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

FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 29, 2003

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM __________ TO__________

COMMISSION FILE NUMBER 1-13292

THE SCOTTS COMPANY
(Exact Name of Registrant as Specified in Its Charter)

OHIO	31-1414921
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

14111 SCOTTSLAWN ROAD, MARYSVILLE, OHIO 43041
(Address of Principal Executive Offices) (Zip Code)

(937) 644-0011
(Registrant's Telephone Number, Including Area Code)

NO CHANGE
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report.)

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [X] No [ ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

31,440,831	OUTSTANDING AT MAY 9, 2003
Common Shares, voting, no par value	

THE SCOTTS COMPANY AND SUBSIDIARIES

INDEX

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

THE SCOTTS COMPANY
CONDENSED, CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(in millions except per share amounts)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	MARCH 29, 2003	MARCH 30, 2002	MARCH 29, 2003	MARCH 30, 2002
Net sales	$ 676.2	$ 598.5	$ 856.9	$ 759.9
Cost of sales	417.6	358.5	556.6	487.9
Restructuring and other charges	0.7	0.1	5.1	1.1
Gross profit	257.9	239.9	295.2	270.9
Gross commission earned from marketing agreement	11.3	8.4	11.3	8.4
Costs associated with marketing agreement	7.1	5.8	14.2	11.7
Net commission (expense) earned from marketing agreement	4.2	2.6	(2.9)	(3.3)
Operating expenses:				
Advertising	34.9	30.9	43.5	38.0
Selling, general and administrative	92.5	75.2	160.4	144.7
Selling, general and administrative - lawn service business	13.1	8.9	23.1	14.7
Restructuring and other charges	2.4	0.4	4.3	1.2
Amortization of intangibles	2.1	1.8	4.1	3.7
Other income, net	(2.4)	(1.9)	(3.6)	(3.9)
Income from operations	119.5	127.2	60.5	69.2
Interest expense	18.7	21.6	35.2	40.2
Income before income taxes	100.8	105.6	25.3	29.0
Income taxes	38.3	40.6	9.6	11.1
Income before cumulative effect of accounting change	62.5	65.0	15.7	17.9
Cumulative effect of change in accounting for intangible assets, net of tax	-	-	-	(18.5)
Net income (loss)	$ 62.5	$ 65.0	$ 15.7	$ (0.6)
BASIC EARNINGS (LOSS) PER COMMON SHARE:				
Weighted-average common shares outstanding during the period	30.7	29.1	30.5	29.0
Basic earnings (loss) per common share:				
Before cumulative effect of accounting change	$ 2.04	$ 2.23	$ 0.52	$ 0.62
Cumulative effect of change in accounting for intangible assets, net of tax	-	-	-	(0.64)
After cumulative effect of accounting change	$ 2.04	$ 2.23	$ 0.52	$ (0.02)
DILUTED EARNINGS (LOSS) PER COMMON SHARE:				
Weighted-average common shares outstanding during the period	32.2	31.5	32.1	31.4
Diluted earnings (loss) per common share:				
Before cumulative effect of accounting change	$ 1.94	$ 2.06	$ 0.49	$ 0.57
Cumulative effect of change in accounting for intangible assets, net of tax	-	-	-	(0.59)
After cumulative effect of accounting change	$ 1.94	$ 2.06	$ 0.49	$ (0.02)

See notes to condensed, consolidated financial statements

THE SCOTTS COMPANY
CONDENSED, CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(in millions)

	SIX MONTHS ENDED MARCH 29, 2003	SIX MONTHS ENDED MARCH 30, 2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 15.7	$ (0.6)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Cumulative effect of change in accounting for intangible assets	-	29.8
Stock-based compensation expense	1.6	-
Depreciation	18.8	16.0
Amortization	5.7	5.3
Deferred taxes	9.9	(10.1)
Changes in assets and liabilities, net of acquired businesses:		
Accounts receivable	(472.9)	(326.2)
Inventories	(131.1)	(58.3)
Prepaid and other current assets	(21.1)	(10.4)
Accounts payable	158.9	119.1
Accrued taxes and liabilities	37.0	49.8
Restructuring reserves	(3.2)	(19.0)
Other assets	2.0	2.0
Other liabilities	(0.1)	(2.7)
Other, net	(1.8)	5.9
Net cash used in operating activities	(380.6)	(199.4)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in property, plant and equipment	(31.3)	(22.3)
Investment in acquired businesses, net of cash acquired	(5.2)	(3.1)
Payments on seller notes	(27.0)	(16.0)
Net cash used in investing activities	(63.5)	(41.4)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings under revolving and bank lines of credit	373.0	198.3
Issuance of 8 5/8% senior subordinated notes, net of issuance costs	-	70.2
Gross repayments under term loans	(25.8)	(14.9)
Financing and issuance fees	(0.5)	(1.8)
Cash received from the exercise of stock options	9.0	10.3
Net cash provided by financing activities	355.7	262.1
Effect of exchange rate changes on cash	1.0	(2.5)
Net decrease in cash	(87.4)	18.8
Cash and cash equivalents at beginning of period	99.7	18.7
Cash and cash equivalents at end of period	$ 12.3	$ 37.5

See notes to condensed, consolidated financial statements

THE SCOTTS COMPANY
CONDENSED, CONSOLIDATED BALANCE SHEETS
(in millions)

	UNAUDITED MARCH 29, 2003	UNAUDITED MARCH 30, 2002	SEPTEMBER 30, 2002
ASSETS			
Current assets:			
Cash and cash equivalents	$ 12.3	$ 37.5	$ 99.7
Accounts receivable, less allowances of $26.7, $25.2 and $33.2, respectively	722.8	547.0	249.9
Inventories, net	400.2	426.8	269.1
Current deferred tax asset	72.5	52.2	74.6
Prepaid and other assets	57.9	44.6	36.8
Total current assets	1,265.7	1,108.1	730.1
Property, plant and equipment, net	342.6	313.4	329.2
Goodwill and intangible assets, net	803.7	744.1	791.7
Other assets	47.5	74.7	50.4
Total assets	$2,459.5	$2,240.3	$1,901.4
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of debt	$ 287.7	$ 205.6	$ 98.2
Accounts payable	292.8	270.1	134.0
Accrued liabilities	226.1	218.3	206.4
Accrued taxes	27.7	35.9	13.2
Total current liabilities	834.3	729.9	451.8
Long-term debt	873.0	921.1	731.2
Other liabilities	132.2	72.4	124.5
Total liabilities	1,839.5	1,723.4	1,307.5
Commitments and contingencies (Note 9) Shareholders' equity:			
Common Shares, no par value per share, $.01 stated value per share 31.3 shares issued for all periods	0.3	0.3	0.3
Capital in excess of par value	388.2	400.1	398.6
Retained earnings	310.5	211.7	294.8
Treasury stock, 0.5, 2.1 and 1.2 shares, respectively, at cost	(20.7)	(61.4)	(41.8)
Accumulated other comprehensive loss	(58.3)	(33.8)	(58.0)
Total shareholders' equity	620.0	516.9	593.9
Total liabilities and shareholders' equity	$2,459.5	$2,240.3	$1,901.4

See notes to condensed, consolidated financial statements

NOTES TO CONDENSED, CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The Scotts Company and its subsidiaries (collectively "Scotts" or the "Company") are engaged in the manufacture, marketing and sale of lawn care and garden products. The Company's major customers include home improvement centers, mass merchandisers, large hardware chains, independent hardware stores, nurseries, garden centers, food and drug stores, lawn and landscape service companies, commercial nurseries and greenhouses, and specialty crop growers. The Company's products are sold primarily in North America and the European Union. We also operate the Scotts LawnService(R) business which provides lawn and tree and shrub fertilization, insect control and other related services in the United States.

ORGANIZATION

The condensed, consolidated financial statements include the accounts of The Scotts Company and its subsidiaries. All material intercompany transactions have been eliminated.

BASIS OF PRESENTATION

The condensed, consolidated balance sheets as of March 29, 2003 and March 30, 2002, and the related condensed, consolidated statements of operations for the three and six month periods then ended and condensed, consolidated statements of cash flows for the six month periods then ended, are unaudited; however, in the opinion of management, such financial statements contain all adjustments necessary for the fair presentation of the Company's financial position, results of operations and cash flows. Interim results reflect all normal recurring adjustments and are not necessarily indicative of results for a full year. The interim financial statements and notes are presented as specified by Regulation S-X of the Securities and Exchange Commission, and should be read in conjunction with the financial statements and accompanying notes in The Scotts Company's fiscal 2002 Annual Report on Form 10-K.

REVENUE RECOGNITION

Revenue is recognized when products are shipped and title and risk of loss have transferred to the customer. Provisions for estimated returns and allowances are recorded at the time of shipment based on historical rates of returns applied as a percentage of sales. Scotts LawnService(R) revenues are recognized at the time service is provided to the customer.

PROMOTIONAL ALLOWANCES

The Company promotes its branded products through cooperative advertising programs with retailers. Retailers are also offered in-store promotional allowances and rebates based on sales volumes. Certain products are also promoted with direct consumer rebate programs. Promotion costs (including allowances and rebates) incurred during the year are expensed to interim periods in relation to revenues and are recorded as a reduction of net sales.

ADVERTISING

The Company advertises its branded products through national and regional media. Advertising costs incurred during the year are expensed to interim periods in relation to revenues. All advertising costs, except for external production costs, are expensed within the fiscal year in which such costs are incurred. External production costs for advertising programs are deferred until the period in which the advertising is first aired.

Scotts LawnService(R) promotes its service offerings through direct response mail campaigns. The external costs associated with these campaigns are deferred and recognized ratably in proportion to revenues as advertising costs over a period not in excess of one year. The costs deferred at March 29, 2003, March 30, 2002 and September 30, 2002 are $2.2 million, $1.7 million and $0.9 million, respectively.

