



ScottsMiracle-Gro Enters Wild Bird Food Category With Purchase of Morning Song(R)

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Acquisition gives Company No. 2 market share position in \$700 million category

MARYSVILLE, Ohio, Oct. 27 /PRNewswire-FirstCall/ -- The Scotts Miracle-Gro Company (NYSE: SMG), the world's leading marketer of branded products for consumer lawn and garden care, announced a definitive agreement to acquire Gutwein & Co. Inc., whose Morning Song(R) brand is a leader in the growing wild bird food category.

With revenues of nearly \$85 million and the No. 2 market share position, Morning Song products are sold at leading mass retailers, including Wal-Mart and Sam's Club, as well as grocery, pet and general merchandise stores. ScottsMiracle-Gro will pay approximately \$77 million for Morning Song in an all cash transaction that is expected to be immediately accretive to earnings. Closing is dependent on regulatory approval from the Federal Trade Commission.

"Wild bird food is an attractive and growing category, as well as one in which a vast number of our consumers already participate," said Jim Hagedorn, chairman and chief executive officer, ScottsMiracle-Gro. "Our entrance into this category is consistent with our long-term strategy to expand into adjacent areas of the lawn and garden department. Wild bird food is one of the few major consumable categories in the department in which a clear market leader has not emerged. By leveraging our core strengths in marketing and supply chain, we believe ScottsMiracle-Gro can succeed in assuming that role. In doing so, Morning Song offers a great opportunity to enter the category."

Hagedorn added, "Morning Song also has a strong management team. We not only welcome them but all 140 of their associates to the ScottsMiracle-Gro family." Gutwein & Co. is a family-owned business founded in 1920 and based in Lafayette, Ind. It operates five production facilities.

The wild bird food category is estimated to be about \$700 million annually, and its growth of about 4 percent annually is consistent with the rest of lawn and garden.

Market research indicates that more than 35 percent of consumers currently participate in the wild bird food category and are willing to pay for value-added brands. Hagedorn said that ScottsMiracle-Gro will focus on improving the quality of the product, packaging and merchandising to drive consumers to higher-margin value-added products.

"When we looked at opportunities for our business, we were intent on working with a partner who would be focused on our associates, consumers and retail partners," said Brad Gutwein, president of Morning Song. "In our discussions with ScottsMiracle-Gro, it became clear that they shared our commitment, and we believe all of our key stakeholders will be well-served as ScottsMiracle-Gro moves the business forward."

About ScottsMiracle-Gro

With more than \$2.3 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(R), Miracle-Gro(R) and Ortho(R) brands are market-leading in their categories, as is the consumer Roundup(R) 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, Scotts' brands include Weedol(R), Pathclear(R), Evergreen(R), Levington(R), Miracle-Gro(R), KB(R), Fertiligene(R) and Substral(R). For additional information, visit us at <http://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.

SOURCE Scotts Miracle-Gro Company

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