.

The Offer extends to the Shares held by the Plan. As of January 3, 2007, the Plan had approximately 49 Shares allocated to participant accounts. Only Fidelity, as trustee of the Plan, can tender these Shares in the Offer. Nonetheless, as a participant under the Plan, you have the right to direct Fidelity whether or not to tender some or all of the Shares attributable to your individual account under the Plan, and at what price or prices. Unless otherwise required by applicable law, Fidelity will tender Shares attributable to participant accounts in accordance with participant instructions and Fidelity will not tender Shares attributable to participant accounts for which it does not receive timely instructions. **If you do not complete the enclosed Direction Form and return it to Fidelity's tabulator on a timely basis, you will be deemed to have elected not to participate in the Offer and no Shares attributable to**

your Plan account will be tendered. Fidelity will tender Shares within the Plan that have not been allocated to an individual account in the same proportion and at the same prices as they tender Shares for which they receive participant directions, unless otherwise required by applicable law.

LIMITATIONS ON FOLLOWING YOUR DIRECTION

The enclosed Direction Form allows you to specify the percentage of the Shares attributable to your account that you wish to tender and the price or prices at which you want to tender Shares attributable to your account. As detailed below, when Fidelity tenders Shares on behalf of the Plan, it may be required to tender Shares on terms different than those set forth on your Direction Form.

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and the trust agreement between Smith & Hawken, Ltd. and Fidelity prohibit the sale of Shares to SMG for less than “adequate consideration” which is defined by ERISA for a publicly traded security as the prevailing market price on a national securities exchange. Fidelity will determine “adequate consideration,” based on the prevailing or closing market price of the Shares on the New York Stock Exchange on or about the date the Shares are tendered by Fidelity (the “prevailing market price”). Accordingly, depending on the prevailing market price of the Shares on such date, Fidelity may be unable to follow participant directions to tender Shares to SMG at certain prices within the offered range. Fidelity will tender or not tender Shares as follows:

- If the prevailing market price is greater than the maximum tender price offered by SMG (\$55.50 per Share), notwithstanding your direction to tender Shares in the Offer, the Shares will not be tendered.
- If the prevailing market price is lower than the price at which you direct Shares be tendered, notwithstanding the lower closing market price, Fidelity will follow your direction both as to percentage of Shares to tender and as to the price at which such Shares are tendered.
- If the prevailing market price is greater than the price at which you direct the Shares be tendered but within the range of \$48.50 to \$55.50, Fidelity will follow your direction regarding the percentage of Shares to be tendered, but will increase the price at which such Shares are to be tendered to the lowest tender price that is not less than prevailing market price.
- If the prevailing market price is within the range of \$48.50 to \$55.50, for all shares directed to be tendered at the “per Share purchase price to be determined pursuant to the tender offer”, Fidelity will tender such Shares at the lowest tender price that is not less than the prevailing market price.

Unless otherwise required by applicable law, Fidelity will not tender Shares for which it has received no direction, or for which it has received a direction not to tender. Fidelity makes no recommendation as to whether to direct the tender of Shares or whether to refrain from directing the tender of Shares. EACH PARTICIPANT OR BENEFICIARY MUST MAKE HIS OR HER OWN DECISIONS.

CONFIDENTIALITY

To assure the confidentiality of your decision, Fidelity and their affiliates or agents will tabulate the Direction Forms. Neither Fidelity nor their affiliates or agents will make your individual direction available to Smith & Hawken, Ltd. or SMG.

PROCEDURE FOR DIRECTING TRUSTEE

Enclosed is a Direction Form which should be completed and returned to Fidelity's tabulator. Please note that the Direction Form indicates the number of Shares attributable to your individual account as of January 3, 2007. However, for purposes of the final tabulation, Fidelity will apply your instructions to the number of Shares attributable to your account as of February 5, 2007, or as of a later date if the Offer is extended.

If you do not properly complete the Direction Form or do not return it by the deadline specified, such Shares will be considered NOT TENDERED.

To properly complete your Direction Form, you must do the following:

(1) On the face of the Direction Form, check Box 1 or 2. CHECK ONLY ONE BOX:

- CHECK BOX 1 if you do not want the Shares attributable to your individual account tendered for sale in accordance with the terms of the Offer and simply want the Plan to continue holding such Shares.
- CHECK BOX 2 in all other cases and complete the table immediately below Box 2. Specify the percentage (in whole numbers) of Shares attributable to your individual account that you want to tender at each price indicated.

You may direct the tender of Shares attributable to your account at different prices. To do so, you must state the percentage (in whole numbers) of Shares to be sold at each price by filling in the percentage of such Shares on the line immediately before the price. Also, you may elect to accept the per Share purchase price to be determined pursuant to the tender offer, which will result in receiving a price per Share as low as \$48.50 or as high as \$55.50. Leave a given line blank if you want no Shares tendered at that particular price. The total of the percentages you provide on the Direction Form may not exceed 100%, but it may be less than 100%. If this amount is less than 100%, you will be deemed to have instructed Fidelity NOT to tender the balance of the Shares attributable to your individual account.

(2) Date and sign the Direction Form in the space provided.

(3) Return the Direction Form in the enclosed return envelope so that it is received by Fidelity's tabulator at the address on the return envelope (P.O. Box 9142, Hingham, MA 02043) not later than 4:00 P.M., New York City time, on Monday, February 5, 2007, unless the Offer is extended, in which case, to the extent feasible, the participant deadline shall be three business days prior to the expiration date of the Offer. If you wish to return the form by overnight courier, please send it to Fidelity's tabulator at Tabulator, 60 Research Road, Hingham, MA 02043. Directions via facsimile will not be accepted.

Your direction will be deemed irrevocable unless withdrawn by 4:00 p.m., New York City time, on Monday, February 5, 2007, unless the Offer is extended by SMG. In order to make an effective withdrawal, you must submit a new Direction Form which may be obtained by calling Fidelity at (800) 294-4015. Upon receipt of a new, completed and signed Direction Form, your previous direction will be deemed canceled. You may direct the re-tendering of any Shares attributable to your individual account by obtaining an additional Direction Form from Fidelity and repeating the previous instructions for directing tender as set forth in this letter.

After the deadline above for returning the Direction Form to Fidelity's tabulator, Fidelity and their affiliates or agents will complete the tabulation of all directions. Fidelity will tender the appropriate number of Shares on behalf of the Plan.

Subject to the satisfaction of the conditions described in the Offer to Purchase, SMG will buy all Shares, up to 4,504,504, that are properly tendered through the Offer. If there is an excess of Shares tendered over the exact number desired by SMG, Shares tendered pursuant to the Offer may be subject to proration, as described in the Offer to Purchase. Any Shares attributable to your account that are not purchased in the Offer will remain allocated to your individual account under the Plan.

The preferential treatment of holders of fewer than 100 Shares, as described in the Offer to Purchase, will not apply to participants in the Plan, regardless of the number of Shares held within their individual accounts. Likewise, the conditional tender of Shares, as described in the Offer to Purchase, will not apply to participants in the Plan.

EFFECT OF TENDER ON YOUR ACCOUNT

If you direct Fidelity to tender some or all of the Shares attributable to your Plan account, as of 4:00 p.m., New York City time, on February 5, 2007, certain transactions involving the Stock Fund attributable to your account, including all exchanges out, loans, withdrawals and distributions, will be prohibited until all processing related to the Offer has been completed, unless the Offer is terminated or the completion date is extended. This freeze on transactions will apply to ALL Shares attributable to your Plan account, even if you elect to tender less than 100% of the Shares. (Balances in the Stock Fund will be utilized to calculate amounts eligible for loans and withdrawals throughout this freeze on the Stock Fund.) In the event that the Offer is extended, the freeze on transactions involving the Stock Fund will, if feasible, be temporarily lifted until three days prior to the new completion date of the Offer, as extended, at which time a new freeze on these transactions involving the Stock Fund will commence. You can call Fidelity at (800) 294-4015 to obtain updated information on expiration dates, deadlines and Stock Fund freezes.

If you directed Fidelity NOT to tender any of the Shares attributable to your account or you did not return your Trustee Direction Form in a timely manner, you will continue to have access to all transactions normally available to the Stock Fund, subject to Plan rules.

While participants will not recognize any immediate tax gain or loss as a result of the Offer, the tax treatment of future withdrawals or distributions of shares from the Plan may be adversely impacted by a tender and sale of shares under the Plan. Specifically, under current federal income tax rules, to the extent that you receive from the Plan a future lump sum distribution that includes shares that have increased in value while they were held by the Plan, under certain circumstances, you may have the option of deferring payment of taxes on this increase in value until you later sell the shares after they are distributed to you, at which time the gain would be taxed at long-term capital gains rates. Your sale of shares within the Plan prior to their distribution to you (whether pursuant to the Offer or otherwise) eliminates this tax planning opportunity for the shares disposed of in the pre-distribution sale. Please refer to the Summary Plan Description and Prospectus for the Plan that has been provided to you for more information on taxes.

INVESTMENT OF PROCEEDS

For any Shares in the Plan that are tendered and purchased by SMG, SMG will pay cash to the Plan. **INDIVIDUAL PARTICIPANTS IN THE PLAN WILL NOT, HOWEVER, RECEIVE ANY CASH TENDER PROCEEDS DIRECTLY. ALL SUCH PROCEEDS WILL REMAIN IN THE PLAN AND MAY BE WITHDRAWN ONLY IN ACCORDANCE WITH THE TERMS OF THE PLAN.**

Fidelity will invest proceeds received with respect to Shares attributable to your account in the Fidelity Advisor Stable Value Portfolio II as soon as administratively possible after receipt of proceeds.

Fidelity anticipates that the processing of participant accounts will be completed five to seven business days after receipt of these proceeds. You may call Fidelity at (800) 294-4015 after the reinvestment is complete to learn the effect of the tender on your account or to have the proceeds from the sale of Shares which were invested in the Fidelity Advisor Stable Value Portfolio II invested in other investment options offered under the Plan.

SHARES OUTSIDE THE PLAN

If you hold Shares outside of the Plan, you will receive, under separate cover, Offer materials to be used to tender those Shares. **Those Offer materials may not be used to direct Fidelity to tender or not tender the Shares attributable to your individual account under the Plan.** Likewise, the tender of Shares attributable to your individual account under the Plan will not be effective with respect to Shares you hold outside of the Plan. The direction to tender or not tender Shares attributable to your individual account under the Plan may only be made in accordance with the procedures in this letter. Similarly, the enclosed Direction Form may not be used to tender Shares held outside of the Plan.

FURTHER INFORMATION

If you require additional information concerning the procedure to tender Shares attributable to your individual account under the Plan, please contact Fidelity at (800) 294-4015. If you require additional information concerning the terms and conditions of the Offer, please call D.F. King & Co., Inc., the Information Agent, toll free at (800) 714-3312.

Sincerely,

Fidelity Management Trust Company

**DIRECTION FORM
THE SCOTTS MIRACLE-GRO TENDER OFFER**

***BEFORE COMPLETING THIS FORM, PLEASE READ CAREFULLY
THE ACCOMPANYING OFFER TO PURCHASE AND ALL OTHER ENCLOSED MATERIALS***

PLEASE NOTE THAT IF YOU DO NOT SEND IN A PROPERLY COMPLETED, SIGNED DIRECTION FORM, OR IF SUCH DIRECTION FORM IS NOT RECEIVED BY 4:00 P.M., NEW YORK CITY TIME ON MONDAY, FEBRUARY 5, 2007, UNLESS THE TENDER OFFER IS EXTENDED, THE SHARES ATTRIBUTABLE TO YOUR PLAN ACCOUNT WILL NOT BE TENDERED IN ACCORDANCE WITH THE TENDER OFFER, UNLESS OTHERWISE REQUIRED BY LAW.

Fidelity Management Trust Company ("Fidelity") makes no recommendation to any participant in the Smith & Hawken 401(k) Plan (the "Plan") as to whether to tender or not, or at which prices. Your direction to Fidelity will be kept confidential.

This Direction Form, if properly signed, completed and received by Fidelity's tender offer tabulator in a timely manner, will supersede any previous Direction Form.

Date

Please Print Name

Signature

As of January 3, 2007, the number of shares attributable to your account under the Plan is shown to the right of your address.

In connection with the Offer to Purchase made by The Scotts Miracle-Gro Company, dated January 10, 2007, I hereby instruct Fidelity to tender the shares attributable to my Plan account as of February 5, 2007, unless a later deadline is announced, as follows (check only one box and complete):

(CHECK BOX #1 OR #2)

- o 1. Please refrain from tendering and continue to HOLD all shares attributable to my individual account under the Plan.
- o 2. Please TENDER shares attributable to my individual account under the Plan in the percentage indicated below for each of the prices provided. A blank space before a given price will be taken to mean that no shares attributable to my account are to be tendered at that price. I understand that certain transactions involving shares attributable to my Plan account, including exchanges out, loans, withdrawals and distributions, will be prohibited until all processing of the Offer has been completed, and that such freeze will apply to ALL such shares even if I elect to tender less than 100%. FILL IN THE TABLE BELOW ONLY IF YOU HAVE CHECKED BOX #2.