STOCK-BASED COMPENSATION AWARDS

In July 2002, the Company announced that it would begin expensing prospective grants of employee stock based compensation awards beginning in fiscal 2003 in accordance with Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation". The fair value of future awards will be expensed ratably over the vesting period, which has historically been three years except for grants to Directors, which have a six month vesting period.

On November 7, 2002, the Company granted 372,000 stock options to officers and other key employees. On January 30, 2003, the Company granted 209,000 stock appreciation rights to officers and on January 31, 2003, the Company granted 63,000 stock options to members of the Board of Directors. The exercise price for the option awards and the stated price for the stock appreciation rights awards were determined by the closing price of the Company's common shares on the date of grant. The related compensation expense recorded in the three and six month periods ended March 29, 2003 was $1.2 million and $1.6 million, respectively.

The Black-Scholes value of options granted in fiscal 2001 and fiscal 2002 was $10.0 million and $10.7 million, respectively. The value of all stock-based compensation grants awarded during the first six months of fiscal 2003 is $12.4 million. Under the Company's prospective adoption of SFAS No. 123, the expensing of awards commenced with awards granted in fiscal 2003 and, for awards with a three-year vesting schedule, will be fully phased in by fiscal 2006.

Had compensation expense been recognized for the periods ended March 29, 2003 and March 30, 2002 in accordance with the recognition provisions of SFAS No. 123, the Company would have recorded net income (loss) and net income (loss) per share as follows:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	MARCH 29, 2003	MARCH 30, 2002	MARCH 29, 2003	MARCH 30, 2002
	($ MILLIONS EXCEPT PER SHARE DATA)			
Net income (loss)	$ 62.5	$ 65.0	$ 15.7	$ (0.6)
Stock-based compensation, net of tax .	1.0	1.2	2.1	2.5
Net income (loss) as adjusted	$ 61.5	$ 63.8	$ 13.6	$ (3.1)
Adjusted net income (loss) per share:				
Basic	$ 2.00	$ 2.19	$ 0.45	$ (0.11)
Diluted	$ 1.91	$ 2.03	$ 0.42	$ (0.11)

The pro forma amounts shown above are not necessarily representative of the impact on net income in future periods.

Prior to fiscal 2003, the Company accounted for stock options under APB 25, "Accounting for Stock Issued to Employees" and, as allowable, adopted only the disclosure provisions of SFAS No. 123.

LONG-LIVED ASSETS

Property, plant and equipment, including significant improvements, are stated at cost. Expenditures for maintenance and repairs are charged to expense as incurred. When properties are retired or otherwise disposed of, the cost of the asset and the related accumulated depreciation are removed from the accounts with the resulting gain or loss being reflected in results of operations.

Interest is capitalized on capital projects with significant cost and duration. The Company capitalized $0.6 million and $1.0 million of interest costs during the three and six month periods ended March 29, 2003 compared to $0.3 million and $0.6 million during the three and six month periods ended March 30, 2002.

Management assesses the recoverability of property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable from its future undiscounted cash flows. If it is determined that an impairment has occurred, an impairment loss will be recognized for the amount by which the carrying amount of the asset exceeds its estimated fair value.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in the future, actual results ultimately may differ from the estimates.

RECLASSIFICATIONS

Certain reclassifications have been made in prior periods' financial statements to conform to fiscal 2003 classifications.

2. DETAIL OF CERTAIN FINANCIAL STATEMENT ACCOUNTS

Inventories, net of provisions for slow moving and obsolete inventory of $25.5 million, $25.0 million, and $25.9 million, respectively, consisted of:

	MARCH 29, 2003	MARCH 30, 2002	SEPTEMBER 30, 2002
	($ MILLIONS)		
INVENTORIES			
Finished goods	$ 308.7	$ 352.1	$ 196.6
Raw materials	91.5	74.7	72.5
Total	400.2	426.8	269.1

	MARCH 29, 2003	MARCH 30, 2002	SEPTEMBER 30, 2002
	($ MILLIONS)		
PROPERTY, PLANT AND EQUIPMENT, NET:			
Land and improvements	$ 37.3	$ 38.9	$ 38.0
Buildings	122.5	104.7	120.9
Machinery and equipment	291.8	242.9	289.9
Furniture and fixtures	34.3	31.8	33.1
Software	53.8	44.6	47.6
Construction in progress	62.2	78.4	45.7
Less: accumulated depreciation	(259.3)	(227.9)	(246.0)
Total	$ 342.6	$ 313.4	$ 329.2

3. MARKETING AGREEMENT

Effective September 30, 1998, the Company entered into an agreement with Monsanto Company ("Monsanto") for exclusive domestic and international marketing and agency rights to Monsanto's consumer Roundup(R) herbicide products. Under the terms of the agreement, the Company is entitled to receive an annual commission from Monsanto in consideration for the performance of its duties as agent. The annual commission is calculated as a percentage of the actual earnings before interest and income taxes (EBIT), as defined in the agreement, of the Roundup(R) business. Each year's percentage varies in accordance with the terms of the agreement based on the achievement of two earnings thresholds and on commission rates that vary by threshold and program year.

The agreement also requires the Company to make fixed annual payments to Monsanto as a contribution against the overall expenses of the Roundup(R) business. The annual fixed payment is defined as $20 million. However, portions of the annual payments for the first three years of the agreement are deferred. No payment was required for the first year (fiscal 1999), a payment of $5 million was required for the second year and a payment of $15 million was required for the third year so that a total of $40 million of the contribution payments were deferred. Beginning in fiscal 2003, the fifth year of the agreement, the annual payments to Monsanto increase to at least $25 million, which include per annum interest charges at 8%. The annual payments may be increased above $25 million if certain significant earnings targets are exceeded. If all of the deferred contribution amounts are paid prior to 2018, the annual contribution payments revert to $20 million. Regardless of whether the deferred contribution amounts are paid, all contribution payments cease entirely in 2018.

The Company is recognizing a charge each year associated with the annual contribution payments equal to the required payment for that year. The Company is not recognizing a charge for the portions of the contribution payments that are deferred until the time those deferred amounts are paid. The Company considers this method of accounting for the contribution payments to be appropriate after consideration of the likely term of the agreement, the Company's ability to terminate the agreement without paying the deferred amounts, and the fact that approximately $18.6 million of the deferred amount is never paid, even if the agreement is not terminated prior to 2018, unless significant earnings targets are exceeded.

The express terms of the agreement permit the Company to terminate the agreement only upon Material Breach, Material Fraud or Material Willful Misconduct by Monsanto, as such terms are defined in the agreement, or upon the sale of the Roundup(R) business by Monsanto. In such instances, the agreement permits the Company to avoid payment of any deferred contribution and related per annum charge. The Company's basis for not recording a financial liability to Monsanto for the deferred portions of the annual contribution and per annum charge is based on our assessment and consultations with our legal counsel and the Company's independent accountants. In addition, the Company has obtained a legal opinion from The Bayard Firm, P.A., which concluded, subject to certain qualifications, that if the matter were litigated, a Delaware court would likely conclude that the Company is entitled to terminate the agreement at will, with appropriate prior notice, without incurring significant penalty, and avoid paying the unpaid deferred amounts. We have concluded that, should the Company elect to terminate the agreement at any balance sheet date, it will not incur significant economic consequences as a result of such action.

The Bayard Firm was special Delaware counsel retained during fiscal 2000 solely for the limited purpose of providing a legal opinion in support of the contingent liability treatment of the agreement previously adopted by the Company and has neither generally represented or advised the Company nor participated in the preparation or review of the Company's financial statements or any SEC filings. The terms of such opinion specifically limit the parties who are entitled to rely on it.

The Company's conclusion is not free from challenge and, in fact, would likely be challenged if the Company were to terminate the agreement. If it were determined that, upon termination, the Company must pay any remaining deferred contribution amounts and related per annum charges, the resulting charge to earnings could have a material impact on the Company's results of operations and financial position. At March 29, 2003, contribution payments and related per annum charges of approximately $49.7 million had been deferred under the agreement. This amount is considered a contingent obligation and has not been reflected in the financial statements as of and for the year then ended.

Monsanto has disclosed that it is accruing the $20 million fixed contribution fee per year beginning in the fourth quarter of Monsanto's fiscal year 1998, plus interest on the deferred portion.

The agreement has a term of seven years for all countries within the European Union (at the option of both parties, the agreement can be renewed for up to 20 years for the European Union countries). For countries outside of the European Union, the agreement continues indefinitely unless terminated by either party. The agreement provides Monsanto with the right to terminate the agreement for an event of default (as defined in the agreement) by the Company or a change in control of Monsanto or the sale of the Roundup(R) business. The agreement provides the Company with the right to terminate the agreement in certain circumstances including an event of default by Monsanto or the sale of the Roundup(R) business. Unless Monsanto terminates the agreement for an event of default by the Company, Monsanto is required to pay a termination fee to the Company that varies by program year. The termination fee is $150 million for each of the first five program years, gradually declines to $100 million by year ten of the program and then declines to a minimum of $16 million if the program continues for years 11 through 20.

In consideration for the rights granted to the Company under the agreement for North America, the Company was required to pay a marketing fee of $32 million to Monsanto. The Company has deferred the expense relating to this amount on the basis that the payment will provide a future benefit through commissions that will be earned under the agreement and is amortizing the balance over ten years, which is the estimated likely term of the agreement.

4. RESTRUCTURING AND OTHER CHARGES

FISCAL 2003 CHARGES

During the three and six month periods ended March 29, 2003, the Company recorded $3.1 million and $9.4 million of restructuring and other charges, respectively.

Costs of $4.7 million for warehouse lease buyouts and relocation of inventory associated with exiting certain warehouses in North America, and $0.4 million of accelerated depreciation for the Bramford, England facility, were included in cost of sales. Severance and consulting costs of $3.3 million for the continued European integration efforts that began in the fourth quarter of fiscal 2002, and $1.0 million of administrative facility exit costs in North America were charged to selling, general and administrative expense.

FISCAL 2002 CHARGES

During fiscal 2002, the Company recorded $8.1 million of restructuring and other charges.

During the fourth quarter of fiscal 2002, the Company recorded $4.0 million of restructuring and other charges associated with reductions of headcount from the closure of a manufacturing facility in Bramford, England. All fiscal 2002 restructuring related activities and costs are expected to be completed by the end of fiscal 2003.

The remaining $4.1 million expensed as restructuring and other costs in fiscal 2002 pertained to personnel and inventory relocation. These relocation charges related to a plan to optimize the North American supply chain that was initiated in the third and fourth quarters of fiscal 2001. Under accounting principles generally accepted in the United States of America, certain restructuring costs related to relocation of personnel, equipment and inventory are to be expensed in the period the costs are actually incurred.

FISCAL 2001 CHARGES

During the third and fourth quarters of fiscal 2001, the Company recorded $75.7 million of restructuring and other charges, primarily associated with reductions in headcount and the closure or relocation of certain manufacturing and administrative facilities.

The following is a rollforward of the cash portion of the restructuring and other charges accrued in fiscal 2001, 2002 and thus far in fiscal 2003. The balances remaining at March 29, 2003 are included in accrued liabilities and other liabilities in the condensed, consolidated balance sheets. The portion classified as other long-term liabilities is future lease obligations that extend beyond one year.

DESCRIPTION	TYPE	CLASSIFICATION	BALANCE SEPTEMBER 30, 2002	PAYMENT	OTHER	BALANCE MARCH 29, 2003
			($ MILLIONS)			
Severance............	Cash	SG&A	$ 6.8	$ (2.9)	$ 0.1	$ 4.0
Facility exit costs..	Cash	SG&A	3.5	(1.5)	-	2.0
Other related costs..	Cash	SG&A	1.7	(0.3)	1.3	2.7
Total cash.......			$ 12.0	$ (4.7)	$ 1.4	$ 8.7

5. INTANGIBLE ASSETS, NET

Effective October 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets". In accordance with this standard, goodwill and certain other intangible assets, primarily tradenames, have been classified as indefinite-lived assets no longer subject to amortization. Indefinite-lived assets are subject to impairment testing upon adoption of SFAS No. 142 and at least annually thereafter. The initial impairment analysis was completed in the second quarter of fiscal 2002, taking into account additional guidance provided by EITF 02-07, "Unit of Measure for Testing Impairment of Indefinite-Lived Intangible Assets". The value of all indefinite-lived tradenames as of October 1, 2001 was determined using a "royalty savings" methodology that was employed when the businesses associated with these tradenames were acquired but using updated estimates of sales and profitability. As a result, a pre-tax impairment loss of $29.8 million was recorded for the writedown of the value of the tradenames in our International Consumer businesses in Germany, France and the United Kingdom. This transitional impairment charge was recorded as a cumulative effect of accounting change, net of tax, as of October 1, 2001. After completing this initial valuation and impairment of tradenames, an initial assessment for goodwill impairment was performed. It was determined that a goodwill impairment charge was not required.

Intangible assets include patents, tradenames and other intangible assets which are valued at acquisition through independent appraisals where material, or through other valuation techniques. Patents, trademarks and other intangible assets are being amortized on a straight-line basis over periods varying from 7 to 40 years. The useful lives of intangible assets still subject to amortization were not revised as a result of the adoption of SFAS No. 142.

Management assesses the recoverability of goodwill, tradenames and other intangible assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable from its discounted future cash flows. Goodwill and unamortizable intangible assets are reviewed for impairment at least annually. If it is determined that an impairment has occurred, an impairment loss is recognized for the amount by which the carrying of the asset exceeds its estimated fair value.

In the first quarter of fiscal 2003, the Company updated its impairment analysis and determined that a charge for annual impairment was not required at this time.

The following table presents goodwill and intangible assets as of the end of each period presented.

			MARCH 29, 2003			MARCH 30, 2002	
	WEIGHTED AVERAGE LIFE	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	NET CARRYING AMOUNT	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	NET CARRYING AMOUNT
			($ MILLIONS)				
Amortized Intangible Assets:							
Technology	21	$ 64.5	$ (20.7)	$ 43.8	$ 58.8	$ (18.2)	$ 40.6
Customer accounts	7	37.1	(4.6)	32.5	23.0	(2.5)	20.5
Tradenames	16	11.4	(2.6)	8.8	11.4	(2.0)	9.4
Other	36	52.7	(36.0)	16.7	44.7	(32.8)	11.9
Total amortized intangible assets, net				101.8			82.4
Unamortized Intangible Assets:							
Tradenames				314.5			318.6
Other				3.2			3.1
Total intangible assets, net				419.5			404.1
Goodwill				384.2			340.0
Total goodwill and intangible assets, net				$803.7			$744.1

	SEPTEMBER 30, 2002		
	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	NET CARRYING AMOUNT
Amortized Intangible Assets:			
Technology	$ 61.9	$ (18.8)	$ 43.1
Customer accounts	33.2	(3.5)	29.7
Tradenames	11.3	(2.3)	9.0
Other	50.6	(34.0)	16.6
Total amortized intangible assets, net			98.4
Unamortized Intangible Assets:			
Tradenames			312.7
Other			3.1
Total intangible assets, net			414.2
Goodwill			377.5
Total goodwill and intangible assets, net			$791.7

The changes to the net carrying value of goodwill by segment for the six months ended March 29, 2003 are as follows (in millions):

	N.A. CONSUMER	SCOTTS LAWNSERVICE(R)	INTERNATIONAL CONSUMER	GLOBAL PROFESSIONAL	TOTAL
Balance as of September 30, 2002	$ 178.3	$ 68.5	$ 78.2	$ 52.5	$ 377.5
Increases due to acquisitions		9.4			9.4
Reduction of final purchase price for previous acquisition	(5.1)				(5.1)
Other (reclassifications and cumulative translation)	(0.1)		2.5		2.4
Balance as of March 29, 2003	$ 173.1	$ 77.9	$ 80.7	$ 52.5	$ 384.2

Estimated amortization expense for the intangible assets existing as of March 29, 2003 for the remainder of fiscal year ending September 30, 2003 is $4.5 million.

Estimated future amortization expense for the intangible assets existing as of March 29, 2003 is as follows (in millions)

YEAR ENDING SEPTEMBER 30,	
2004	$ 7.5
2005	7.4
2006	7.4
2007	7.4
2008	7.4

6. LONG-TERM DEBT

	MARCH 29, 2003	MARCH 30, 2002	SEPTEMBER 30, 2002
		($ MILLIONS)	
Revolving loans under credit facility	$ 372.0	$ 284.6	$ -
Term loans under credit facility	347.9	378.4	375.5
Senior subordinated notes	392.5	391.2	391.8
Notes due to sellers	23.7	48.6	43.4
Foreign bank borrowings and term loans	13.8	11.8	7.0
Capital lease obligations and other	10.8	12.1	11.7
	1,160.7	1,126.7	829.4
Less current portions	287.7	205.6	98.2
	$ 873.0	$ 921.1	$ 731.2

The revolving credit facility under the Credit Agreement ("Credit Agreement") provides for borrowings of up to $575 million, which are available on a revolving basis over a term of 6 1/2 years ending June 30, 2005. A

portion of the revolving credit facility not to exceed $100 million is available for the issuance of letters of credit. A portion of the facility not to exceed $360 million is available for borrowings in optional currencies, provided that the outstanding revolving loans in other currencies do not exceed $200 million except for British Pounds Sterling, which cannot exceed $360 million. The outstanding principal amount of all revolving credit loans must be reduced below $150 million for at least 30 consecutive days during any calendar year.

Spreads on rates and commitment fees under the Credit Agreement vary according to the Company's leverage ratios and interest rates also vary within tranches. The weighted-average interest rate on the Company's borrowings under the revolving credit facility for the six months ended March 29, 2003 and March 30, 2002 was 5.46% and 6.25%, respectively.

Financial covenants include interest coverage and net leverage ratios. Other covenants include limitations on indebtedness, liens, mergers, consolidations, liquidations and dissolutions, sale of assets, leases, dividends, capital expenditures, and investments. The Scotts Company and all of its domestic subsidiaries pledged substantially all of their personal, real and intellectual property assets as collateral for the borrowings under the Credit Agreement. The Scotts Company and its subsidiaries also pledged the stock in foreign subsidiaries that borrow under the Credit Agreement. At March 29, 2003, the Company is in compliance with all applicable affirmative and negative covenants.

The term loan facilities under the Credit Agreement consist of two tranches. The Tranche A Term Loan Facility consists of three sub-tranches of Euros and British Pounds Sterling in the aggregate principal amount of $265 million which are to be repaid quarterly over a 6 1/2 year period ending June 30, 2005. The Tranche B Term Loan Facility has an aggregate principal amount of $260 million and is to be repaid quarterly over a 6 1/2 year period ending December 31, 2007. At March 29, 2003, the outstanding balances of the Tranche A and Tranche B Term Loan Facilities are $106.7 and $241.2, respectively. Minimum required repayments by fiscal years are as follows:

	FOR THE REMAINDER OF FISCAL YEAR ENDING SEPTEMBER 30, 2003	FOR THE FISCAL YEARS ENDING SEPTEMBER 30, 2004	2005	2006	2007	2008
		($ MILLIONS)				
Tranche A	$ 26.4	$ 35.2	$ 45.1	$ -	$ -	$ -
Tranche B	0.7	0.9	0.9	0.9	178.4	59.4

These future payments are presented at foreign exchange rates in effect at March 29, 2003.

The term loan facilities have a variable interest rate, which was 3.96% at March 29, 2003.

Approximately $17.3 million of financing costs associated with the Credit Agreement have been deferred and are being amortized over a period which ends June 30, 2005. The unamortized balance at March 29, 2003, was $7.1 million.