Percentage of Shares to be Tendered (The total of all percentages must be less than or equal to 100%. If the total is less than 100%, you will be deemed to have directed Fidelity NOT to tender the remaining percentage.)

| | | | | | | | |
|-------|--------------|-------|--------------|-------|--------------|-------|--------------|
| _____ | % at \$48.50 | _____ | % at \$50.50 | _____ | % at \$52.50 | _____ | % at \$54.50 |
| _____ | % at \$49.00 | _____ | % at \$51.00 | _____ | % at \$53.00 | _____ | % at \$55.00 |
| _____ | % at \$49.50 | _____ | % at \$51.50 | _____ | % at \$53.50 | _____ | % at \$55.50 |
| _____ | % at \$50.00 | _____ | % at \$52.00 | _____ | % at \$54.00 | _____ | % at TBD** |

** By entering a percentage on the % line at TBD, the undersigned is willing to accept the purchase price resulting from the Offer for the percentage of shares elected. This could result in receiving a price per share as low as \$48.50 or as high as \$55.50 per Share.

Computershare Trust Company, N.A.

January 10, 2007

RE: The Scotts Miracle-Gro Company Discounted Stock Purchase Plan

To Participants with transferable Shares in The Scotts Miracle-Gro Company Discounted Stock Purchase Plan:

As a participant in The Scotts Miracle-Gro Company Discounted Stock Purchase Plan (the "DSPP"), you may be eligible to participate in The Scotts Miracle-Gro Company's tender offer. Enclosed for your consideration are the Offer to Purchase, dated January 10, 2007 (the "Offer to Purchase"), and the related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively constitute the "Offer"), in connection with the offer by The Scotts Miracle-Gro Company, an Ohio corporation (the "Company"), to purchase up to 4,504,504 of its common shares, without par value (the "Shares"), at a price not less than \$48.50 nor greater than \$55.50 per share, net to the seller in cash, without interest. The Offer is subject to the terms and conditions set forth in the Offer to Purchase and the related Letter of Transmittal.

On the terms and subject to the conditions of the Offer, the Company will select the lowest Purchase Price (as defined in the Offer to Purchase) that will allow it to purchase 4,504,504 Shares, or, if a lesser number of Shares are validly tendered, all Shares that are validly tendered and not validly withdrawn. All Shares acquired in the Offer will be acquired at the same Purchase Price regardless of whether a shareholder tenders any Shares at a lower price.

Only Shares validly tendered at prices at or below the Purchase Price, and not validly withdrawn, will be purchased. However, because of the "odd lot" priority, proration and conditional tender offer provisions described in the Offer to Purchase, all of the Shares tendered may not be purchased if more than the number of Shares sought by the Company are validly tendered. Shares not purchased in the Offer will be returned at the expense of the Company promptly following the expiration of the Offer.

Subject to certain limitations and legal requirements, the Company reserves the right, in its sole discretion, to purchase more than 4,504,504 Shares pursuant to the Offer.

The Offer is subject to important conditions, including the receipt by the Company of financing on terms and conditions satisfactory to the Company. See Section 7 of the Offer to Purchase.

Computershare Trust Co., N.A. ("Computershare" or "Agent") is the holder of record of Shares held for your account under the DSPP. As such, it is the only entity that can tender your Shares, and then only pursuant to your instructions. Note that only "vested Shares," *i.e.*, Shares you have held at least 12 months, may be tendered under the DSPP. Non-vested Shares may not be tendered since they are not currently transferable. **We are sending you the Letter of Transmittal for your information only; you cannot use it to tender the Shares we hold for your account.** Set forth below are the instructions you must follow to tender vested Shares held for your benefit under the DSPP.

Please instruct us as to whether you wish us to tender any or all of the vested Shares Computershare holds for your account on the terms and subject to the conditions of the Offer by mailing your completed tender Instruction Form to us using the enclosed pre-addressed reply envelope or faxing the completed Instruction Form to us at (781) 380-3388. If you do not respond to this notice, no Shares will be tendered on your behalf in the Offer. Any Shares tendered but not accepted by the Company will remain in, or be returned to, your account.

Please note the following:

1. You may tender your vested Shares at prices (in increments of \$0.50) not less than \$48.50 nor greater than \$55.50 per Share, as indicated in the attached Instruction Form, net to you in cash, without interest.
 2. You should consult with your tax, financial, or other advisor on the possibility of designating the priority in which your vested Shares will be purchased in the event of proration.
 3. The Offer is subject to important conditions, including the receipt by the Company of financing on terms and conditions satisfactory to the Company. *See Section 7 of the Offer to Purchase.*
-

4. The Offer, proration period and withdrawal rights will expire at 12:00 midnight, New York City time, on Thursday, February 8, 2007, unless the Company extends the Offer.

5. The Offer is for up to 4,504,504 Shares, constituting approximately 6.7 % of the total number of outstanding Shares as of December 29, 2006.

6. If you wish to tender portions of your vested Shares under the DSPP at different prices, you must complete a separate Instruction Form for each price at which you wish to tender each such portion of your Shares. Computershare is the owner of record of Shares held in your account under the DSPP. As such, we must submit separate Letters of Transmittal on your behalf for each price you will accept for each portion tendered.

7. If you are a shareholder who owns beneficially or of record a total of fewer than 100 Shares (an "Odd Lot Holder") and you instruct us to tender on your behalf all such Shares at or below the Purchase Price before the expiration of the Offer and complete the section captioned "Odd Lot" on the attached Instruction Form, the Company, on the terms and subject to the conditions of the Offer, will accept all such Shares for purchase before proration, if any, of the purchase of other Shares validly tendered at or below the Purchase Price and not validly withdrawn.

8. If you wish to condition your tender upon the Company's purchase of a specified minimum number of the Shares which you tender, you may elect to do so and thereby avoid possible proration of your tender. The Company's purchase of Shares from all tenders that are so conditioned will be determined by random lot. To elect such a condition, complete the section captioned "Conditional Tender" in the attached Instruction Form.

The quarterly statements you receive from Computershare reflect the total Shares we hold for you pursuant to the DSPP. To find your vested or transferable Shares that may be tendered, you will need to go to our website. Please follow the instructions below to access our website and determine the number of Shares you may elect to tender.

Step 1: Connect to the Internet.

Step 2: Log on to www.us.computershare.com/employee

Step 3: Enter "SMG" under Company Code and click "Submit"

You will need your User ID and 5 digit Personal Identification Number (PIN). After you access your account, choose "Sell Shares" from the left side menu. The "Shares available for Sale" are your unrestricted Shares.

If you wish Computershare to tender any or all of your vested Shares under DSPP, please so instruct us by completing, executing, detaching and returning to us the attached instruction form. If you authorize us to tender your vested Shares, we will tender all of your Shares unless you specify otherwise on the attached Instruction Form.

Cash received from any Shares tendered and accepted for payment by the Company will be distributed to participants by check. Please refer to the Offer to Purchase for a general discussion of the tax consequences of a tender. **Generally, backup withholding of 28% will be required unless you complete the enclosed Substitute Form W-9.** We have enclosed instructions to assist you with the preparation of this form. See Section 14, "U.S. Federal Income Tax Consequences—Backup Withholding" of the Offer to Purchase.

Participants in the DSPP who wish to tender all or a portion of their vested Shares **must deliver their completed tender Instruction Forms to Computershare for receipt by 4:00 p.m. New York City time, on Monday, February 5, 2007, unless the tender offer is extended, in which case the deadline for receipt of instructions will be 3 business days prior to the expiration date. The mailing address and address for delivery by hand or overnight courier is Computershare Trust Company, N.A., Attn: Corporate Actions, 161 Bay State Drive, Braintree, MA 02184. The address for Registered, Certified or First Class Mail is P.O. Box 859208, Braintree, MA 02185-9208. You may fax your completed tender Instruction Form to Computershare at (781) 380-3388. If you have any questions about the tender process, please call the Information Agent, D.F. King & Co., Inc. at (800) 714-3312. Your prompt action is requested.**

The Offer is being made solely under the Offer to Purchase and the related Letter of Transmittal and is being made to all record holders of Shares. The Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of Shares residing in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction.

You may only direct us, as Agent for the DSSP, to withdraw your vested DSPP Shares from the tender by performing the following steps:

(a) You must send a signed written notice of withdrawal to Computershare as Agent for the DSPP.

(b) You may fax your notice of withdrawal to Computershare as Agent for the DSPP at (781)380-3388.

(c) The notice of withdrawal must state your name, social security number, the number of vested DSPP Shares that you wish to withdraw from the Offer and that you are directing Computershare to withdraw DSPP Shares that you previously directed us to tender on your behalf.

(d) The notice of withdrawal must be received by Computershare before 4:00 p.m., New York City time, on Monday, February 5, 2007.

You may direct Computershare to re-tender your vested Plan Shares by completing another tender Instruction Form and returning it to Computershare for receipt by 4:00 p.m., New York City time, on Monday, February 5, 2007. You may obtain another copy of the tender Instruction Form by faxing your request to 781-380-3388.

The Company's Board of Directors has approved the Offer. However, neither the Company nor any member of its Board of Directors, nor the Dealer Manager, the Information Agent, the Depository or Computershare makes any recommendation to shareholders as to whether they should tender or refrain from tendering their Shares or as to the purchase price or purchase prices at which they may choose to tender their Shares. Shareholders must make their own decision as to whether to tender their Shares and, if so, how many Shares to tender and the purchase price or purchase prices at which their Shares should be tendered. In doing so, shareholders should read carefully the information in the Offer to Purchase and in the related Letter of Transmittal, including the Company's reasons for making the Offer. See Section 2 of the Offer to Purchase. Shareholders should discuss whether to tender their Shares with their broker or other financial or tax advisor. The Company's directors and executive officers and its largest shareholder, Hagedorn Partnership, L.P., of which James Hagedorn, the Company's Chairman and Chief Executive Officer, and Katherine Hagedorn Littlefield, one of its directors, are partners, have advised the Company that they do not intend to tender any Shares owned by them in the Offer. See Section 11 of the Offer to Purchase.

YOUR INSTRUCTIONS TO US MUST BE FORWARDED TO US PROMPTLY IN ORDER TO PERMIT US TO SUBMIT A TENDER ON YOUR BEHALF IN ACCORDANCE WITH THE PROVISIONS OF THE OFFER TO PURCHASE. ALTHOUGH THE OFFER IS PRESENTLY SCHEDULED TO EXPIRE ON THURSDAY, FEBRUARY 8, 2007, AT 12:00 MIDNIGHT, NEW YORK CITY TIME, WE MUST RECEIVE YOUR INSTRUCTIONS BY NO LATER THAN 4:00 P.M., NEW YORK CITY TIME, ON MONDAY, FEBRUARY 5, 2007 IN ORDER TO BE ABLE TO ACT ON YOUR INSTRUCTIONS IN A TIMELY FASHION (UNLESS THE OFFER IS EXTENDED BY THE COMPANY).

Very truly yours,

Computershare Trust Co., N.A.

Agent, The Scotts Miracle-Gro Company Discounted
Stock Purchase Plan

The Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of Shares in any jurisdiction in which the making or acceptance thereof would not be in compliance with the laws of such jurisdiction. In those jurisdictions whose laws require that the Offer be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of the Company by Banc of America Securities LLC, the Dealer Manager for the Offer, or one or more registered brokers or dealers licensed under the laws of such jurisdictions.

Instruction Form
With Respect to
Offer to Purchase for Cash
by
The Scotts Miracle-Gro Company
of
Up to 4,504,504 of its Common Shares
At a Per Share Purchase Price Not Less Than \$48.50 nor
Greater Than \$55.50

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase, dated January 10, 2007 (the "Offer to Purchase"), and the related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively constitute the "Offer"), in connection with the offer by The Scotts Miracle-Gro Company, an Ohio corporation (the "Company"), to purchase up to 4,504,504 of its common shares, without par value (the "Shares"), at a price not less than \$48.50 nor greater than \$55.50 per Share, net to the seller in cash, without interest. The Offer is subject to the terms and conditions set forth in the Offer to Purchase and the related Letter of Transmittal.

The undersigned hereby instruct(s) you to tender to the Company the number of Shares indicated below or, if no number is indicated, all vested Shares you hold for the account of the undersigned under The Scotts Miracle-Gro Company Discounted Stock Purchase Plan, at the price per share indicated below, on the terms and subject to the conditions of the Offer.

Number of Shares to be tendered: Shares.

THE UNDERSIGNED IS TENDERING SHARES AS FOLLOWS (CHECK ONLY ONE BOX):

(1) SHARES TENDERED AT PRICE DETERMINED BY SHAREHOLDER (SEE INSTRUCTION 5 OF THE LETTER OF TRANSMITTAL)

By checking ONE of the following boxes below INSTEAD OF THE BOX UNDER “Shares Tendered at Price Determined Pursuant to the Offer,” the undersigned hereby tender vested Shares at the price checked. This action could result in none of the Shares being purchased if the Purchase Price (as defined in the Offer to Purchase) for the Shares is less than the price checked below. **IF YOU DESIRE TO TENDER VESTED SHARES AT MORE THAN ONE PRICE, YOU MUST INSTRUCT US, AS THE RECORD OWNER OF SHARES HELD IN YOUR ACCOUNT, TO COMPLETE A SEPARATE NOTICE OF GUARANTEED DELIVERY AND/OR LETTER OF TRANSMITTAL FOR EACH PRICE AT WHICH VESTED SHARES ARE TO BE TENDERED.** The same vested Shares cannot be tendered, unless previously validly withdrawn as provided in Section 4 of the Offer to Purchase, at more than one price.