In January 2002, The Scotts Company completed an offering of $70 million of 8 5/8% Senior Subordinated Notes due 2009. The net proceeds from the offering were used to pay down borrowings on our revolving credit facility. The notes were issued at a premium of $1.8 million. The effective interest rate for the notes is 8 3/8%. The issuance costs associated with the offering totaled $1.6 million. Both the premium and the issuance costs are being amortized over the remaining life of the notes.

In January 1999, the Company completed an offering of $330 million of 8 5/8% Senior Subordinated Notes due 2009. The Company entered into two interest rate locks in fiscal 1998 to hedge its anticipated interest rate exposure on the 8 5/8% Notes offering. The total amount paid under the interest rate locks of $12.9 million has been recorded as a reduction of the 8 5/8% Notes' carrying value and is being amortized over the life of the 8 5/8% Notes as interest expense. Approximately $11.8 million of issuance costs associated with the 8 5/8% Notes were deferred and are being amortized over the term of the Notes. The effective interest rate for the Notes including the cost of the interest rate locks is 9.24%.

In conjunction with past acquisitions, notes were issued for certain portions of the total purchase price that are to be paid in future periods. The present value of the remaining note payments is $23.7 million of which $17.5 million pertains to lawn service business acquisitions. The Company is imputing interest on the notes using the stated interest rate or an interest rate prevalent for similar instruments at the time of acquisition for non-interest bearing notes.

Foreign notes of $6.0 million issued on December 12, 1997, have an 8-year term and bear interest at 1% below LIBOR. The remaining principal balance of these loans at March 29, 2003 and March 30, 2002 was $0.6 million and $2.6 million, respectively. The loans are denominated in British Pounds Sterling and can be redeemed, on demand, by the note holder. The foreign bank borrowings of $13.2 million at March 29, 2003 and $9.3 million at March 30, 2002 represent lines of credit for foreign operations and are primarily denominated in Euros.

7. EARNINGS PER COMMON SHARE

The following table presents information necessary to calculate basic and diluted earnings per common share. Basic earnings per common share are computed by dividing net income available to common shareholders by the weighted average number of common share outstanding. Options to purchase 0.1 and 0.3 million shares of common stock for the three and six month periods ended March 29, 2003, and 0.1 and 0.1 million shares for the three and six month periods ended March 30, 2002 respectively were not included in the computation of diluted earnings per common share. These options were excluded from the calculation because the exercise price of these options was greater than the average market price of the common shares in the respective periods, and therefore, they were antidilutive.

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	MARCH 29, 2003	MARCH 30, 2002	MARCH 29, 2003	MARCH 30, 2002
	($ MILLIONS, EXCEPT PER SHARE DATA)			
NET INCOME (LOSS):				
Income before cumulative effect of accounting change	62.5	$ 65.0	$ 15.7	$ 17.9
Cumulative effect of change in accounting for intangible assets, net of tax	-	-	-	(18.5)
Net income (loss)	62.5	$ 65.0	$ 15.7	$ (0.6)
BASIC EARNINGS (LOSS) PER COMMON SHARE:				
Weighted-average common shares outstanding during the period	30.7	29.1	30.5	29.0
Basic income (loss) per common share:				
Before cumulative effect of accounting change	2.04	$ 2.23	$ 0.52	$ 0.62
Cumulative effect of change in accounting for intangible assets, net of tax	-	-	-	(0.64)
After cumulative effect of accounting change	2.04	$ 2.23	$ 0.52	$(0.02)
DILUTED EARNINGS (LOSS) PER COMMON SHARE:				
Weighted-average common shares outstanding during the period	30.7	29.1	30.5	29.0
Potential common shares:				
Assuming exercise of options	0.8	1.0	0.9	1.1
Assuming exercise of warrants	0.7	1.4	0.7	1.3
Weighted-average number of common shares outstanding and dilutive potential common shares	32.2	31.5	32.1	31.4
Diluted income (loss) per common share:				
Before cumulative effect of accounting change	1.94	$ 2.06	$ 0.49	$ 0.57
Cumulative effect of change in accounting for intangible assets, net of tax	-	-	-	(0.59)
After cumulative effect of accounting change	1.94	$ 2.06	$ 0.49	$(0.02)

8. STATEMENT OF COMPREHENSIVE INCOME

The components of other comprehensive income and total comprehensive income for the three and six month periods ended March 29, 2003 and March 30, 2002 are as follows:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	MARCH 29, 2003	MARCH 30 2002	MARCH 29 2003	MARCH 30 2002
	($ MILLIONS)			
Net income (loss)	$ 62.5	$ 65.0	$ 15.7	$ (0.6)
Other comprehensive income (expense):				
Foreign currency translation adjustments	-	(0.5)	(0.6)	(0.1)
Change in valuation of derivative instruments	0.3	1.5	0.3	1.0
Comprehensive income	$ 62.8	$ 66.0	$ 15.4	$ 0.3

9. CONTINGENCIES

Management continually evaluates the Company's contingencies, including various lawsuits and claims which arise in the normal course of business, product and general liabilities, property losses and other fiduciary liabilities for which the Company is self-insured. In the opinion of management, its assessment of contingencies is reasonable and related reserves, in the aggregate, are adequate; however, there can be no assurance that future quarterly or annual operating results will not be materially affected by final resolution of these matters. The following matters are the more significant of the Company's identified contingencies.

ENVIRONMENTAL MATTERS

In June 1997, the Ohio Environmental Protection Agency ("Ohio EPA") initiated an enforcement action against us with respect to alleged surface water violations and inadequate treatment capabilities at our Marysville facility and sought corrective action under the federal Resource Conservation Recovery Act. The action relates to several discontinued on-site disposal areas which date back to the early operations of the Marysville facility that we had already been assessing voluntarily. Since initiation of the action, the Company met with the Ohio Attorney General and the Ohio EPA, and was ultimately able to negotiate an amicable resolution of these issues. On December 3, 2001, an agreed judicial Consent Order was submitted to the Union County Common Pleas Court and was entered by the court on January 25, 2002. We are continuing our remediation activities with the knowledge and oversight of the Ohio EPA.

We are negotiating with the Philadelphia District of the U.S. Army Corps of Engineers ("Corps") regarding the terms of site remediation and the resolution of the Corps' civil penalty demand in connection with our prior peat harvesting operations at our Lafayette, New Jersey facility. We are also addressing remediation concerns raised by the Environment Agency of the United Kingdom with respect to emissions to air and groundwater at our Bramford (Suffolk), United Kingdom facility. We have reserved for our estimates of probable losses to be incurred in connection with each of these matters.

Regulations and environmental concerns also exist surrounding peat extraction in the United Kingdom and the European Union. In August 2000, English Nature, the nature conservation advisory body to the U.K. government, notified us that three of our peat harvesting sites in the United Kingdom were under consideration as possible "Special Areas of Conservation" under European Union Law. In April 2002, working in conjunction with Friends of the Earth (U.K.), we reached agreement with English Nature to transfer our interests in the properties and for the immediate cessation of all but a limited amount of peat extraction on one of the three sites in exchange for $18.1 million received in April 2002 and an additional approximately $3 million which will be received when we cease extraction at the third site. A net gain of approximately $5 million was included in "Other Income" in fiscal 2002. Proceeds of approximately $13 million were recorded as deferred income and will be recognized into income over the 29 month period beginning May, 2002 which coincides with the expected peat extraction period at the third site. As a result of this transaction, we have withdrawn our objection to the proposed European designations as Special Areas of Conservation and will undertake restoration work on the sites for which we will receive additional compensation from English Nature. We consider that we have sufficient raw material supplies available to replace the peat extracted from such sites.

The Company has determined that building materials at certain manufacturing facilities in the United Kingdom contain asbestos and may require removal in the future.

At March 29, 2003, $4.0 million is accrued for the environmental matters described herein. The accrual is for future costs for site remediation. The significant portion of the costs accrued as of March 29, 2003 are expected to be paid in fiscal 2003 and 2004; however, payments could be made for a period thereafter.

We believe that the amounts accrued as of March 29, 2003 are adequate to cover known environmental exposures based on current facts and estimates of likely outcome. However, the adequacy of these accruals is based on several significant assumptions:

(i) that we have identified all of the significant sites that must be remediated;

(ii) that there are no significant conditions of potential contamination that are unknown to the Company; and

(iii) that with respect to the agreed judicial Consent Order in Ohio, that potentially contaminated soil can be remediated in place rather than having to be removed and only specific stream segments will require remediation as opposed to the entire stream.

If there is a significant change in the facts and circumstances surrounding these assumptions, it could have a material impact on the ultimate outcome of these matters and the Company's results of operations, financial position and cash flows.

LEGAL PROCEEDINGS

As noted in the discussion above under "Environmental Matters", we are involved in several pending environmental matters. We believe that our assessment of contingencies is reasonable and that related reserves, in the aggregate, are adequate; however, there can be no assurance that the final resolution of these matters will not have a material adverse affect on our results of operations, financial position and cash flows.

Pending material legal proceedings are as follows:

AGREVO ENVIRONMENTAL HEALTH, INC.

On June 3, 1999, AgrEvo Environmental Health, Inc. ("AgrEvo") (which subsequently changed its name to Aventis Environmental Health Science USA LP) filed a complaint in the U.S. District Court for the Southern District of New York ("the New York Action"), against Scotts, a subsidiary of Scotts and Monsanto seeking damages and injunctive relief for alleged antitrust violations and breach of contract by Scotts and its subsidiary and antitrust violations and tortious interference with contract by Monsanto. Scotts purchased a consumer herbicide business from AgrEvo in May 1998. AgrEvo claims in the suit that Scotts' subsequent agreement to become Monsanto's exclusive sales and marketing agent for Monsanto's consumer Roundup(R) business violated the federal antitrust laws. AgrEvo contends that Monsanto attempted to or did monopolize the market for non-selective herbicides and conspired with Scotts to eliminate the herbicide Scotts previously purchased from AgrEvo, which competed with Monsanto's Roundup(R). AgrEvo also contends that Scotts' execution of various agreements with Monsanto, including the Roundup(R) marketing agreement, as well as Scotts' subsequent actions, violated the purchase agreements between AgrEvo and Scotts.