**PRICE (IN DOLLARS) PER SHARE AT WHICH VESTED SHARES
ARE BEING TENDERED**

- | | |
|-------------------------------|-------------------------------|
| <input type="radio"/> \$48.50 | <input type="radio"/> \$52.50 |
| <input type="radio"/> \$49.00 | <input type="radio"/> \$53.00 |
| <input type="radio"/> \$49.50 | <input type="radio"/> \$53.50 |
| <input type="radio"/> \$50.00 | <input type="radio"/> \$54.00 |
| <input type="radio"/> \$50.50 | <input type="radio"/> \$54.50 |
| <input type="radio"/> \$51.00 | <input type="radio"/> \$55.00 |
| <input type="radio"/> \$51.50 | <input type="radio"/> \$55.50 |
| <input type="radio"/> \$52.00 | |

OR

(2) SHARES TENDERED AT PRICE DETERMINED PURSUANT TO THE OFFER (SEE INSTRUCTION 5 OF THE LETTER OF TRANSMITTAL)

By checking the box below INSTEAD OF ONE OF THE BOXES UNDER “Price (in Dollars) Per Share at which vested Shares are Being Tendered,” the undersigned hereby tenders Shares at the Purchase Price, as the same shall be determined in accordance with the terms of the Offer.

- The undersigned wants to maximize the chance of having the Company purchase all of the vested Shares the undersigned is tendering (subject to the possibility of proration). Accordingly, by checking this box instead of one of the price boxes above, the undersigned hereby tenders vested Shares and is willing to accept the Purchase Price determined in accordance with the terms of the Offer. This action could result in receiving a price per share as low as \$48.50.

CHECK ONLY ONE BOX UNDER (1) OR (2) ABOVE. IF MORE THAN ONE BOX IS CHECKED ABOVE, THERE IS NO VALID TENDER OF SHARES.

ODD LOT

(See Box 6 of the Letter of Transmittal)

To be completed only if Shares are being tendered by or on behalf of a person owning, beneficially or of record, an aggregate of fewer than 100 Shares. The undersigned either (check one box):

- o Is the beneficial or record owner of an aggregate of fewer than 100 vested Shares, all of which are being tendered; or
- o Is a broker, dealer, commercial bank, trust company, or other nominee that (a) is tendering for the beneficial owner(s), shares with respect to which it is the record holder, and (b) believes, based upon representations made to it by the beneficial owner(s), that such person is the beneficial owner of an aggregate of fewer than 100 shares and is tendering all of such person's shares.

In addition, the undersigned is tendering Shares either (check one box):

- o at the price per share indicated above in the section captioned "Price (in Dollars) Per Share at which Shares are Being Tendered"; or
- o at the Purchase Price, as the same will be determined in accordance with the terms of the Offer (persons checking this box need not indicate the price per share above).

CONDITIONAL TENDER

(See Box 6 of the Letter of Transmittal)

A tendering shareholder may condition his or her tender of Shares upon the Company purchasing a specified minimum number of the Shares tendered, all as described in Section 6 of the Offer to Purchase. Unless at least that minimum number of Shares you indicate below is purchased by the Company pursuant to the terms of the Offer, none of the Shares tendered will be purchased. **It is the tendering shareholder's responsibility to calculate that minimum number of Shares that must be purchased if any are purchased and each shareholder is urged to consult his or her own tax advisor with respect to his or her particular situation.** Unless this box has been checked and a minimum specified, your tender will be deemed unconditional.

- o The minimum number of Shares that must be purchased from the undersigned, if any are purchased, is: _____ Shares.

If, because of proration, the minimum number of Shares will not be purchased, the Company may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, the tendering shareholder must have tendered all of his or her Shares and checked the box below:

- o The tendered Shares represent all Shares held by the undersigned.

The method of delivery of this document is at the election and risk of the tendering shareholder. If delivery is by mail, then registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

NOTE: THIS TENDER INSTRUCTION FORM MUST BE COMPLETED AND SIGNED IF SHARES HELD IN THE DSPP ARE TO BE TENDERED. IF THE FORM IS NOT SIGNED, THE DIRECTIONS INDICATED WILL NOT BE ACCEPTED. PLEASE RETURN THIS TENDER INSTRUCTION FORM TO THE AGENT FOR THE DSPP, USING THE PREAMDRESSED REPLY ENVELOPE PROVIDED OR VIA FAX TO (781) 380-3388 OR OVERNIGHT DELIVERY TO COMPUTERSHARE TRUST COMPANY, N.A., ATTN: CORPORATE ACTIONS, 161 BAY STATE DRIVE, BRAINTREE, MA 02184. THE ADDRESS FOR REGISTERED, CERTIFIED OR FIRST CLASS MAIL IS P.O. BOX 859208, BRAINTREE, MA 02185-9208. YOUR INSTRUCTION FORM MUST BE RECEIVED BY 4:00 P.M., NEW YORK CITY TIME, MONDAY, FEBRUARY 5, 2007.

YOUR DECISION WHETHER OR NOT TO HAVE YOUR PLAN SHARES TENDERED WILL BE KEPT CONFIDENTIAL.

Signature(s): _____

Name(s): _____
(Please Print)

Taxpayer Identification or Social Security Number: _____

Address(es): _____
(Including Zip Code)

Area Code/Phone Number: _____

Date: _____

TO BE COMPLETED BY HOLDERS WHO ARE U.S. PERSONS
(See Instruction 13)

SUBSTITUTE
Form **W-9**

Department of the Treasury
Internal Revenue Service

**Request for Taxpayer
Identification Number and Certification**

Give form to the requester. Do
not send to the IRS.

Print or type
See
Specific Instructions
on page 16.

| | |
|---|---|
| Name (as shown on your income tax return) | |
| Business name, if different from above | |
| Check appropriate box: <input type="radio"/> Individual/ Sole proprietor <input type="radio"/> Corporation <input type="radio"/> Partnership <input type="radio"/> Other 4 <input type="radio"/> Exempt from backup withholding | |
| Address (number, street, and apt. or suite no.) | Requester's name and address (optional) |
| City, state, and ZIP code | |
| List account number(s) here (optional) | |

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). **However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 17.** For other entities, it is your employer identification number (EIN). If you do not have a number, see **How to get a TIN** on page 17. **Note: If the account is in more than one name, see the chart on page 18 for guidelines on whose number to enter.**

Social security number
000000000
or
Employer Identification number
000000000

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number, **and**
- I am not subject to backup withholding because: **(a)** I am exempt from backup withholding, or **(b)** I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or **(c)** the IRS has notified me that I am no longer subject to backup withholding, **and**
- I am a U.S. person (including a U.S. resident alien).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 18.)

Sign
Here

Signature of
U.S. person 4

Date 4

NOTE: FAILURE BY A HOLDER TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 28% OF ALL PAYMENTS MADE TO YOU IN RESPECT OF THE SHARES SURRENDERED BY YOU. PLEASE REVIEW THE ENCLOSED SUBSTITUTE FORM W-9 AND ACCOMPANYING INSTRUCTIONS FOR ADDITIONAL DETAILS.

**GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER ON SUBSTITUTE FORM W-9**

Guidelines for Determining the Proper Identification Number to Guide the Payer.—Social Security Numbers have nine digits separated by two hyphens: i.e., 000-00-0000. Employer Identification Numbers have nine digits separated by only one hyphen: i.e., 00-0000000. The table below will help determine the number to give the payer.

| For this type of account | Give the SOCIAL SECURITY number of— |
|---|---|
| 1. An individual's account | The individual |
| 2. Two or more individuals (joint account) | The actual owner of the account or, if combined funds, the first individual on the account(1) |
| 3. Custodian account of a minor (Uniform Gift to Minors Act) | The minor(2) |
| 4. a. The usual revocable savings trust account (grantor is also trustee) | The grantor-trustee(1) |
| b. So-called trust account that is not a legal or valid trust under State law | The actual owner(1) |
| 5. Sole proprietorship account | The owner(3) |

| For this type of account: | Give the EMPLOYER IDENTIFICATION number of— |
|--|---|
| 6. A valid trust, estate, or pension trust | The legal entity (Do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title)(4) |
| 7. Corporate account | The corporation |
| 8. Religious, charitable or education organization account | The organization |
| 9. Partnership | The partnership |
| 10. Association, club or other tax-exempt organization | The organization |
| 11. A broker or registered nominee | The broker or nominee |
| 12. Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district or prison) that receives agricultural program payments | The public entity |

- (1) List first and circle the name of the person whose number you furnish. If only one person on a joint account has a Social Security Number, that person's number must be furnished.
- (2) Circle the minor's name and furnish the minor's Social Security Number.
- (3) Show the name of the owner. In addition, you may also enter your business name. You may use your Social Security Number or Employer Identification Number.
- (4) List first and circle the name of the legal trust, estate, or pension trust.

NOTE: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

Obtaining a Number

If you don't have a Taxpayer Identification Number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service (the "IRS") and apply for a number. Section references herein refer to sections of the Internal Revenue Code of 1986, as amended.

Payees Exempt from Backup Withholding

Backup withholding is not required on any payments made to the following payees:

- An organization exempt from tax under Section 501(a), an individual retirement plan, or a custodial account under Section 403(b)(7), if the account satisfies the requirements of Section 401(f)(2),
- The United States or any of its agencies or instrumentalities,
- A State, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
- A foreign government or any of its political subdivision, agencies, or instrumentalities, or
- An international organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

- A corporation,
- A foreign central bank of issue,
- A dealer in securities of commodities required to register in the United States, the District of Columbia, or a possession of the United States,
- A futures commissions merchant registered with the Commodity Futures Trading Commission,
- A real estate investment trust,
- An entity registered at all times during the tax year under the Investment Company Act of 1940,
- A common trust fund operated by a bank under Section 584(a),
- A financial institution,
- A middleman known in the investment community as a nominee or custodian, or
- A trust exempt from tax under section 664 or described in section 4947.

Exempt payees described above should file Substitute Form W-9 or applicable IRS Form W-8 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT" ON THE FACE OF THE FORM, SIGN AND DATE THE FORM AND RETURN IT TO THE PAYER.

Privacy Act Notice—Section 6109 requires most recipients of dividends, interest, or other payments to give Taxpayer Identification Numbers to payers who must report the payments to IRS. The IRS uses the numbers for identification purposes. Payers must be given the numbers whether or not recipients are required to file tax returns. Payers must generally withhold 28% of taxable interest, dividends and certain other payments to a payee who does not furnish a Taxpayer Identification Number to a payer. Certain penalties may also apply.

Penalties

(1) Penalty for Failure to Furnish Taxpayer Identification Number—If you fail to furnish your Taxpayer Identification Number to a payer, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) Civil Penalty for False Information with Respect to Withholding—If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of \$500.

(3) Criminal Penalty for Falsifying Information—Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION, CONTACT YOUR TAX CONSULTANT.

Merrill Lynch Stationary

RE: Offer to Purchase Common Shares of The Scotts Miracle-Gro Company

Notice to Holders of Vested Stock Options and Freestanding Stock Appreciation Rights:

As you may already know, The Scotts Miracle-Gro Company (“SMG” or the “Company”) has recently announced its offer to purchase up to 4,504,504 of the Company’s common shares, without par value (the “Shares”), at a price specified by such shareholders not less than \$48.50 nor greater than \$55.50 per share, without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase dated January 10, 2007 and in the related Letter of Transmittal (such documents and related materials, the “Offer Documents”), which together as may be amended or supplemented from time to time constitute the tender offer (the “Offer”). You may obtain copies of the Offer Documents by calling D.F. King & Co., Inc. at (800) 714-3312.

As a holder of vested stock options and/or vested freestanding stock appreciation rights under one or more of the Company’s 1996 Stock Option Plan, 2003 Stock Option and Incentive Equity Plan, and 2006 Long-Term Incentive Plan, you may wish to exercise any or all of your options and/or freestanding stock appreciation rights that are vested on or before Thursday, February 1, 2007, and then tender the Shares so acquired to the Company pursuant to the terms of the Offer. Unless the Offer is extended by the Company, Thursday, February 1, 2007, is the last day that you may exercise your vested options and/or freestanding stock appreciation rights in order to tender the Shares subject to such options and/or freestanding stock appreciation rights in the Offer. To obtain information pertaining to your exercisable awards, including the grant and expiration dates, exercise price, and the number of options and/or freestanding stock appreciation rights from each grant that are exercisable as of Thursday, February 1, 2007, you will need to go to our website. Please follow the instructions set forth below to access our website and determine the number of vested options and/or freestanding stock appreciation rights that you may elect to exercise at this time:

Step 1: Connect to the Internet

Step 2: Log on to www.bol.ml.com

Step 3: Enter

You will need your User ID and Password. If you need assistance with accessing the website or resetting your Password, please call (866) 820-1492. Note that your vested options and/or freestanding stock appreciation rights will be designated as “vested quantity” under your Grant Summary Balance on the website.

It should be noted that the tender offer does not change your right to exercise your stock options and/or freestanding stock appreciation rights, or the terms and conditions of your grants. As a participant in the stock option program, you have the right to exercise your options to buy Company stock or to exercise your freestanding stock appreciation rights at the grant or base price until your grant(s) expire subject to the terms of your award agreement(s). You may continue to utilize any of the exercise methods that are currently available to you. If you choose to exercise options using the Cashless Sell method (where you exercise your options

to buy and simultaneously sell your Shares for cash) you will not become an owner of Company Shares. This means that you will not be able to tender those Shares into the tender offer. However, if you choose to exercise your options using the Exercise and Hold or the Combination Exercise (exercise and sell enough Shares to cover the cost of exercise and taxes, holding the remaining Shares) methods, you will become an owner of Company Shares, and therefore, you may choose to tender some or all of your Shares.

You will need to carefully evaluate the Offer Documents, which you may obtain by calling D.F. King & Co., Inc. at (800) 714-3312, to determine if participation would be advantageous to you, based on, among other things, your vested stock option and/or freestanding stock appreciation rights exercise or base prices, the dates your stock option and/or freestanding stock appreciation rights awards were granted and the years you have left to exercise your grants, the range of tender prices, and the provisions for pro rata purchases by the Company outlined in the Offer.

If you choose to exercise and are timely in doing so, you may tender your Shares pursuant to the Offer. Note that the Company may not purchase all Shares tendered and that Shares purchased by the Company will not participate in the anticipated special dividend discussed in the Offer Documents. Alternatively, you may exercise your stock options and/or freestanding stock appreciation rights and hold the resulting Shares for purposes of receiving the special dividend. According to the Company, if you choose not to exercise your outstanding stock options and/or freestanding stock appreciation rights, it is anticipated that they will be adjusted in a manner that maintains essentially the same fair value for your award(s) pre- and post-dividend. The contemplated adjustment methodology involves a decrease in the exercise or base price and an increase in the number of Shares subject to the award to account for the effect that the special dividend will have on the trading value of the Company's Shares on the ex-dividend date. These adjustments will be made in accordance with Federal income tax regulations and will have no adverse tax consequences on a grant holder. An example is enclosed to illustrate how the contemplated adjustment works.

The Company will, upon the terms and subject to the conditions of the Offer, determine a single per Share price (the "Purchase Price"), not less than \$48.50 nor greater than \$55.50 per share, that it will pay for the Shares validly tendered pursuant to the Offer and not properly withdrawn, taking into account the number of Shares so tendered and the prices specified by tendering shareholders. The Company will select the lowest price that will allow it to purchase 4,504,504 Shares or, if a lesser number of Shares are validly tendered, such lesser number as are validly tendered and not properly withdrawn. All shareholders whose Shares are purchased by the Company will receive the Purchase Price for each Share purchased in the Offer.

If the Company is unable to purchase 4,504,504 Shares in the Offer, it will consider, in its sole discretion, various other options, including, among other things, additional Share repurchases. SMG expressly reserves the right, in its sole discretion, to purchase additional Shares subject to applicable legal requirements.

Holders of vested Company stock options and/or freestanding stock appreciation rights who exercise and tender the Shares underlying such options and/or freestanding stock appreciation rights will have their Shares purchased by the Company on the same basis as other holders of Shares. **There can be no guarantee that all Shares acquired pursuant to an exercise of vested options and/or freestanding stock appreciation rights, or any other method, will be purchased by the Company.** This should be considered in deciding to exercise an option or freestanding stock appreciation rights.

We strongly encourage you to discuss the Offer with your tax, financial, or other advisors and that you request and study the Offer Documents if you might wish to consider participating in the tender. You may wish to refer to the general tax consequences of exercising an option or a stock appreciation right which are described in the prospectuses relating to the Plans under which the options were granted.

If you decide to exercise any of your vested stock options and/or freestanding stock appreciation rights or have any questions, please contact Merrill Lynch/Edward J. Yen & Associates at (800) 285-0648 or 614-848-3223. The Offer will expire at 12:00 midnight, New York City time, on Thursday, February 8, 2007 (the "Expiration Date") unless extended by the Company. **If you intend to exercise stock options and/or freestanding stock appreciation rights in order to tender Shares in the Offer, you must exercise your options and/or freestanding stock appreciation rights no later than 4:00 p.m., New York City Time, Thursday, February 1, 2007, in order to obtain Shares to tender by Thursday, February 8, 2007.**

Upon the terms and subject to the conditions of the Offer, if more than 4,504,504 Shares, or such greater number of Shares as the Company may elect to purchase subject to applicable law, have been validly tendered and not properly withdrawn prior to the Expiration Date, at prices at or below the purchase price, the Company will purchase Shares on the following basis:

- first, all Shares properly tendered before the Expiration Date from all holders of an aggregate of fewer than 100 Shares ("odd lots") who (1) tender all Shares owned beneficially or of record at a price at or below the Purchase Price (partial tenders will not qualify for this preference), and (2) complete the section entitled "Odd Lots" in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery;
- second, subject to the conditional tender provisions described in the Offer to Purchase, all other Shares properly tendered at or below the Purchase Price, on a pro rata basis; and
- third, only if necessary to permit the Company to purchase 4,504,504 Shares, or such greater number of Shares as the Company may elect to purchase subject to applicable law, Shares conditionally tendered (for which the condition was not initially satisfied) before the Expiration Date, will, to the extent feasible, be selected for purchase by random lot. To be eligible for purchase by random lot, shareholders whose Shares are conditionally tendered must have properly tendered all of their Shares.

The Offer is not being made to, nor will tenders be accepted from, or on behalf of, holders of Shares in any jurisdiction in which the making or acceptance thereof would not be in compliance with the laws of such jurisdiction. In those jurisdictions whose laws require that the Offer be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of the Company by Banc of America Securities LLC, the Dealer Manager for the Offer, or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

Merrill Lynch

By: Edward J. Yen /s/

Enclosure

The Scotts Miracle-Gro Company
Special One-Time Dividend Adjustment Example*

As an illustration, assume SMG declares a \$7 per share special dividend when its stock is trading at \$52 per share. On the “ex-dividend date” its stock then starts to trade for \$45 per share (\$45 per share plus \$7 in cash equals \$52 per share in total value). Assume you hold outstanding options or free standing stock appreciation rights (SARs) for 1,000 shares at an exercise/base price of \$30. The following example reflects how the contemplated adjustment would be made to maintain essentially the same intrinsic value of options and SARs both before and after the ex-dividend date.

Starting Assumptions:

| | | |
|---|-----------------|--------------------------------------|
| Stock price immediately prior to ex-dividend date | \$52 | |
| Special one-time dividend | \$7 | |
| Options or SARs outstanding | 1,000 | |
| Exercise/base price | \$30 | |
| <i>Intrinsic value prior to dividend</i> | \$22,000 | (\$52 minus \$30 times 1,000) |

Step 1: Adjust Exercise/Base Price:

| | | |
|--|----------|----------------------------------|
| Initial ratio of exercise/base price to market value | 57.69% | (\$30 divided by \$52) |
| Post dividend stock price | \$45.00 | |
| New exercise/base price | \$25.96 | (57.69 % of \$45) |
| Intrinsic value based on adjustment [A] | \$19,040 | (\$45 minus \$25.96 times 1,000) |

Step 2: Increase In Shares Subject To Grant:

| | | |
|--|-----------------|--|
| Pre-/post-dividend market value ratio | 1.155 | (\$52 is divided by \$45) |
| Grant adjustment increase | 155 shares | (1,000 options times 15.5%) |
| Intrinsic value of increased shares [B] | \$2,960** | (155 times \$19.04 [\$45 minus \$25.96]) |
| <i>Intrinsic value post “ex-dividend” [A+B]</i> | \$22,000 | (\$19,040 plus \$2,960) |

* Note that the above example reflects the methodology which has been approved by the Compensation and Organization Committee (the “COC”) of the Board of Directors of The Scotts Miracle-Gro Company (“SMG”). Any adjustment of unexercised options or freestanding stock appreciation rights is subject to the declaration of the special dividend by SMG’s Board of Directors and the final approval of the adjustment by the COC.

** Rounded. To assure tax and accounting compliance, in making the actual adjustments, exercise and base prices are generally rounded up to the next whole cent and share numbers are generally rounded down to the next whole share.

TO: SMG Option and Freestanding Stock Appreciation Rights Holders

FROM: Merrill Lynch

RE: SMG's Dutch Auction Tender Offer- Immediate Attention Required

On December 12th, The Scotts Miracle-Gro Company ("SMG") announced plans to return \$750 million to shareholders through a modified "Dutch auction" tender offer and a special cash dividend. The Dutch auction tender offer was commenced on January 10th. The special dividend is expected to be declared in February. To participate in the Dutch auction tender offer, you will need to exercise your vested options and/or freestanding stock appreciation rights on or before February 1, 2007. To receive the dividend, assuming it is declared and paid as anticipated, you will have to exercise your vested options and/or freestanding stock appreciation rights at least seven days prior to the announced record date. The actual date will depend on when and if the contemplated dividend is declared. It is contemplated that there will be about 10 calendar days from the declaration date to the record date. You should watch for SMG's announcement of these dates.

Such action may or may not be beneficial to you. In the near future you should receive a letter from us providing more information regarding the action you must take, if you wish to exercise options and/or freestanding stock appreciation rights. Please call Merrill Lynch at (800) 285-0648 if you have questions regarding exercise procedures or D.F. King & Co., Inc. at (800) 714-3312 to obtain copies of the materials pertaining to the tender offer.

This email is intended only to give you advance notice of the letter you should receive shortly and the relatively short time frame within which you will have to act. **It is not a recommendation to either exercise your vested options and/or freestanding stock appreciation rights or participate in the tender.**

ScottsMiracle-Gro launches tender offer to purchase SMG shares;
Eligible associates will receive information on how to participate

This morning, ScottsMiracle-Gro announced the commencement of a modified “Dutch auction” tender offer to repurchase up to \$250 million of its common shares of stock. Until 12 midnight, New York City time, on February 8, 2007, shareholders – including those associates who own eligible shares – will be able to “tender” to sell their shares in a price range of \$48.50 and \$55.50.

Associates who own eligible shares in various benefit plans will receive a packet in the mail called an “Offer to Purchase” from the administrator of the respective benefit plan (Fidelity for the 401(k) and Computershare for the Discounted Stock Purchase Plan) instructing you on how to participate in the tender, if you so choose. **There is no requirement to tender your shares.** If you wish to continue owning your shares, there is no need to do anything when you receive the mailing.

Please note that only associates who own eligible shares of ScottsMiracle-Gro in either their 401(k) or through the Discounted Stock Purchase Plan will be receiving the “Offer to Purchase” packet with the exception of those associates who may own shares through a personal investment account. Associates who have vested stock options will receive communications from Merrill Lynch about how to participate in the tender offer if you choose to do so.

As you may recall, the Company also announced last month that it intends to pay a special one-time cash dividend. Assuming the Board declares the dividend as anticipated, the dividend would most likely occur in late February and the amount of the dividend would likely be in the range between \$7 and \$8 per share, depending on the results of the tender offer, the Board’s deliberations and other factors. Any shares tendered during the Dutch auction tender offer will be purchased by the Company prior to the payment of any special dividend. Therefore they will not be eligible for such special dividend.

It is important to note that the Company cannot provide advice on whether associates should tender their shares. Managers should likewise refrain from providing counsel to their associates. If you have questions about *whether* to participate in the tender offer, the Company urges you to contact your financial, tax or other advisor. Associates with broad financial planning questions unrelated to the tender offer can use the Ernst & Young Financial Planner Line by calling 888-839-2626.

ScottsMiracle-Gro has retained D.F. King & Co. as the “information agent” for the tender offer. If associates have questions about *how* to participate in the tender offer, or do not receive information about the offer in the mail, you should call 800-714-3312 Please do not call Human Resources, Investor Relations or any other internal resource as these departments will be unable to answer your questions.

In a separate communication from Chief Financial Officer Dave Evans, the Company has provided associates with a brief update on its current business forecast and long-term financial goals. To learn more about how the Company views its future results, associates also can access the Company’s Investor Relations website by visiting <http://investor.scotts.com>.

This e-mail correspondence is for informational purposes only and is not an offer to buy, or the solicitation of an offer to sell, any shares. The full details of the tender offer, including complete instructions on how to tender shares, are included in the Offer to Purchase, the Letter of Transmittal and related materials (including the materials provided by Fidelity, Computershare and/or Merrill Lynch), which are expected to be mailed to shareholders promptly. You should read carefully the Offer to Purchase, the Letter of Transmittal and such other related materials when they are available because they will contain important information. Associates who are shareholders may obtain free copies of the Offer to Purchase and other related materials that has been or will be filed by the company with the Securities and Exchange Commission at the Commission’s website at www.sec.gov. Associates who are shareholders also may obtain a copy of these documents, free of charge, from D.F. King & Co. by calling 800-714-3312. All shareholders are urged to read carefully those materials prior to making any decisions with respect to the tender offer.

ScottsMiracle-Gro Commences Modified “Dutch Auction” Tender to Purchase up to 4.5 million Shares in a Price Range of \$48.50 to \$55.50 per Share

MARYSVILLE, Ohio (January 10, 2007) — The Scotts Miracle-Gro Company (NYSE: SMG), the world’s leading marketer of branded consumer lawn and garden products, today announced it is commencing its previously announced modified “Dutch auction” tender offer to purchase its outstanding common shares. In the tender offer, the Company intends to purchase up to 4.5 million shares — which represents approximately 7 percent of the shares outstanding — in a price range of \$48.50 to \$55.50 per share.

The tender offer will expire, unless extended by ScottsMiracle-Gro, at 12:00 midnight, New York City time, on February 8, 2007.