AgrEvo is requesting unspecified damages as well as affirmative injunctive relief, and seeking to have the court invalidate the Roundup(R) marketing agreement as violative of the federal antitrust laws. Under the indemnification provisions of the Roundup(R) marketing agreement, Monsanto and Scotts each have requested that the other indemnify against any losses arising from this lawsuit.

On June 29, 1999, AgrEvo also filed a complaint in the Superior Court of the State of Delaware against two of Scotts' subsidiaries seeking damages for alleged breach of contract. AgrEvo alleges that, under the contracts by which a subsidiary of Scotts purchased a herbicide business from AgrEvo in May 1998, two of Scotts' subsidiaries have failed to pay AgrEvo approximately $0.6 million. AgrEvo is requesting damages in this amount, as well as pre- and post-judgment interest and attorneys' fees and costs. Scotts' subsidiaries have moved to dismiss or stay this action. On January 31, 2000, the Delaware court stayed AgrEvo's action pending the resolution of a motion to amend the New York action, and the resolution of the New York action.

On May 15, 2002, AgrEvo filed an additional, duplicative complaint that makes the same claims that are made in the amended complaint in the New York Action, described above. On June 6, 2002, Scotts moved to dismiss this duplicative complaint as procedurally improper. There has been no ruling by the court on Scotts' motion.

On January 10, 2003, Scotts filed a supplemental counterclaim against AgrEvo for breach of contract, claiming that AgrEvo owes Scotts approximately $1.4 million that Scotts overpaid to AgrEvo. Scotts' counterclaim is now part of the underlying litigation.

Scotts believes that AgrEvo's claims in these matters are without merit and intends to vigorously defend against them. If the above actions are determined adversely to Scotts, the result could have a material adverse effect on Scotts' results of operations, financial position and cash flows. Any potential exposure that Scotts may face cannot be reasonably estimated. Therefore, no accrual has been established related to these matters.

CENTRAL GARDEN & PET COMPANY

SCOTTS V. CENTRAL GARDEN, SOUTHERN DISTRICT OF OHIO

On June 30, 2000, Scotts filed suit against Central Garden & Pet Company in the U.S. District Court for the Southern District of Ohio ("the Ohio Action") to recover approximately $24 million in accounts receivable and additional damages for other breaches of duty.

Central Garden filed counterclaims including allegations that Scotts and Central Garden had entered into an oral agreement in April 1998 whereby Scotts would allegedly share with Central Garden the benefits and liabilities of any future business integration between Scotts and Pharmacia Corporation (formerly Monsanto). The court dismissed a number of Central Garden's counterclaims as well as Scotts' claims that Central Garden breached other duties owed to Scotts. On April 22, 2002, a jury returned a verdict in favor of Scotts of $22.5 million and for Central Garden on its remaining counterclaims in an amount of approximately $12.1 million. Various post-trial motions have been filed in the Ohio Action, but so far Central Garden has not challenged the propriety of the $22.5 million award to Scotts and Scotts has challenged only $750,000 of the $12.1 million awarded to Central Garden on its counterclaim. Central Garden has challenged, however, the dismissal during trial of several other counterclaims.

Two counterclaims that the court permitted Central Garden to add on the eve of trial also remain pending. In these counterclaims, Central Garden seeks damages in an unspecified amount for Scotts' alleged breach of contract and conversion with respect to certain inventory held by Central Garden's subagents and subdistributors. A trial date of October 6, 2003 has been set on these remaining claims, and discovery has recently commenced.

CENTRAL GARDEN V. SCOTTS & PHARMACIA, NORTHERN DISTRICT OF CALIFORNIA

On July 7, 2000, Central Garden filed suit against Scotts and Pharmacia in the U.S. District Court for the Northern District of California (San Francisco Division) alleging various claims, including breach of contract and violations of federal antitrust laws, and seeking an unspecified amount of damages and injunctive relief. On April 15, 2002, Scotts and Central Garden each filed summary judgment motions in this action. On June 26, 2002, the court granted summary judgment in favor of Scotts and dismissed all of Central Garden's then remaining claims. On July 28, 2002, Central Garden filed a notice of appeal. The case is now pending on appeal in the Ninth Circuit Court of Appeals.

CENTRAL GARDEN V. SCOTTS & PHARMACIA, CONTRA COSTA SUPERIOR COURT

On October 31, 2000, Central Garden filed a complaint against Scotts and Pharmacia in the California Superior Court for Contra Costa County. That complaint seeks to assert breach of contract claims and claims under

Section 17200 of the California Business and Professions Code. On December 4, 2000, Scotts and Pharmacia jointly filed a motion to stay this action based on the pendency of prior lawsuits that involve the same subject matter. By order dated February 23, 2001, the Superior Court stayed the action pending before it.

All claims in the Contra Costa action currently remain stayed. A further status conference is set for May 29, 2003. Central Garden and Pharmacia have settled their claims relating to this action.

Scotts believes that Central Garden's remaining claims are without merit and intends to vigorously defend against them. Although Scotts has prevailed consistently and extensively in the litigation with Central Garden, the decisions in Scotts' favor are subject to appeal. If, upon appeal or otherwise, the above actions are determined adversely to Scotts, the result could have a material adverse affect on Scotts' results of operations, financial position and cash flows. Scotts believes that it will continue to prevail in the Central Garden matters and that any potential exposure that Scotts may face cannot be reasonably estimated. Therefore, no accrual has been established related to the claims brought against Scotts by Central Garden, except for amounts ordered paid to Central Garden in the Ohio action for which Scotts believes it has adequate reserves recorded for the amounts it may ultimately be required to pay.

OTHER

We are involved in other lawsuits and claims which arise in the normal course of our business. In our opinion, these claims individually and in the aggregate are not expected to result in a material adverse effect on our results of operations, financial position or cash flows.

GUARANTEES

In November 2002, the Financial Accounting Standards Board (FASB) issued Interpretation 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN45"). FIN45 elaborates on the existing disclosure requirements for most guarantees, including loan guarantees and certain indemnification arrangements. For new guarantees and indemnifications provided after December 31, 2002, it requires that the Company must recognize an initial liability for the fair value, or market value, of the obligations it assumes and must disclose that information in its interim and annual financial statements. The Company has determined that it has no material guarantees or indemnifications that would require disclosure or valuation under this new standard.

10. SEGMENT INFORMATION

For fiscal 2003, the Company is divided into four reportable segments - North American Consumer, Scotts LawnService(R), International Consumer and Global Professional. The North American Consumer segment consists of the Lawns, Gardening Products, Ortho and Canadian business units.

The North American Consumer segment specializes in dry, granular slow-release lawn fertilizers, combination lawn fertilizer and control products, grass seed, spreaders, water-soluble and controlled-release garden and indoor plant foods, plant care products, potting soils, barks, mulches and other growing media products, and pesticide products. Products are marketed to mass merchandisers, home improvement centers, large hardware chains, nurseries and gardens centers.

The Scotts LawnService(R) segment provides lawn fertilization, insect control and other related services such as core aeration primarily to residential consumers through company-owned branches and franchises. In most company markets, Scotts LawnService(R) also offers tree and shrub fertilization, disease and insect control treatments and, in our larger branches, we also offer an exterior barrier pest control service.

The International Consumer segment provides products similar to those described above for the North American Consumer segment to consumers in countries other than the United States and Canada.

The Global Professional segment is focused on a full line of horticulture products including controlled-release and water-soluble fertilizers and plant protection products, grass seed, spreaders, custom application services and growing media. Products are sold to lawn and landscape service companies, commercial nurseries and greenhouses and specialty crop growers.

The following table presents segment financial information in accordance with SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information". Pursuant to that statement, the presentation of the segment financial information is consistent with the basis used by management (i.e., certain costs not allocated to business segments for internal management reporting purposes are not allocated for purposes of this presentation).

	NORTH AMERICAN CONSUMER	SCOTTS LAWNSERVICE(R)	INTERNATIONAL CONSUMER	GLOBAL PROFESSIONAL	OTHER/ CORPORATE	TOTAL
			(IN MILLIONS)			
Net sales:						
YTD 2003	$ 577.8	$ 26.8	$ 151.4	$ 100.9	$ -	$ 856.9
YTD 2002	$ 524.8	$ 16.1	$ 127.4	$ 91.6	$ -	$ 759.9
Q2 2003	$ 493.1	$ 11.5	$ 108.2	$ 63.4	$ -	$ 676.2
Q2 2002	$ 448.5	$ 7.4	$ 87.3	$ 55.3	$ -	$ 598.5
Operating income (loss):						
YTD 2003	$ 96.9	$ (17.1)	$ 12.0	$ 10.6	$ (36.2)	$ 66.2
YTD 2002	$ 95.3	$ (10.1)	$ 9.0	$ 9.0	$ (28.7)	$ 74.5
Q2 2003	$ 125.6	$ (12.4)	$ 15.1	$ 10.2	$ (16.1)	$ 122.4
Q2 2002	$ 124.7	$ (8.0)	$ 15.5	$ 9.2	$ (11.7)	$ 129.7
Operating margin:						
YTD 2003	16.8%	(63.8%)	7.9%	10.5%	nm	7.7%
YTD 2002	18.2%	(62.7%)	7.1%	9.8%	nm	9.8%
Q2 2003	25.5%	(107.8%)	14.0%	16.1%	nm	18.1%
Q2 2002	27.8%	(108.1%)	17.8%	16.6%	nm	21.7%
Goodwill:						
Q2 2003	$ 173.1	$ 77.9	$ 80.7	$ 52.5	$ -	$ 384.2
Q2 2002	$ 169.4	$ 46.3	$ 73.9	$ 50.4	$ -	$ 340.0
Total assets:						
Q2 2003	$1,514.2	$ 103.9	$ 550.0	$ 166.5	$ 124.9	$2,459.5
Q2 2002	$1,443.7	$ 62.3	$ 477.4	$ 158.0	$ 98.9	$2,240.3

nm Not meaningful.