The high end of the per share price range represents a maximum aggregate repurchase of \$250 million. It also reflects a premium of approximately 9 percent relative to the closing price of \$50.83 on December 11, 2006, the day immediately prior to the Company’s announcement of its intention to return \$750 million of cash to shareholders through the combination of the tender offer and a one-time special cash dividend. The balance of the Company’s \$750 million commitment is expected to be paid to remaining shareholders as a dividend no later than March 31, 2007.

The tender offer and dividend will be funded through a new \$2.1 billion credit facility that is being underwritten by JP Morgan, Bank of America and Citigroup. Consummation of the tender offer is conditioned upon the Company’s ability to borrow sufficient funds under this new credit facility on terms and conditions satisfactory to the Company. In a separate release issued today, ScottsMiracle-Gro also announced a tender offer and consent solicitation related to the Company’s outstanding \$200 million aggregate principal amount for its 6.625% senior subordinated notes due 2013.

“The ongoing strength of our business and non-cyclical nature of our cash flow are allowing us to adopt a new capital structure that gives us the flexibility to continue funding growth while also returning significant cash to shareholders,” said Jim Hagedorn, chairman and chief executive officer. “We believe this tender offer reflects a high level of confidence in our continued success and an ongoing commitment to enhance shareholder value.”

A modified “Dutch auction” tender offer will allow shareholders to indicate how many shares and at what price within the Company’s specified range they wish to tender. Based on the number of shares tendered and the price specified by the tendering shareholders, the Company will determine the lowest price per share within the range that will enable it to purchase up to 4.5 million shares, or such lesser number of shares as are properly tendered. The Company also reserves the right in the tender offer to purchase up to an additional 2 percent of its shares outstanding. Tender offer materials will be distributed promptly to shareholders and filed with the Securities and Exchange Commission.

Bank of America Securities LLC will serve as the dealer manager for the tender offer. D.F. King & Co., Inc. will serve as information agent, and National City Bank will serve as the depositary in the tender offer.

Tender offer statement

This press release is for informational purposes only and is not an offer to buy, or the solicitation of an offer to sell, any shares. The full details of the tender offer, including complete instructions on how to tender shares, will be included in the offer to purchase, the letter of transmittal and related materials, which are expected to be mailed to shareholders promptly. Shareholders should read carefully the offer to purchase, the letter of transmittal and other related materials when they are available because they will contain important information. Shareholders may obtain free copies, when available, of the offer to purchase and other related materials that will be filed by the company with the Securities and Exchange Commission at the Commission's website at www.sec.gov. When available, shareholders also may obtain a copy of these documents, free of charge, from D.F. King & Co., Inc., the Company's information agent in connection with the offer, by calling toll-free 800-714-3312 (bankers and brokers can call collect at 212-269-5550). Shareholders are urged to read carefully those materials when they become available prior to making any decisions with respect to the tender offer.

About ScottsMiracle-Gro

With \$2.7 billion in worldwide sales and more than 6,000 associates, The Scotts Miracle-Gro Company, through its wholly-owned subsidiary, The Scotts Company LLC, is the world's largest marketer of branded consumer products for lawn and garden care, with products for professional horticulture as well. The Company's brands are the most recognized in the industry. In the U.S., the Company's Scotts®, Miracle-Gro® and Ortho® brands are market-leading in their categories, as is the consumer Roundup® brand, which is marketed in North America and most of Europe exclusively by Scotts and owned by Monsanto. The Company also owns Smith & Hawken, a leading brand of garden-inspired products that includes pottery, watering equipment, gardening tools, outdoor furniture and live goods. In Europe, the Company's brands include Weedol®, Pathclear®, Evergreen®, Levington®, Miracle-Gro®, KB®, Fertiligene® and Substral®. For additional information, visit us at www.scotts.com.

Statement under the Private Securities Litigation Act of 1995: Certain of the statements contained in this press release, including, but not limited to, information regarding the future economic performance and financial condition of the company, the plans and objectives of the company's management, and the company's assumptions regarding such performance and plans are forward looking in nature. Actual results could differ materially from the forward-looking information in this release, due to a variety of factors, including, but not limited to:

- Adverse weather conditions could adversely affect our sales and financial results;
- Our historical seasonality could impair our ability to pay obligations as they come due and operating expenses;
- Our substantial indebtedness could adversely affect our financial health;
- Public perceptions regarding the safety of our products could adversely affect us;
- The loss of one or more of our top customers could adversely affect our financial results because of the concentration of our sales to a small number of retail customers;
- The expiration of certain patents could substantially increase our competition in the United States;
- Compliance with environmental and other public health regulations could increase our cost of doing business; and
- Our significant international operations make us more susceptible to fluctuations in currency exchange rates and to the costs of international regulation.

Additional detailed information concerning a number of the important factors that could cause actual results to differ materially from the forward looking information contained in this release is readily available in the Company's publicly filed quarterly, annual and other reports.

Contact:

Jim King

Vice President

Investor Relations & Corporate Communications

937-578-5622

This announcement is neither an offer to purchase nor a solicitation of an offer to sell shares of The Scotts Miracle-Gro Company. The tender offer as defined below is made solely by the Offer to Purchase dated January 10, 2007 and the related Letter of Transmittal, and any amendments or supplements thereto. The tender offer is not being made to, nor will tenders be accepted from or on behalf of, holders of shares in any jurisdiction in which the making or acceptance of offers would not be in compliance with the laws of that jurisdiction. In any jurisdictions where the laws require that the tender offer be made by a licensed broker or dealer, the tender offer shall be deemed to be made on behalf of SMG by Banc of America Securities LLC, the Dealer Manager for this tender offer, or one or more registered broker dealers licensed under the laws of that jurisdiction.

Notice of Offer to Purchase for Cash

by



Up to 4,504,504 of its Common Shares At a Per Share Purchase Price of Not Less Than \$48.50 Nor Greater Than \$55.50 Per Share

The Scotts Miracle-Gro Company, an Ohio corporation ("SMG"), invites its shareholders to tender up to 4,504,504 of its common shares, without par value, for purchase by SMG at a price of not less than \$48.50 nor greater than \$55.50 per share (in increments of \$0.50), net to the seller in cash, less any applicable withholding taxes and without interest. The offer is subject to the terms and conditions set forth in the Offer to Purchase dated January 10, 2007 and in the related Letter of Transmittal (which together, as they may be amended or supplemented from time to time, constitute the tender offer).

The tender offer is not conditioned on any minimum number of shares being tendered. The tender offer is, however, subject to other important conditions, including the receipt of financing, as described in the Offer to Purchase.

THE TENDER OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON THURSDAY, FEBRUARY 8, 2007, UNLESS THE TENDER OFFER IS EXTENDED.

The Board of Directors of SMG has approved the tender offer. However, neither SMG nor its Board nor the Dealer Manager, the Information Agent nor the Depository makes any recommendation to shareholders as to whether to tender or refrain from tendering their shares or as to the purchase price or purchase prices at which they may choose to tender them. SMG has not authorized any person to make any recommendation with respect to the tender offer. Shareholders must make their own decisions as to whether to tender their shares and, if so, how many shares to tender and the price or prices at which they will tender them. In doing so, shareholders should consider SMG's reasons for making the tender offer.

SMG's directors and executive officers, and SMG's largest shareholder, Hagedorn Partnership, L.P., of which James Hagedorn, SMG's Chairman and Chief Executive Officer, and Katherine Hagedorn Littlefield, one of SMG's directors, are partners, have advised SMG that they do not intend to tender any shares owned by them in the tender offer.

Upon the terms and subject to the conditions of the tender offer, SMG will select the lowest price that will enable it to buy 4,504,504 shares or, if a lesser number of shares are validly tendered, all shares that are validly tendered and not validly withdrawn. All shares acquired in the tender offer will be acquired at the same purchase price regardless of whether a shareholder tenders any shares at a lower price. SMG will purchase all shares validly tendered and not validly withdrawn prior to the Expiration Time (as defined below) at the purchase price, upon the terms and subject to the conditions of the tender offer, including the "odd lot," proration and conditional tender provisions, as described in the Offer to Purchase.

Under no circumstances will SMG pay interest on the purchase price, including but not limited to, by reason of any delay in making payment. The term "Expiration Time" means 12:00 midnight, New York City time, on Thursday, February 8, 2007, unless and until SMG has extended the period of time during which the tender offer will remain open, in which event the term "Expiration Time" shall refer to the latest time and date at which the tender offer, as so extended by SMG, shall expire. Subject to applicable SEC regulations, SMG reserves the right, in its sole discretion, to change the terms of the tender offer, including, but not limited to, purchasing more or less than 4,504,504 shares in the tender offer.

For purposes of the tender offer, SMG will be deemed to have accepted for payment (and therefore purchased), subject to the “odd lot” priority, proration and conditional tender provisions of the tender offer, shares that are validly tendered at or below the purchase price and not validly withdrawn only when, as and if SMG gives oral or written notice to National City Bank, the Depository for the tender offer, of its acceptance of such shares for payment pursuant to the tender offer. SMG will pay for shares tendered and accepted for payment in the tender offer only after timely receipt by the Depository of certificates for such shares or of timely confirmation of a book-entry transfer of such shares into the Depository’s account at the “book-entry transfer facility” (as defined in the Offer to Purchase), a properly completed and duly executed Letter of Transmittal or a manually signed facsimile thereof or in the case of a book-entry transfer, an “agent’s message” (as defined in the Offer to Purchase), and any other documents required by the Letter of Transmittal.

Upon the terms and subject to the conditions of the tender offer, if more than 4,504,504 shares have been validly tendered and not validly withdrawn at or prior to the Expiration Time, SMG will purchase shares in the following order of priority:

- *first*, all such shares owned beneficially or of record by an Odd Lot Holder (as defined in the Offer to Purchase) who validly tenders all of such shares at or below the purchase price (partial tenders will not qualify for this preference) and completes, or whose broker, dealer, commercial bank, trust company or other nominee completes, the box captioned “Odd Lots” in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery;
- *second*, after purchase of all of the foregoing shares, all other shares tendered at or below the purchase price on a pro rata basis, if necessary (except for shareholders who tendered their shares conditionally and for which the condition was not satisfied); and
- *third*, if necessary to permit SMG to purchase 4,504,504 shares (or such greater number of shares as SMG may elect to purchase), shares conditionally tendered at or below the purchase price for which the condition was not initially satisfied, to the extent feasible, by random lot.

SMG will return all tendered shares that it has not purchased promptly after the Expiration Time.

SMG expressly reserves the right, in its sole discretion, at any time and from time to time, to extend the period of time during which the tender offer is open and thereby delay acceptance for payment of, and payment for, any shares by giving oral or written notice of such extension to the Depository and making a public announcement of such extension. SMG also expressly reserves the right, in its sole discretion, to terminate the tender offer and not accept for payment or pay for any shares not theretofore accepted for payment or paid for, or, subject to applicable law, to postpone payment for shares upon the occurrence of any of the conditions specified in the Offer to Purchase by giving oral or written notice of such termination or postponement to the Depository and making a public announcement of such termination or postponement.

SMG believes that the repurchase of shares, together with the special dividend that SMG has previously disclosed (which is currently estimated to be \$500 million), is consistent with its long-term goal of maximizing shareholder value. In considering the tender offer, SMG’s management and Board reviewed, with the assistance of outside advisors, a variety of alternatives for using its available financial resources. Based on this review and evaluation, SMG’s management and Board believe that the tender offer is a prudent use of SMG’s financial resources.

Generally, shareholders will be subject to U.S. federal income taxation and applicable withholding when they receive cash from SMG in exchange for the shares they tender in the tender offer. **SMG recommends that shareholders consult with their tax advisors with respect to their particular situation.**

Tenders of shares are irrevocable, except that shareholders may withdraw any shares they have tendered at any time before the Expiration Time. If SMG has not accepted for payment the shares that have been tendered to it, shareholders may also withdraw their shares after 12:00 midnight, New York City time, on Friday, March 9, 2007. To withdraw shares, shareholders must deliver a written notice of withdrawal with the required information to the Depository while shareholders still have the right to withdraw their shares.

If certificates for shares have been delivered or otherwise identified to the Depository, then, prior to the physical release of those certificates, the serial numbers shown on those certificates must be submitted to the Depository and, unless an “eligible institution” (as defined in the Offer to Purchase) has tendered those shares, an eligible institution must guarantee the signatures on the notice of withdrawal. If shares have been delivered in accordance with the procedures for book-entry transfer described in the Offer to Purchase, any notice of withdrawal must also specify the name and number of the account at the book-entry transfer facility to be credited with the withdrawn shares and otherwise comply with the book-entry transfer facility’s procedures.

SMG will decide, in its sole discretion, all questions as to the form and validity of notices of withdrawal, and each such decision will be final and binding. None of SMG, the Dealer Manager, the Depository, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give any such notification.

The information required to be disclosed by Rule 13e-4(d)(1) under the Securities Exchange Act of 1934, as amended, is contained in the Offer to Purchase and is incorporated herein by reference. The Offer to Purchase and the Letter of Transmittal contain important information that shareholders should read carefully before they make any decision with respect to the tender offer.