Operating income (loss) reported for Scotts' four operating segments represents earnings before interest, taxes, and amortization, since this is the measure of profitability used by management. Accordingly, Corporate operating loss for the three and six months ended March 29, 2003 and March 30, 2002 includes amortization of certain intangible assets, unallocated corporate general and administrative expenses, and certain "other" income/expense not allocated to the business segments and North America restructuring charges.

During the first half of fiscal 2003, the Company's Scotts LawnService(R) segment acquired 9 individual lawn service entities for a total cost of $11.5 million. Of the total cost, $5.2 million was paid in cash, with notes being issued for the remaining $6.3 million.

Goodwill recognized in the fiscal 2003 acquisitions amounted to $9.4 million all of which is deductible for tax purposes. Other intangible assets, primarily customer accounts and non-compete agreements, of $1.8 million and working capital and property, plant and equipment of $0.3 million were also recorded. These acquired assets all are recorded within the Scotts LawnService(R) segment.

Total assets reported for Scotts' operating segments include the intangible assets for the acquired business within those segments. Corporate assets primarily include deferred financing and debt issuance costs, corporate intangible assets as well as deferred tax assets.

11. FINANCIAL INFORMATION FOR SUBSIDIARY GUARANTORS AND NON-GUARANTORS

In January 1999, the Company issued $330 million of 8 5/8% Senior Subordinated Notes due 2009 to qualified institutional buyers under the provisions of Rule 144A of the Securities Act of 1933. In January 2002, the Company issued an additional $70 million of 8 5/8% Senior Subordinated Notes due 2009 to qualified institutional buyers under the provisions of Rule 144A of the Securities Act of 1933.

The Notes are general obligations of The Scotts Company and are guaranteed by all of the existing wholly-owned, domestic subsidiaries and all future wholly-owned, significant (as defined in Regulation S-X of the Securities and Exchange Commission) domestic subsidiaries of The Scotts Company. These subsidiary guarantors jointly and severally guarantee The Scotts Company's obligations under the Notes. The guarantees represent full and unconditional general obligations of each subsidiary that are subordinated in right of payment to all existing and future senior debt of that subsidiary but are senior in right of payment to any future junior subordinated debt of that subsidiary.

The following unaudited information presents consolidating Statements of Operations for the three and six-month periods ended March 29, 2003 and March 30, 2002 and consolidating Statements of Cash Flows and Balance Sheets for the six month periods ended March 29, 2003 and March 30, 2003. Separate unaudited financial statements of the individual guarantor subsidiaries have not been provided because management does not believe they would be meaningful to investors.

THE SCOTTS COMPANY
STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 29, 2003 (in millions)
(unaudited)

	PARENT	SUBSIDIARY GUARANTORS	NON-GUARANTORS	ELIMINATIONS	CONSOLIDATED
Net sales	$ 483.8	$ 23.8	$ 168.6	$	$ 676.2
Cost of sales	341.8	(32.9)	108.7		417.6
Restructuring and other charges	0.4		0.3		0.7
Gross profit	141.6	56.7	59.6		257.9
Gross commission earned from marketing agreement	10.3		1.0		11.3
Costs associated with marketing agreement	7.1				7.1
Net commission earned from marketing agreement	3.2	-	1.0		4.2
Operating expenses:					
Advertising	25.6	0.1	9.2		34.9
Selling, general and administrative	66.1	0.4	39.1		105.6
Restructuring and other charges	1.0	0.1	1.3		2.4
Amortization of intangibles	0.1	0.4	1.6		2.1
Equity income in subsidiaries	(40.1)	-	-	40.1	-
Intracompany allocations	(1.7)	(2.6)	4.3		-
Other (income) expenses, net	(0.2)	(0.4)	(1.8)		(2.4)
Income (loss) from operations	94.0	58.7	6.9	(40.1)	119.5
Interest (income) expense	17.9	(3.9)	4.7		18.7
Income (loss) before income taxes	76.1	62.6	2.2	(40.1)	100.8
Income taxes	13.6	23.8	0.9		38.3
Income (loss) before cumulative effect of accounting change	62.5	38.8	1.3	(40.1)	62.5
Cumulative effect of change in accounting for intangible assets, net of tax	-	-			-
Net income (loss)	$ 62.5	$ 38.8	$ 1.3	$ (40.1)	$ 62.5

FOR THE SIX MONTHS ENDED MARCH 29, 2003 (in millions)
(unaudited)

	PARENT	SUBSIDIARY GUARANTORS	NON-GUARANTORS	ELIMINATIONS	CONSOLIDATED
Net sales	$ 570.9	$ 41.2	$ 244.8	$	$ 856.9
Cost of sales	408.0	(8.8)	157.4		556.6
Restructuring and other charges	4.7		0.4		5.1
Gross profit	158.2	50.0	87.0		295.2
Gross commission earned from marketing agreement	10.1		1.2		11.3
Costs associated with marketing agreement	14.2				14.2
Net commission earned from marketing agreement	(4.1)		1.2		(2.9)
Operating expenses:					
Advertising	30.4		13.1		43.5
Selling, general and administrative	113.5	0.2	69.8		183.5
Restructuring and other charges	1.3	0.3	2.7		4.3
Amortization of intangibles	0.2	0.9	3.0		4.1
Equity income in subsidiaries	(25.2)			25.2	-
Intracompany allocations	(10.9)	3.6	7.3		-
Other (income) expenses, net	(0.3)	(0.5)	(2.8)		(3.6)
Income (loss) from operations	45.1	45.5	(4.9)	(25.2)	60.5
Interest expense	35.2	(7.8)	7.8		35.2
Income (loss) before income taxes	9.9	53.3	(12.7)	(25.2)	25.3
Income taxes	(5.8)	20.2	(4.8)		9.6
Income (loss) before cumulative effect of accounting change	15.7	33.1	(7.9)	(25.2)	15.7
Cumulative effect of change in accounting for intangible assets, net of tax					-
Net income (loss)	$ 15.7	$ 33.1	$ (7.9)	$ (25.2)	$ 15.7

THE SCOTTS COMPANY
STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED MARCH 29, 2003 (in millions)
(unaudited)

	PARENT	SUBSIDIARY GUARANTORS	NON-GUARANTORS	ELIMINATIONS	CONSOLIDATED
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income (loss)	$ 15.7	$ 33.1	$ (7.9)	$ (25.2)	$ 15.7
Adjustments to reconcile net income to net cash used in operating activities:					
Cumulative effect of change in accounting for intangible assets	-				-
Stock-based compensation expense	1.6				1.6
Depreciation	13.1	2.2	3.5		18.8
Amortization	1.8	0.7	3.2		5.7
Deferred Taxes	9.9				9.9
Equity (income) loss in non-guarantors	(25.2)			25.2	-
Net change in certain components of working capital	(248.0)	(73.0)	(111.4)		(432.4)
Net changes in other assets and liabilities and other adjustments	13.0	1.2	(14.1)		0.1
Net cash used in operating activities	(218.1)	(35.8)	(126.7)	-	(380.6)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in property, plant and equipment	(17.6)	(10.3)	(3.4)		(31.3)
Investment in acquired businesses, net of cash acquired			(5.2)		(5.2)
Payments on seller notes	(3.8)	(3.4)	(19.8)		(27.0)
Net cash used in investing activities	(21.4)	(13.7)	(28.4)	-	(63.5)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net borrowings under revolving and bank lines of credit	104.8		268.2		373.0
Issuance of 8 5/8% senior subordinated notes, net of issuance costs					-
Gross repayments under term loans	(17.3)		(8.5)		(25.8)
Financing and issuance fees	(0.5)				(0.5)
Cash received from the exercise of stock options	9.0				9.0
Intracompany financing	90.6	49.7	(140.3)		-
Net cash provided by financing activities	186.6	49.7	119.4	-	355.7
Effect of exchange rate changes on cash	-	-	1.0		1.0
Net increase (decrease) in cash	(52.9)	0.2	(34.7)		(87.4)
Cash and cash equivalents, beginning of period	54.7	0.2	44.8		99.7
Cash and cash equivalents, end of period	$ 1.8	$ 0.4	$ 10.1	$ -	$ 12.3

THE SCOTTS COMPANY
BALANCE SHEET
AS OF MARCH 29, 2003 (in millions)
(unaudited)

	PARENT	SUBSIDIARY GUARANTORS	NON-GUARANTORS	ELIMINATIONS	CONSOLIDATED
ASSETS					
Current assets:					
Cash and cash equivalents	$ 1.8	$ 0.4	$ 10.1		$ 12.3
Accounts receivable, net	329.9	141.9	251.0		722.8
Inventories, net	229.7	72.5	98.0		400.2
Current deferred tax asset	72.2	0.4	(0.1)		72.5
Prepaid and other assets	24.2	2.8	30.9		57.9
Total current assets	657.8	218.0	389.9		1,265.7
Property, plant and equipment, net	215.5	90.2	36.9		342.6
Goodwill and intangible assets, net	21.0	473.9	308.8		803.7
Other assets	46.8	2.8	(2.1)		47.5
Investment in affiliates	964.9			(964.9)	-
Intracompany assets		220.1	47.0	(267.1)	-
Total assets	$ 1,906.0	$1,005.0	$ 780.5	$(1,232.0)	$ 2,459.5
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current portion of debt	$ 265.8	$ 1.5	$ 20.4	$	$ 287.7
Accounts payable	125.4	39.8	127.6		292.8
Accrued liabilities	119.5	17.1	89.5		226.1
Accrued taxes	18.6	2.0	7.1		27.7
Total current liabilities	529.3	60.4	244.6		834.3
Long-term debt	489.7	2.1	381.2		873.0
Other liabilities	114.1	1.2	16.9		132.2
Intracompany liabilities	152.9		114.2	(267.1)	-
Total liabilities	1,286.0	63.7	756.9	(267.1)	1,839.5
Commitments and contingencies					
Shareholders' equity:					
Investment from parent		486.8	61.6	(548.4)	-
Common shares, no par value per share, $.01 stated value per share	0.3				0.3
Capital in excess of par value	388.2				388.2
Retained earnings	310.5	456.9	(14.9)	(442.0)	310.5
Treasury stock, 0.5 shares at cost	(20.7)				(20.7)
Accumulated other comprehensive expense	(58.3)	(2.4)	(23.1)	25.5	(58.3)
Total shareholders' equity	620.0	941.3	23.6	(964.9)	620.0
Total liabilities and shareholders' equity	$ 1,906.0	$1,005.0	$ 780.5	$(1,232.0)	$ 2,459.5