The Offer to Purchase and the related Letter of Transmittal will be mailed to record holders of shares and will be furnished to brokers, dealers, commercial banks and trust companies (including the trustee or administrator of The Scotts Company LLC Retirement Savings Plan, the Smith & Hawken 401(k) Plan and The Scotts Miracle-Gro Company Discounted Stock Purchase Plan) and similar persons whose names, or the names of whose nominees, appear on SMG’s shareholder list or, if applicable, who are listed as participants in a clearing agency’s security position listing for subsequent transmittal to beneficial owners of shares.

The Offer to Purchase and the related Letter of Transmittal contain important information that shareholders should read carefully before they make any decision with respect to the tender offer. Shareholders may obtain additional copies of the Offer to Purchase, Letter of

Transmittal and Notice of Guaranteed Delivery from the Information Agent at the address and telephone number set forth below. The Information Agent will promptly furnish to shareholders additional copies of these materials at SMG's expense.

Please direct any questions or requests for assistance to the Information Agent or the Dealer Manager at their respective telephone numbers and addresses set forth below. Shareholders may also contact their broker, dealer, commercial bank, trust company or nominee for assistance concerning the tender offer. To confirm delivery of shares, please contact the Depositary.

The Information Agent for the tender offer is:

D.F. King & Co., Inc.

48 Wall Street

New York, New York 10005

Bankers & Brokers Call Collect: 212-269-5550

All Others Call Toll-Free: 800-714-3312

The Dealer Manager for the tender offer is:

Banc of America Securities LLC

9 West 57th Street

New York, New York 10019

(212) 583-8502 (Call Collect)

(888) 583-8900, ext. 8502 (Call Toll Free)

January 10, 2007



December 11, 2006

The Scotts Miracle-Gro Company
Senior Secured Credit Facilities
Commitment Letter

The Scotts Miracle-Gro Company
14111 Scottslawn Road
Marysville, Ohio 43041

Attention: David C. Evans
Chief Financial Officer

Ladies and Gentlemen:

You (the "Borrower") have advised JPMorgan Chase Bank, N.A. ("JPMorgan Chase Bank"), J.P. Morgan Securities Inc. ("JPMorgan"), Bank of America, N.A. ("BANA"), Banc of America Securities LLC ("BAS"), Citigroup Global Markets Inc. ("CGMI") and Citigroup (as defined below and together with JPMorgan Chase Bank, JPMorgan, BANA, BAS and CGMI, the "Commitment Parties") that you wish to enter into the transactions described in the introductory paragraph of the Summary of Terms and Conditions attached hereto as Exhibit A (the "Term Sheet"). Capitalized terms used but not defined herein are used with the meanings assigned to them in said paragraph. For the purposes of this commitment letter (the "Commitment Letter"), "Citigroup" shall mean CGMI, Citibank, N.A., Citicorp USA, Inc., Citicorp North America, Inc. and/or any of their affiliates as may be appropriate to consummate the transactions contemplated herein.

Each of JPMorgan and BAS are pleased to advise you that it is willing to act as a joint lead arranger for the Credit Facilities and each of JPMorgan, BAS and CGMI are pleased to advise you that it is willing to act as a joint bookrunner for the Credit Facilities.

Furthermore, (i) JPMorgan Chase Bank is pleased to advise you of its commitment to provide \$945,000,000 of the Credit Facilities, (ii) BANA is pleased to advise you of its commitment to provide \$840,000,000 of the Credit Facilities and (iii) CGMI, on behalf of

Citigroup, is pleased to advise you of its commitment to provide \$315,000,000 of the Credit Facilities.

It is agreed that JPMorgan Chase Bank will act as the sole and exclusive administrative agent under the Credit Facilities, that BANA will act as the sole and exclusive syndication agent under the Credit Facilities, that JPMorgan and BAS will act as joint lead arrangers (in such capacity, the ("Lead Arrangers") for the Credit Facilities, that CGMI will act as a co-arranger for the Credit Facilities (in such capacity, the "Co-Arranger"; and together with the Lead Arrangers, the "Arrangers") and JPMorgan, BAS and CGMI will act as joint bookrunners for the Credit Facilities, and each will, in such capacities, perform the duties and exercise the authority customarily performed and exercised by it in such roles. You agree that no other agents, co-agents or arrangers will be appointed, no other titles will be awarded and no compensation (other than expressly contemplated by the Term Sheet and the Fee Letters referred to below) will be paid in connection with the Credit Facilities unless you and we shall so agree.

We intend to syndicate the Credit Facilities to a group of financial institutions which may include lenders under the Existing Credit Agreement (the "Existing Lenders") as well as entities that are not now parties to the Existing Credit Agreement (the "New Lenders"; the New Lenders and the Existing Lenders, collectively, the "Lenders") identified by us in consultation with you. The Arrangers intend to commence syndication efforts promptly, and you agree actively to assist us in completing a syndication satisfactory to you and the Arrangers. Such assistance shall include (a) your using commercially reasonable efforts to ensure that the syndication efforts benefit materially from your existing lending relationships, (b) direct contact between senior management and advisors of the Borrower and the proposed Lenders, (c) as set forth in the next paragraph, your assistance in the preparation of materials to be used in connection with the syndication (collectively, with the Term Sheet, the "Information Materials") and (d) the hosting, with JPMorgan, of one or more meetings of prospective Lenders.

You will assist us in preparing Information Materials, including Confidential Information Memoranda, for distribution, after approval by you, to prospective Lenders. If requested, you also will assist us in preparing an additional version of the Information Materials (the "Public-Side Version") to be used, after approval by you, by prospective Lenders' public-side employees and representatives ("Public-Siders") who do not wish to receive material non-public information (within the meaning of United States federal securities laws) with respect to the Borrower, its affiliates and any of their respective securities ("MNPI") and who may be engaged in investment and other market related activities with respect to any such entity's securities or loans. Before distribution of any Information Materials, you agree to execute and deliver to us, in form satisfactory to you, (i) a letter in which you authorize distribution of the Information Materials to a prospective Lender's employees willing to receive MNPI ("Private-Siders") and (ii) a separate letter in which you authorize distribution of the Public-Side Version to Public-Siders and represent that no MNPI is contained therein.

The Borrower agrees that the following documents may be distributed to both Private-Siders and Public-Siders, unless the Borrower advises the Arrangers in writing (including by email) within a reasonable time prior to their intended distribution that such materials should only be distributed to Private-Siders: (a) administrative materials prepared by the Commitment Parties for prospective Lenders (such as a lender meeting invitation, lender allocation, if any, and

funding and closing memoranda), (b) notification of changes in the terms of the Credit Facilities which have been approved by you and (c) other materials approved by you intended for prospective Lenders after the initial distribution of Information Materials. If you advise us that any of the foregoing should be distributed only to Private-Siders, then Public-Siders will not receive such materials without your consent.

The Borrower hereby authorizes the Commitment Parties to distribute, after your review and approval, drafts of definitive documentation with respect to the Credit Facilities to Private-Siders and Public-Siders.

The Arrangers will, in consultation with you, manage all aspects of the syndication, including decisions as to the selection of institutions to be approached to be New Lenders and when they will be approached, when their commitments will be accepted, which institutions will participate, the allocations of the commitments among the Lenders and the amount and distribution of fees among the Lenders. In acting in their capacity as such, the Arrangers will have no responsibility other than to arrange the syndication and consent process and to perform the other duties typically performed by arrangers in similar transactions. To assist the Arrangers in their syndication efforts, you agree promptly to prepare and provide to the Commitment Parties all information with respect to the Borrower and the transactions contemplated hereby, including all financial information and projections (the "Projections"), as we may reasonably request in connection with the arrangement and syndication of the Credit Facilities. You hereby represent and covenant that, to the best of your knowledge or belief, (a) all information other than the Projections (the "Information") that has been or will be made available to the Commitment Parties by you or any of your representatives, taken as a whole, is or will be, when furnished, complete and correct in all material respects and does not or will not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made and (b) the Projections that have been or will be made available to the Commitment Parties by you or any of your representatives have been or will be prepared in good faith based upon reasonable assumptions, provided however, it is understood that the Projections are not guarantees of future performance and involve risks, uncertainties, and assumptions and that the actual results of the future events described in the Projections could differ materially from those stated in the Projections. You understand that in arranging and syndicating the Credit Facilities we may use and rely on the Information and Projections without independent verification thereof.

The commitments hereunder and the agreements to perform the services described herein are subject to (a) there not occurring or becoming known to us any material adverse condition or material adverse change in or affecting the business, operations, property, or condition (financial or otherwise) of the Borrower and its subsidiaries, taken as a whole as determined in our commercially reasonable judgment since July 1, 2006, (b) our not becoming aware after the date hereof of any information or other matter (including any matter relating to financial models and underlying assumptions relating to the Projections) affecting the Borrower or the transactions contemplated hereby that in our commercially reasonable judgment is inconsistent in a material and adverse manner, taken as a whole, with any such information or other matter disclosed to us by you or any of your representatives prior to the date hereof in connection with this commitment, (c) our satisfaction that prior to and during the syndication of

the Credit Facilities there shall be no competing offering, placement or arrangement of any debt securities or bank financing by or on behalf of the Borrower or any affiliate thereof with respect to the transactions described in the Term Sheet, (d) the negotiation, execution and delivery on or before February 28, 2007 of a definitive credit agreement and related documentation with respect to the Credit Facilities consistent with the terms hereof and in the Term Sheet, and (e) the other conditions set forth in the Term Sheet. The terms of the definitive credit agreement and related documentation (including any matters that are not specifically covered by the provisions hereof and the Term Sheet) shall be such that they do not impair the availability of the Credit Facilities on the Closing Date if the conditions hereof and in the Term Sheet are satisfied.

As consideration for the commitments hereunder and the agreements to perform the services described herein, you agree to pay to the Commitment Parties the nonrefundable fees set forth in the fee letters dated as of the date hereof and delivered herewith (the "Fee Letters").

You agree (a) to indemnify and hold harmless the Commitment Parties, their affiliates and their respective officers, directors, employees, advisors, and agents (each, an "indemnified person") from and against any and all losses, claims, damages and liabilities to which any such indemnified person may become subject arising out of or in connection with this Commitment Letter, the Credit Facilities, the use of the proceeds thereof, the Transaction or any related transaction or any claim, litigation, investigation or proceeding relating to any of the foregoing, regardless of whether any indemnified person is a party thereto, and to reimburse each indemnified person upon demand for any reasonable legal or other expenses incurred in connection with investigating or defending any of the foregoing, provided that the foregoing indemnity will not, as to any indemnified person, apply to losses, claims, damages, liabilities or related expenses to the extent they arise from the willful misconduct or gross negligence of such indemnified person or the failure of a Commitment Party to honor its commitment to fund hereunder, and (b) to reimburse the Commitment Parties and their affiliates on demand for all reasonable out-of-pocket expenses (including due diligence expenses, syndication expenses, travel expenses, and reasonable fees, charges and disbursements of one counsel for all such Commitment Parties) incurred in connection with the Credit Facilities and any related documentation (including this Commitment Letter, the Term Sheet, the Fee Letters and the definitive financing documentation) or the administration, amendment, modification or waiver thereof, all to the extent evidenced by written supporting documentation. No indemnified person shall be liable for any damages arising from the use by unauthorized persons of Information or other materials sent through electronic, telecommunications or other information transmission systems that are intercepted by such persons, except to the extent arising from the willful misconduct or gross negligence of such indemnified person, or for any special, indirect, consequential or punitive damages in connection with the Credit Facilities.

You acknowledge that the Commitment Parties and their respective affiliates (the term "Commitment Parties" as used below in this paragraph being understood to include such affiliates) may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which you may have conflicting interests regarding the transactions described herein and otherwise. The Commitment Parties will not use confidential information obtained from you, your agents or representatives by virtue of the transactions contemplated by this Commitment Letter or its other relationships with you in

connection with the performance by the Commitment Parties of services for other companies, and the Commitment Parties will not furnish any such information to other companies. You also acknowledge that the Commitment Parties have no obligation to use in connection with the transactions contemplated by this Commitment Letter, or to furnish to you, confidential information obtained from other companies.

This Commitment Letter shall not be assignable by any of the parties hereto without the prior written consent of the other parties hereto (and any purported assignment without such consent shall be null and void), is intended to be solely for the benefit of the parties hereto and is not intended to confer any benefits upon, or create any rights in favor of, any person other than the parties hereto and the indemnified persons. This Commitment Letter may not be amended or waived except by an instrument in writing signed by you and each of the Commitment Parties. This Commitment Letter may be executed in any number of counterparts, each of which shall be an original, and all of which, when taken together, shall constitute one agreement. Delivery of an executed signature page of this Commitment Letter by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. This Commitment Letter and the Fee Letters are the only agreements that have been entered into among us with respect to the Credit Facilities and set forth the entire understanding of the parties with respect thereto. This Commitment Letter shall be governed by, and construed in accordance with, the laws of the State of New York.

This Commitment Letter is delivered to you on the understanding that neither this Commitment Letter, the Term Sheet or the Fee Letters nor any of their terms or substance shall be disclosed, directly or indirectly, to any other person except (a) to your officers, directors, agents and advisors and other parties (including ratings agencies) who are directly involved in the consideration of the Refinancing, (b) as may be compelled in a judicial or administrative proceeding or as otherwise required by law (in which case you agree to inform us promptly thereof) and (c) after acceptance of this Commitment Letter by you, to any other person (including by filing a public record) (except that the Fee Letters and the terms and substance thereof shall not be disclosed except as required by law and then only after discussion with us).