THE SCOTTS COMPANY
STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 30, 2002 (in millions)
(unaudited)

	PARENT	SUBSIDIARY GUARANTORS	NON-GUARANTORS	ELIMINATIONS	CONSOLIDATED
Net sales	$ 435.7	$ 30.9	$ 131.9	$	$ 598.5
Cost of sales	313.8	(37.5)	82.2		358.5
Restructuring and other charges			0.1		0.1
Gross profit	121.9	68.4	49.6		239.9
Gross commission earned from marketing agreement	7.6		0.8		8.4
Costs associated with marketing agreement	5.8				5.8
Net commission earned from marketing agreement	1.8	-	0.8		2.6
Operating expenses:					
Advertising	19.0	4.0	7.9		30.9
Selling, general and administrative	50.4	4.9	28.8		84.1
Restructuring and other charges	0.4				0.4
Amortization of intangibles	0.1	0.7	1.0		1.8
Equity income in subsidiaries	(37.8)			37.8	-
Intracompany allocations	(9.8)	7.4	2.4		-
Other (income) expenses, net		(1.0)	(0.9)		(1.9)
Income (loss) from operations	101.4	52.4	11.2	(37.8)	127.2
Interest (income) expense	19.4	(3.5)	5.7		21.6
Income (loss) before income taxes	82.0	55.9	5.5	(37.8)	105.6
Income taxes	17.0	21.5	2.1		40.6
Income (loss) before cumulative effect of accounting change	65.0	34.4	3.4	(37.8)	65.0
Cumulative effect of change in accounting for intangible assets, net of tax					-
Net income (loss)	$ 65.0	$ 34.4	$ 3.4	$ (37.8)	$ 65.0

FOR THE SIX MONTHS ENDED MARCH 30, 2002 (in millions)
(unaudited)

	PARENT	SUBSIDIARY GUARANTORS	NON-GUARANTORS	ELIMINATIONS	CONSOLIDATED
Net sales	$ 485.8	$ 79.2	$ 194.9	$	$ 759.9
Cost of sales	348.4	13.4	126.1		487.9
Restructuring and other charges	1.0		0.1		1.1
Gross profit	136.4	65.8	68.7		270.9
Gross commission earned from marketing agreement	7.3		1.1		8.4
Costs associated with marketing agreement	11.7				11.7
Net commission earned from marketing agreement	(4.4)		1.1		(3.3)
Operating expenses:					
Advertising	22.4	4.7	10.9		38.0
Selling, general and administrative	94.3	8.6	56.5		159.4
Restructuring and other charges	1.1	0.1			1.2
Amortization of intangibles	0.2	1.4	2.1		3.7
Equity income in subsidiaries	6.2			(6.2)	-.-
Intracompany allocations	(13.3)	9.3	4.0		-.-
Other (income) expenses, net	(0.3)	(2.0)	(1.6)		(3.9)
Income (loss) from operations	21.4	43.7	(2.1)	6.2	69.2
Interest expense	36.9	(7.1)	10.4		40.2
Income (loss) before income taxes	(15.5)	50.8	(12.5)	6.2	29.0
Income taxes	(3.6)	19.5	(4.8)		11.1
Income (loss) before cumulative effect of accounting change	(11.9)	31.3	(7.7)	6.2	17.9
Cumulative effect of change in accounting for intangible assets, net of tax	11.3	(3.8)	(26.0)		(18.5)
Net income (loss)	$ (0.6)	$ 27.5	$ (33.7)	$ 6.2	$ (0.6)

THE SCOTTS COMPANY
STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED MARCH 30, 2002 (in millions)
(unaudited)

	PARENT	SUBSIDIARY GUARANTORS	NON-GUARANTORS	ELIMINATIONS	CONSOLIDATED
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income (loss)...........................	$ (0.6)	$ 27.5	$ (33.7)	$ 6.2	$ (0.6)
Adjustments to reconcile net loss to net cash used in operating activities:					
Cumulative effect of change in accounting for intangible assets...................		3.8	26.0		29.8
Stock-based compensation expense..........					-
Depreciation.............................	4.2	9.7	2.1		16.0
Amortization.............................	1.0	2.8	1.5		5.3
Deferred Taxes...........................	(10.1)				(10.1)
Equity (income) loss in non-guarantors....	6.2			(6.2)	-
Net change in certain components of working capital........................	(165.6)	6.8	(86.2)		(245.0)
Net changes in other assets and liabilities and other adjustments.........	5.1		0.1		5.2
Net cash used in operating activities.......	(159.8)	50.6	(90.2)	-	(199.4)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in property, plant and equipment.	(6.6)	(14.7)	(1.0)		(22.3)
Investment in acquired businesses, net of cash acquired......................			(3.1)		(3.1)
Payments on seller notes....................			(16.0)		(16.0)
Net cash used in investing activities.......	(6.6)	(14.7)	(20.1)	-	(41.4)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net borrowings under revolving and bank lines of credit..................	88.1		110.2		198.3
Issuance of 8 5/8% senior subordinated notes, net of issuance costs.............	70.2				70.2
Gross repayments under term loans...........	(0.2)		(14.7)		(14.9)
Financing and issuance fees.................	(1.8)				(1.8)
Cash received from the exercise of stock options....................................	10.3				10.3
Intracompany financing......................	21.5	(36.5)	15.0		-
Net cash provided by financing activities...	188.1	(36.5)	110.5	-	262.1
Effect of exchange rate changes on cash.....			(2.5)		(2.5)
Net increase (decrease) in cash.............	21.7	(0.6)	(2.3)		18.8
Cash and cash equivalents, beginning of period..................................	3.4	0.6	14.7		18.7
Cash and cash equivalents, end of period....	$ 25.1	$ -	$ 12.4	$ -	$ 37.5

THE SCOTTS COMPANY
BALANCE SHEET
AS OF MARCH 30, 2002 (in millions)
(unaudited)

	PARENT	SUBSIDIARY GUARANTORS	NON-GUARANTORS	ELIMINATIONS	CONSOLIDATED
ASSETS					
Current assets:					
Cash and cash equivalents	$ 25.1	$	$ 12.4	$	$ 37.5
Accounts receivable, net	222.0	122.6	202.4		547.0
Inventories, net	261.5	79.0	86.3		426.8
Current deferred tax asset	52.2	0.5	(0.5)		52.2
Prepaid and other assets	20.6	2.3	21.7		44.6
Total current assets	581.4	204.4	322.3		1,108.1
Property, plant and equipment, net	199.2	76.6	37.6		313.4
Goodwill and intangible assets, net	31.7	471.2	241.2		744.1
Other assets	61.1	2.5	11.1		74.7
Investment in affiliates	931.3			(931.3)	-
Intracompany assets		159.7		(159.7)	-
Total assets	$1,804.7	$ 914.4	$ 612.2	$(1,091.0)	$ 2,240.3
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Short-term debt	$ 166.3	$ 7.3	$ 32.0	$	$ 205.6
Accounts payable	125.9	43.0	101.2		270.1
Accrued liabilities	129.8	18.7	69.8		218.3
Accrued taxes	28.9	2.5	4.5		35.9
Total current liabilities	450.9	71.5	207.5		729.9
Long-term debt	590.0	5.3	325.8		921.1
Other liabilities	45.5	1.9	25.0		72.4
Intracompany liabilities	141.0		18.7	(159.7)	-
Total liabilities	1,227.4	78.7	577.0	(159.7)	1,723.4
Commitments and contingencies					
Shareholders' equity:					
Investment from parent		483.0	41.8	(524.8)	-
Common shares, no par value per share, $.01 stated value per share	0.3				0.3
Capital in excess of par value	400.1				400.1
Retained earnings	246.4	355.1	16.7	(406.5)	211.7
Treasury stock, 2.1 shares at cost	(61.4)				(61.4)
Accumulated other comprehensive expense	(8.1)	(2.4)	(23.3)		(33.8)
Total shareholders' equity	577.3	835.7	35.2	(931.3)	516.9
Total liabilities and shareholders' equity	$1,804.7	$ 914.4	$ 612.2	$(1,091.0)	$ 2,240.3

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Scotts is a leading manufacturer and marketer of consumer branded products for lawn and garden care and professional horticulture in the United States and Europe. We also have a presence in Australia, the Far East, Latin America and South America. Our operations are divided into four business segments: North American Consumer, Scotts LawnService(R), International Consumer, and Global Professional. The North American Consumer segment includes the Lawns, Gardening Products, Ortho and Canadian business groups. Gardening Products is the combined operations of our Gardens (Miracle-Gro(R)) and Growing Media businesses.

In the United States, we operate the second largest residential lawn service business, Scotts LawnService(R). In fiscal 2002, we continued the rapid expansion of this business. Through acquisitions and internal growth, revenues increased from nearly $42 million in fiscal 2001 to over $75 million in fiscal 2002. We expect to make at least $30 million of lawn service acquisitions annually for the foreseeable future.