Each of the Commitment Parties hereby notifies you that, pursuant to the requirements of the USA Patriot Act, Title III of Pub. L. 107-56 (signed into law on October 26, 2001) (the "**Patriot Act**"), it is required to obtain, verify and record information that identifies the Borrower and each Guarantor (as defined in the Term Sheet), which information includes names and addresses and other information that will allow such Lender to identify the Borrower and each Guarantor in accordance with the Patriot Act.

The reimbursement, indemnification and confidentiality provisions contained herein and in the Fee Letters shall remain in full force and effect regardless of whether definitive financing documentation shall be executed and delivered and notwithstanding the termination of this Commitment Letter or the commitments hereunder.

If the foregoing correctly sets forth our agreement, please indicate your acceptance of the terms hereof and of the Term Sheet and the Fee Letters by returning to us executed counterparts hereof and thereof not later than 5:00 p.m., New York City time, on December 12, 2006. The commitments hereunder and the agreements contained herein will expire at such time in the event we shall not have received such executed counterparts in accordance with the immediately preceding sentence.

[remainder of page intentionally left blank]

We are pleased to have been given the opportunity to assist you in connection with this important financing.

Very truly yours,

JPMORGAN CHASE BANK, N.A.

By: /s/ Randolph Cates
Name: Randolph Cates
Title: Vice President

J.P. MORGAN SECURITIES INC.

By: /s/ Graham Conran
Name: Graham Conran
Title: Vice President

BANK OF AMERICA, N.A.

By: /s/ Sharon Burks Horos
Name: Sharon Burks Horos
Title: Vice President

BANC OF AMERICA SECURITIES LLC

By: /s/ Wyatt L. Smith
Name: Wyatt L. Smith
Title: Principal

CITIGROUP GLOBAL MARKETS INC.

By: /s/ Julie Persily
Name: Julie Persily
Title: Managing Director

Accepted and agreed to
as of the date first
written above by:

THE SCOTTS MIRACLE-GRO COMPANY

By: /s/ David C. Evans
Name: David C. Evans
Title: Executive VP and CFO

\$2,100,000,000
SENIOR SECURED CREDIT FACILITIES
THE SCOTTS MIRACLE-GRO COMPANY

Summary of Terms and Conditions

December 11, 2006

The Scotts Miracle-Gro Company intends to (a) declare a special dividend and repurchase shares of its common stock in an aggregate amount of up to \$800,000,000 (collectively, the "Repurchase") and (b) refinance (the "Refinancing") (i) its 6.625% senior subordinated notes due 2013 in an aggregate principal amount of \$200,000,000 and (ii) amounts outstanding under its existing senior credit agreement (as amended, the "Existing Credit Agreement") entered into on July 21, 2005, with new senior secured credit facilities (the "Credit Facilities") consisting of (x) a five-year term loan facility in an aggregate amount of \$550,000,000 and (y) a five-year revolving credit facility in an aggregate amount of \$1,550,000,000. The Repurchase, the Refinancing and the financing described herein, together with any related transactions are collectively referred to herein as the "Transaction."

Set forth below is a summary of the terms and conditions of the Credit Facilities. Such terms and conditions may be documented in an amendment and restatement of the Existing Credit Agreement – in its entirety.

I. Parties

Borrower: The Scotts Miracle-Gro Company (the "Borrower") and certain of its subsidiaries (all such subsidiaries, collectively, the "Subsidiary Borrowers").

Guarantors: The subsidiaries of the Borrower that are Guarantors under the Existing Credit Agreement, the Borrower, in respect of the Subsidiary Borrowers, and each of the Borrower's direct and indirect future domestic subsidiaries, subject to materiality thresholds which are no more restrictive than those in the Existing Credit Agreement (all such non-excluded subsidiaries, collectively, the "Subsidiary Guarantors"; the Borrower, the Subsidiary Borrowers and the Subsidiary Guarantors, collectively, the "Credit Parties").

Joint Lead Arrangers: J.P. Morgan Securities Inc. (“JPMorgan”) and Banc of America Securities LLC (“BAS” and together in such capacity, the “Lead Arrangers”).

Co-Arranger Citigroup Global Markets Inc. (“CGMI” and together in such capacity with the Lead Arrangers, the “Arrangers”).

Joint Bookrunners: JPMorgan, BAS and CGMI.

Administrative Agent: JPMorgan Chase Bank, N.A. (“JPMorgan Chase Bank” and in such capacity, the “Administrative Agent”).

Syndication Agent: Bank of America, N.A. (“Bank of America”).

Lenders: A syndicate of banks, financial institutions and other entities, including JPMorgan Chase Bank, Bank of America and one or more affiliates of CGMI, to be arranged by the Arrangers in consultation with the Borrower (collectively, the “Lenders”).

II. Credit Facilities

A. Term Facility

Type and Amount: Five-year term loan facility (the “Term Loan”) in the principal amount of \$550,000,000.

Availability: The Term Loan shall be made in a single drawing on the Closing Date (as defined below).

Amortization: The Term Loan shall be repayable in quarterly installments in an aggregate percentage amount for each 12-month period following the Closing Date as set forth below:

| Loan Year | Repayment Percentage |
|-----------|----------------------|
| 1 | 1% |
| 2 | 5% |
| 3 | 25% |
| 4 | 30% |
| 5 | 39% |

Purpose: The proceeds of the Term Loan shall be used to finance a portion of the Transaction and to pay related fees and expenses.

B. Revolving Facility

Amount: Five-year revolving credit facility (the "Revolving Facility"; the commitments thereunder, the "Revolving Commitments") in the aggregate principal amount of \$1,550,000,000 (the loans thereunder, the "Revolving Loans" and together the Term Loan, the "Loans").

Availability: The Revolving Facility shall be available on a revolving basis during the period commencing on the Closing Date and ending on the five-year anniversary thereof (the "Revolving Termination Date").

Letters of Credit: A portion of the Revolving Facility not in excess of \$65,000,000 shall be available for the issuance of letters of credit (the "Letters of Credit") by JPMorgan Chase Bank, N.A. (in such capacity, the "Issuing Lender"). No Letter of Credit shall have an expiration date after the earlier of (a) one year after the date of issuance and (b) five business days prior to the Revolving Termination Date, provided that any Letter of Credit with a one-year tenor may provide for the renewal thereof for additional one-year periods (which shall in no event extend beyond the date referred to in clause (b) above).

Drawings under any Letter of Credit shall be reimbursed by the Borrower (either with its own funds or with the proceeds of Revolving Loans) on the same business day (or on the next business day if notice of such drawing is received after 10:00 a.m.). To the extent that the Borrower does not so reimburse the Issuing Lender, the Lenders under the Revolving Facility shall be irrevocably and unconditionally obligated to fund participations in the reimbursement obligation on a pro rata basis.

Swingline Loans:

A portion of the Revolving Facility not in excess of \$100,000,000 shall be available for swingline loans (the "Swingline Loans") in the following amounts and currencies: US dollars and euros in an aggregate amount not to exceed \$75,000,000, Pounds Sterling in an amount not to exceed \$20,000,000, Canadian dollars in an amount not to exceed \$15,000,000 and Australian dollars in an amount not to exceed \$15,000,000 from JPMorgan Chase Bank on same-day notice. Any Swingline Loans will reduce availability under the Revolving Facility on a dollar-for-dollar basis. Each Lender under the Revolving Facility shall be unconditionally and irrevocably required to purchase, under certain circumstances, a pro rata participation in each Swingline Loan.

Purpose:

The proceeds of the Revolving Loans shall be used (a) to finance a portion of the Transaction and to pay related fees and expenses and (b) for working capital needs and general corporate purposes of the Borrower and its subsidiaries in the ordinary course of business and for permitted acquisitions subject to certain restrictions and in amounts to be agreed upon, but no more restrictive than the terms of the Existing Credit Agreement.

Foreign Currencies:

The Revolving Facility will be made available in US dollars, euros and certain other freely tradeable currencies available in the international banking market and on a local basis as follows: (a) in Pounds Sterling, up to \$300,000,000; (b) in Australian dollars, up to \$25,000,000 and (c) in Canadian dollars, up to \$35,000,000.

C. Increased Credit Facilities

Additional Commitments:

Prior to the Closing Date, the Borrower may request the Arrangers to seek additional commitments (the "Additional Commitments") to the Credit Facilities in an aggregate amount of up to \$200,000,000. Any Additional Commitments shall be allocated ratably between the Term Loan and the Revolving Facility according to the existing commitments thereunder.

Incremental Facilities:

After the Closing Date, the Borrower may, at any time and in such respective incremental amounts as determined by the Borrower, seek to add one or more term loan facilities or increase the Revolving Commitments (each, an "Incremental Facility") in an aggregate amount of up to \$200,000,000, so long as (i) no default or event of default is in existence, (ii) the Borrower is in pro forma compliance with the financial covenants after giving effect thereto and (iii) the loans under any such term loan facility will have a final maturity date the same as, and will be amortized in a manner consistent with the then-remaining weighted average life to maturity of, the Term Loan; provided that (x) no Lender will be required to participate in any such Incremental Facility, (y) the Borrower shall have the right to select the entities which are to provide all or a portion of any such Incremental Facility (which may or may not be Lenders), subject to the approval of the Administrative Agent (which shall not be unreasonably withheld) for any entity other than a Lender, an affiliate of a Lender or an approved fund (as that term is defined in the Existing Credit Agreement).

III. General Payment Provisions**Fees and Interest Rates:**

As set forth on Annex I hereto.

Optional Prepayments and Commitment Reductions:

Loans may be prepaid and the Revolving Commitments may be reduced without payment of any reduction or other similar fee (other than LIBOR breakage costs) by the Borrower in minimum amounts to be agreed. Optional prepayments of the Term Loan shall be applied to the installments thereof ratably. Optional prepayments of the Term Loan may not be reborrowed.

Mandatory Prepayments:

The following amounts shall be applied to prepay the Term Loan:

100% of the net proceeds of any incurrence of non-permitted indebtedness after the Closing Date by the Borrower or any of its subsidiaries.

100% of the net proceeds of any sale or other disposition (including as a result of casualty or condemnation) by the Borrower or any of its subsidiaries of any assets except for the sale of inventory or obsolete or worn-out property in the ordinary course of business and subject to certain other customary thresholds and exceptions (including, without limitation, capacity for reinvestment) and exceptions consistent with those included in the Existing Credit Agreement, including those for sale/leaseback transactions and an accounts receivable securitization facility of up to \$300 million; provided, that the foregoing prepayment requirement related to asset sales shall terminate upon achievement of the Trigger Ratings (as defined below).

Mandatory prepayments of the Term Loan shall be applied to the installments thereof ratably. Mandatory prepayments of the Term Loan may not be reborrowed.

IV. Collateral**Collateral:**

The obligations of the Credit Parties in respect of the Credit Facilities, and any interest rate, commodity, foreign exchange or other swap or hedge agreements or arrangements by or with any Lender (or any affiliate of a Lender), and/or cash management services provided by any Lender (or any affiliate of a Lender), shall be secured by a perfected first priority security interest in all of the Borrower's and its direct and indirect domestic subsidiaries' accounts receivable, inventory and equipment and all of the capital stock of each of the Borrower's direct and indirect subsidiaries. Collateral shall not include any intellectual property of the Borrower or any of its subsidiaries. The pledge of the capital stock of foreign subsidiaries will be limited to 65% of the capital stock of first-tier foreign subsidiaries

to the extent a pledge of a greater percentage would reasonably be expected to result in material adverse tax consequences for the Borrower or such subsidiary or would be deemed an unlawful act of such subsidiary or of any of its officers or directors under the laws of an applicable foreign jurisdiction, except that the obligations of foreign Subsidiary Borrowers shall be secured by 100% of the capital stock of such foreign Subsidiary Borrowers and 100% of the capital stock of the first-tier subsidiaries of such foreign Subsidiary Borrowers, but no other assets of foreign subsidiaries of the Borrower shall be pledged as collateral security. In no event shall the requirements for the pledge of the capital stock of foreign subsidiaries be more burdensome on the Borrower or any subsidiary than the terms of the Existing Credit Agreement.

If, at any time, the Leverage Ratio (as defined below) has been 2.50 to 1.00 or less for each of the most recent four consecutive fiscal quarters for which financial statements are available, then the Borrower shall have the right, by written notice to the Administrative Agent, to require that all collateral (other than the capital stock of each of the Borrower's direct and indirect subsidiaries) be released from the security interests created by the definitive financing documentation at such time; provided that if for any subsequent fiscal quarter the Leverage Ratio is more than 2.50 to 1.00, the Required Lenders shall have the right, by written notice by the Administrative Agent, to the Borrower to require that such collateral be reinstated within 60 days of such notice.

If, at any time, the Borrower's senior unsecured non-credit enhanced long term indebtedness shall be (i) at least BB+ (with a stable outlook) by Standard & Poor's Ratings Services ("S&P") and at least Ba1 (with a stable outlook) by Moody's Investors Service, Inc. ("Moody's") or (ii) at least BBB- (with a stable outlook) by S&P or at least Baa3 (with a stable outlook) by Moody's (in either case, the "Trigger Ratings"), then the Borrower shall have the right, by written notice to the Administrative Agent, to require that all collateral then in effect be released from the security interest created by the definitive financing documentation at such time; provided that upon the

occurrence of a ratings downgrade by either S&P or Moody's to a level below (i) BB+ or Ba1, respectively (so long as the Borrower would not then remain entitled to the release of the collateral under clause (ii) above), or (ii) BBB- by S&P or Baa3 by Moody's (so long as the Borrower would not then remain entitled to the release of the collateral under clause (i) above), then the collateral shall be required to be reinstated within 60 days of the occurrence of such downgrade event (except that, with respect to collateral which is not in the form of the capital stock of each of the Borrower's direct and indirect subsidiaries, such collateral shall not be required to be so reinstated if such collateral would be entitled to be released under the preceding paragraph).

V. Certain Conditions

Initial Conditions:

The availability of the Credit Facilities shall be conditioned upon satisfaction of the following conditions precedent (the date upon which all such conditions shall be satisfied, the "Closing Date") on or before February 28:

(a) Each Credit Party, the Administrative Agent, and all Lenders providing commitments under the Revolving Facility shall have executed and delivered satisfactory definitive financing documentation with respect to the Credit Facilities on terms consistent with this Term Sheet (the "Credit Documentation"). It is expected that the credit agreement for the Revolving Facility will be substantially similar to the Existing Credit Agreement, as applicable, except as otherwise set forth herein or otherwise agreed to by the Borrower and the Lenders.

(b) The Borrower shall have taken actions reasonably necessary to have then been taken to be able to, and shall intend to, consummate the Refinancing within 21 days of the Closing Date and shall have provided a reasonably detailed statement of its plans to, and shall intend to, consummate the Repurchase within three months of the Closing Date.

(c) The Lenders, the Administrative Agent and the Arrangers shall have received all fees and expenses required to be paid on the Closing Date.

(d) All governmental and third party approvals necessary in connection with the financing contemplated hereby and the continuing operations of the Borrower and its subsidiaries shall have been obtained and be in full force and effect and all applicable waiting periods shall have expired without any action being taken or threatened in writing by any competent authority which would restrain, prevent or otherwise impose material, adverse conditions on the financing contemplated hereby.

(e) The Lenders shall have received (i) audited annual consolidated financial statements of the Borrower for its three most recent fiscal years and (ii) unaudited interim consolidated financial statements of the Borrower for each quarterly period ended after the latest fiscal year referred to in clause (i) above as to which such financial statements are available.

(f) The Lenders shall have received a pro forma consolidated balance sheet of the Borrower and its subsidiaries as at the date of the most recent consolidated balance sheet delivered pursuant to the preceding paragraph, adjusted to give effect to the consummation of the Revolving Facility as if the Closing Date had occurred on such date, which shall not be inconsistent in any material and adverse matter, taken as a whole, with the forecasts previously provided to the Lenders.

(g) The Lenders shall have received an executed legal opinion of Vorys, Sater, Seymour and Pease LLP, special counsel to the Borrower and its domestic subsidiaries and such documents and other instruments as are customary for transactions of this type or as they may reasonably request.

Additional Conditions:

The making of each extension of credit shall be conditioned upon (a) the accuracy in all material respects of all representations and warranties in the definitive credit documentation (including, without limitation, the material adverse change and litigation representations) and (b) there being no default or event of default in existence at the time of, or after giving effect to the making of the extension of credit.

VI. Certain Documentation Matters

Representations and Warranties:

Customary terms for transactions of this type, but no more restrictive than the terms of the Existing Credit Agreement, and including, without limitation: financial condition; corporate existence; corporate power; no legal bar; no material litigation; no burdensome restrictions; no default; taxes; subsidiaries; accuracy of disclosure; Federal Reserve regulations; labor matters; ERISA; Investment Company and other regulations; environmental matters; creation and perfection of security interests; and solvency. The Borrower shall also covenant to consummate the Repurchase within 21 days of the Closing Date and the Refinancing within three months of the Closing Date.

Affirmative Covenants:

Customary terms for transactions of this type, but no more restrictive than the terms of the Existing Credit Agreement, and including, without limitation: delivery of financial statements, reports, accountants' reports delivered with financial statements, officers' certificates, annual budgets; payment of obligations; compliance with laws; conduct of business and maintenance of existence; maintenance of property and insurance; maintenance of books and records; right of the Lenders to inspect property and books and records; notices of defaults, litigation and other material events.

Financial Covenants:

Financial covenants consisting of a maximum net leverage ratio (the "Leverage Ratio", which will be defined, for covenant purposes (as in the Existing Credit Agreement) as total debt to EBITDA, with total debt being the average of total debt at the end of the four most recently completed fiscal quarters and with excess cash balances to be deducted from actual total debt in determining total debt) as follows: 4.75 to 1.00 (with stepdowns to be agreed) and a minimum interest coverage ratio (with all non-cash items excluded from the calculation of "interest expense") as follows: 2.75 to 1.00 (with stepups to be agreed).

Other Negative Covenants:

Customary terms for transactions of this type, but no more restrictive than the terms of the Existing Credit Agreement, and including: limitation on liens, limitation on contingent obligations, limitation on fundamental changes, limitation on acquisitions (up to \$350,000,000 permitted in 2007, with \$100,000,000 permitted annually thereafter (with up to \$100,000,000 of any unused portion thereof in any year permitted to be carried over to the following year), investments (other than investments by the Borrower or any subsidiaries in joint ventures and minority interests), loans and advances, limitations on indebtedness (with (i) up to \$75,000,000 of capitalized leases at any time being permitted and (ii) subject to pro forma compliance with the financial covenants, subordinated and senior unsecured notes and bonds issued on market terms and with no scheduled amortization prior to six months after the Maturity Dates of the Loans being permitted, provided that the proceeds of any such senior unsecured notes or bonds (exclusive of any such senior unsecured notes or bonds in an aggregate principal amount of up to \$200,000,000) are used to fund permitted acquisitions), limitations on restrictions on subsidiary distributions, transactions with affiliates and officers, limitation on sales of domestic assets (provided that sales of domestic assets with aggregate proceeds of up to 20% of consolidated total assets shall be permitted over the life of the Credit Facilities), sale/leasebacks, changes in fiscal year, modification of certain debt instruments, negative pledge clauses, lines of business and restricted payments (with dividends permitted as in the Existing Credit Agreement and capital stock repurchases after the Repurchase being limited to \$10,000,000 in fiscal year 2007, \$25,000,000 in fiscal year 2008 and \$75,000,000 in fiscal year 2009 and respective amounts to be agreed for subsequent fiscal years, with a carryforward to the next fiscal year).

Events of Default:

Customary terms for transactions of this type, but no more restrictive than the terms of the Existing Credit Agreement, and including cross-default to debt of \$75 million or greater and judgments of \$75 million or greater.

VII. Certain Other Terms

Voting:

Amendments and waivers with respect to the Credit Documentation shall require the approval of Lenders holding more than 50% of the aggregate amount of the Term Loan and the Revolving Commitments, except that (a) the consent of each Lender directly affected (the “Required Lenders”) thereby shall be required with respect to (i) reductions in the amount or extensions of the scheduled date of any amortization or final maturity of any Loan, (ii) reductions in the rate of interest or any fee or extensions of any due date thereof and (iii) increases in the amount or extensions of the expiry date of any Lender’s commitment and (b) the consent of 100% of the Lenders shall be required with respect to (i) reductions of any of the voting percentages and (ii) releases of all or substantially all the collateral and releases of all or substantially all of the Guarantors (except as provided).

Assignments and Participations:

The Lenders shall be permitted to assign all or a portion of their Loans and Revolving Commitments with the consent, not to be unreasonably withheld, of (a) the Borrower, unless (i) the assignee is a Lender, an affiliate of a Lender or an approved fund or (ii) an event of default has occurred and is continuing, (b) the Administrative Agent, unless a portion of the Term Loan is being assigned to a Lender, an affiliate of a Lender or an approved fund, and (c) the Issuing Lender, unless a portion of the Term Loan is being assigned; provided that no assignment shall be permitted which will result in any increased costs, taxes, charges or expenses to Borrower as a result of such assignment. Non-pro rata assignments shall be. In the case of partial assignments (other than to another Lender, an affiliate of a Lender or an approved fund), the minimum assignment amount shall be \$5,000,000 (in the case of a portion of the Term Loan), \$5,000,000 (in the case of the Revolving Facility) and \$5,000,000 (in the case of a combination of a portion of the Term Loan and the Revolving Facility to the same assignee), in each case unless otherwise agreed by the Borrower and the Administrative Agent. The Administrative Agent shall receive a processing and recordation fee of \$3,500 from

the assignment parties in connection with all assignments. The Lenders shall also be permitted to sell participations in their Loans. Participants shall have the same benefits as the Lenders with respect to yield protection and increased cost provisions subject to customary limitations. Voting rights of participants shall be limited to those matters set forth in clause (a) under "Voting" with respect to which the affirmative vote of the Lender from which it purchased its participation would be required. Pledges of Loans in accordance with applicable law shall be permitted without restriction.

Yield Protection:

Customary terms for transactions of this type, but no more restrictive than the terms of the Existing Credit Agreement.

Expenses and Indemnification:

The Borrower shall pay (a) all reasonable out-of-pocket expenses of (i) the Administrative Agent and the Lead Arrangers which are evidenced by appropriate supporting written documentation and associated with the syndication of the Revolving Facility and limited to one counsel, and (ii) the Administrative Agent which are evidenced by appropriate supporting written documentation and associated with the preparation, execution, delivery and administration of the definitive credit documentation and any amendment or waiver with respect thereto (including the reasonable fees and disbursements and other charges of the Administrative Agent's counsel) and (b) all other expenses provided for in the Existing Credit Agreement.

The Arrangers and the Lenders (and their affiliates and their respective officers, directors, employees, advisors and agents) will have no liability for, and will be indemnified and held harmless against, any losses, claims, damages, liabilities or expenses incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof, except to the extent they are found by a final, non-appealable judgment of a court to arise from the gross negligence or willful misconduct of the indemnified party.

Governing Law and Forum:

State of New York.

Counsel to the Arrangers and the Administrative Agent:

Simpson Thacher & Bartlett LLP.

INTEREST AND CERTAIN FEES

Interest Rate Options:

The Borrower may elect that Loans comprising each borrowing bear interest at a rate per annum equal to:

the ABR plus the Applicable Margin; or

the LIBOR Rate plus the Applicable Margin;

provided that Swingline Loans shall bear interest at a rate per annum at a money market rate to be agreed..

As used herein:

“ABR” means the higher of (i) the rate of interest publicly announced by JPMorgan Chase Bank as its prime rate in effect at its principal office in York City (the “Prime Rate”) and (ii) the federal funds effective rate from time to time plus 0.50%.

“Applicable Margin” means the applicable margin set forth in a pricing grid attached hereto as Annex I-A. As of the Closing Date, the Applicable Margin is expected to be (i) 1.25% in the case of LIBOR Loans and (ii) 0.25% in the case of ABR Loans.

“LIBOR Rate” has the same meaning as in the Existing Credit Agreement.

Interest Payment Dates:

In the case of Loans bearing interest based upon the ABR (“ABR Loans”), quarterly in arrears.

In the case of Loans bearing interest based upon the LIBOR Rate (“LIBOR Loans”), on the last day of each relevant interest period and, in the case of any interest period longer than three months, on each successive date three months after the first day of such interest period.

Commitment Fee:

The Borrower shall pay a commitment fee calculated at a rate per annum determined in accordance with the pricing grid attached hereto as Annex I-A on the average daily

unused portion of the Revolving Facility, payable quarterly in arrears. Swingline Loans shall, for purposes of the commitment fee calculations only, not be deemed to be a utilization of the Revolving Facility. As of the Closing Date, the commitment fee is expected to be an amount equal to 0.25% of the total amount of the Revolving Facility.

Letter of Credit Fees:

The Borrower shall pay a fee on all outstanding Letters of Credit at a per annum rate equal to the Applicable Margin then in effect with respect to LIBOR Loans under the Revolving Facility on the face amount of each such Letter of Credit. Such fee shall be shared ratably among the Lenders participating in the Revolving Facility and shall be payable quarterly in arrears.

A fronting fee equal to 0.125% per annum on the face amount of each Letter of Credit shall be payable quarterly in arrears to the Issuing Lender for its own account. In addition, customary administrative, issuance, amendment, payment and negotiation charges shall be payable to the Issuing Lender for its own account.

Default Rate:

At any time when the Borrower is in default in the payment of any amount of principal due under the Credit Facilities, all outstanding Loans shall bear interest at 2% above the rate otherwise applicable thereto. Overdue interest, fees and other amounts shall bear interest at 2% above the rate applicable to ABR Loans.

Rate and Fee Basis:

All per annum rates shall be calculated on the basis of a year of 360 days (or 365/366 days, in the case of ABR Loans the interest rate payable on which is then based on the Prime Rate) for actual days elapsed.

Pricing Grid

| Leverage Ratio | Applicable Margin | | Commitment Fee |
|---------------------------|-------------------|--------|----------------|
| | LIBOR | ABR | |
| ³ 4.00 to 1.00 | 1.500% | 0.500% | 0.350% |
| ³ 3.00 to 1.00 | 1.250% | 0.250% | 0.250% |
| ³ 2.25 to 1.00 | 1.000% | 0.000% | 0.250% |
| ³ 1.75 to 1.00 | 0.875% | 0.000% | 0.200% |
| ³ 1.25 to 1.00 | 0.750% | 0.000% | 0.200% |
| < 1.25 to 1.00 | 0.625% | 0.000% | 0.175% |