As a leading consumer branded lawn and garden company, we focus our consumer marketing efforts, including advertising and consumer research, on creating consumer demand to pull products through the retail distribution channels. In the past three years, we have spent approximately 5% of our gross sales annually on media advertising to support and promote our branded products. We believe this level of spending gives us the largest share of advertising voice in the lawn and garden category in North America. We have applied this consumer marketing focus for the past several years, and we believe that Scotts receives a significant return on these marketing expenditures. We expect that we will continue to focus our marketing efforts toward the consumer and make additional significant investments in consumer marketing expenditures in the future to continue to drive market share and sales growth. In fiscal 2003, we expect to increase significantly our advertising spending and our advertising to net sales ratio particularly in the second half of fiscal 2003, as we deliver a new media message for the Ortho line, invest in our other North American brands and increase our advertising reach in Europe.

Our sales are susceptible to global weather conditions, primarily in North America and Europe. We believe that our past acquisitions have diversified both our product line risk and geographic risk to weather conditions.

Our operations are also seasonal in nature. In fiscal 2001, net sales by quarter were 8.7%, 42.1%, 35.2% and 14.0% of total year net sales, respectively. Operating losses were reported in the first and fourth quarters of fiscal 2001 while significant profits were recorded for the second and third quarters. The sales trend in fiscal 2002 followed a somewhat different pattern than our historical experience due to retailer initiatives to reduce their investment in inventory and improve their inventory turns. This caused a sales shift from the second quarter to the third and fourth quarters that coincided more closely to when consumers buy our products. Net sales by quarter were 9.3%, 34.2%, 39.3% and 17.2% in fiscal 2002. The trend of operating losses in the first and fourth quarters and significant operating profits in the second and third quarters continued in fiscal 2002. There was also a slight shift in profitability between the second and third quarters with the third quarter now more profitable than the second. The trend towards more of our sales occurring in the latter half of the fiscal year is expected to continue in fiscal 2003 as retailers maintain emphasis on inventory investment more closely timed to consumer takeaway.

Scotts LawnService's(R) expansion and growth also adds revenue to the second half of the fiscal year. Also, as Scotts LawnService(R) grows in revenues and profitability, the second half of the fiscal year will show further growth in profitability compared to past trends because our third and fourth fiscal quarters are historically highly profitable periods for the lawn service business.

In fiscal 2001, restructuring and other charges of $75.7 million were recorded for reductions in work force, facility closures, asset writedowns, and other related costs. Certain costs associated with this restructuring initiative, including costs related to the relocation of equipment, personnel and inventory, were not recorded as part of the restructuring costs in fiscal 2001. These costs, which totaled $4.1 million, were recorded as they were incurred in fiscal 2002 as required under generally accepted accounting principles in the United States of America.

Late in fiscal 2002, we announced a major initiative to improve the operations and profitability of our European-based consumer and professional businesses. Over the next several years, we anticipate spending $50 to $60 million on various projects, approximately 25% of which will be capital expenditures. Certain projects will result in the recognition of restructuring and other charges over the duration of this initiative. In the fourth quarter of fiscal 2002, as part of this initiative, we announced the closure of a manufacturing plant in Bramford, England. The closure will occur in late fiscal 2003. The depreciation of fixed assets at the facility will be accelerated so that they are fully depreciated by the closure date. In the fourth quarter of fiscal 2002, approximately $4.0 million of severance and additional pension costs related to the closure were recorded and reported as restructuring and other charges. Additional restructuring and other charges will be incurred in future periods as various aspects of the plan are implemented.

In fiscal 2002, we adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets." This statement eliminates the requirement to amortize indefinite-lived assets and goodwill. It also requires an initial impairment test on all indefinite-lived assets as of the date of adoption of this standard and impairment tests done at least annually thereafter. We completed our impairment analysis in the second quarter of 2002, taking into account additional guidance provided by EITF 02-07, "Unit of Measure for Testing Impairment of Indefinite-Lived Intangible Assets." As a result, a pre-tax impairment charge related to the value of tradenames in our German, French and United Kingdom consumer businesses of $29.8 million was recorded as of October 1, 2001. After income taxes, the net charge was $18.5 million which was recorded as a cumulative effect of a change in accounting principle. There was no goodwill impairment as of the date of adoption. For fiscal 2003, we completed the annual update of our impairment analysis in the first quarter and concluded that there was no impairment of indefinite-lived assets to record.

Effective October 1, 2002, we elected to begin expensing prospectively the cost of grants of stock-based compensation awards to employees and Directors in accordance with Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation". We use the Black-Scholes valuation model to value stock-based compensation grants. The Company intends to continue to grant awards with a value of $10-12 million annually, in line with past practice. Most awards have a three-year vesting period. The annual expense for stock-based awards is expected to increase by approximately $4 million per year from fiscal 2003 through fiscal 2005 based on the vesting period and the prospective adoption of this accounting standard.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The following discussion and analysis of the consolidated results of operations and financial position should be read in conjunction with our Condensed, Consolidated Financial Statements included elsewhere in this report. Our Annual Report on Form 10-K for the fiscal year ended September 30, 2002 includes additional information about the Company, our operations, and our financial position, and should be read in conjunction with this Quarterly Report on Form 10-Q.

Our discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to customer programs and incentives, product returns, bad debts, inventories, intangible assets, income taxes, restructuring, environmental matters, contingencies and litigation. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The estimates that we believe are most critical to our reporting of results of operations and financial position are as follows:

- We have significant investments in property and equipment, intangible assets and goodwill. Whenever changing conditions warrant, we review the realizability of the assets that may be impacted. At least annually we review indefinite-lived intangible assets for impairment. The review for impairment of long-lived assets, intangibles and goodwill takes into account estimates of future cash flows. Our estimates of future cash flows are based upon budgets and longer-range plans. These budgets and plans are used for internal purposes and are also the basis for communication with outside parties (lenders, analysts, etc.)

about future business trends. While we believe the assumptions we use to estimate future cash flows are reasonable, there can be no assurance that the expected future cash flows will be realized. As a result, impairment charges that possibly should have been recognized in earlier periods may not be recognized until later periods if actual results deviate unfavorably from earlier estimates.

- We continually assess the adequacy of our reserves for uncollectible accounts due from customers. However, future changes in our customers' operating performance and cash flows or in general economic conditions could have an impact on their ability to fully pay these amounts which could have a material impact on our operating results.

- Reserves for product returns are based upon historical data and current program terms and conditions with our customers. Changes in economic conditions, regulatory actions or defective products could result in actual returns being materially different from the amounts provided for in our interim or annual results of operations.

- Reserves for excess and obsolete inventory are based on a variety of factors, including product changes and improvements, changes in active ingredient availability and regulatory acceptance, new product introductions and estimated future demand. The adequacy of our reserves could be materially affected by changes in the demand for our products or by regulatory or competitive actions.

- As described more fully in the notes to the consolidated financial statements for the year ended September 30, 2002, and in the notes to the unaudited, condensed consolidated financial statements included in this Quarterly Report on Form 10-Q, we are involved in significant environmental and legal matters which have a high degree of uncertainty associated with them. We continually assess the likely outcomes of these matters and the adequacy of amounts, if any, provided for these matters. There can be no assurance that the ultimate outcomes will not differ materially from our assessment of them. There can also be no assurance that all matters that may be brought against us or that we may bring against other parties are known to us at any point in time.

- We accrue for the estimated costs of customer volume rebates, cooperative advertising, consumer coupons and other trade programs as the related sales occur during the year. These accruals involve the use of estimates as to the total expected program costs and the expected sales levels. Historical results are also used to evaluate the accuracy and adequacy of amounts provided at interim dates and year end. There can be no assurance that actual amounts paid for these trade programs will not differ from estimated amounts accrued. However, we believe any such differences would not be material to our financial position or results of operations.

- We record income tax liabilities utilizing known obligations and estimates of potential obligations. A deferred tax asset or liability is recognized whenever there are future tax effects from existing temporary differences and operating loss and tax credit carryforwards. Valuation allowances are used to reduce deferred tax assets to the balance that is more likely than not to be realized. We must make estimates and judgments on future taxable income, considering feasible tax planning strategies and taking into account existing facts and circumstances, to determine the proper valuation allowance. When we determine that deferred tax assets could be realized in greater or lesser amounts than recorded, the asset balance and income statement reflects the change in the period such determination is made. Due to changes in facts and circumstances and the estimates and judgments that are involved in determining the proper valuation allowance, differences between actual future events and prior estimates and judgments could result in adjustments to this valuation allowance. The Company uses an estimate of its annual effective tax rate at each interim period based on the facts and circumstances available at that time, while the actual effective tax rate is calculated at year-end.

RESULTS OF OPERATIONS

The following table sets forth net sales by business segment for the three and six month periods ended March 29, 2003 and March 30, 2002:

	FOR THE THREE MONTHS ENDED MARCH 29, 2003	FOR THE THREE MONTHS ENDED MARCH 30, 2002	FOR THE SIX MONTHS ENDED MARCH 29, 2003	FOR THE SIX MONTHS ENDED MARCH 30, 2002
	($ MILLIONS)			
North American Consumer:				
Lawns	264.4	223.8	292.7	250.7
Gardening Products	$ 146.4	$ 146.4	$ 184.2	$ 178.1
Ortho	68.1	66.6	85.9	83.4
Canada	14.2	11.7	15.0	12.6
Total	493.1	448.5	577.8	524.8
Scotts LawnService(R)	11.5	7.4	26.8	16.1
International Consumer	108.2	87.3	151.4	127.4
Global Professional	63.4	55.3	100.9	91.6
Consolidated	$ 676.2	$ 598.5	$ 856.9	$ 759.9

The following table sets forth the components of income and expense as a percentage of net sales for the three and six month period ended March 29, 2003 and March 30, 2002:

	FOR THE THREE MONTHS ENDED MARCH 29, 2003	FOR THE THREE MONTHS ENDED MARCH 30, 2002	FOR THE SIX MONTHS ENDED MARCH 29, 2003	FOR THE SIX MONTHS ENDED MARCH 30, 2002
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	61.7	59.9	65.0	64.2
Restructuring and other charges	0.2	-	0.6	0.2
Gross profit	38.1	40.1	34.4	35.6
Commission earned (expense) from agency agreement, net	0.6	0.4	(0.3)	(0.4)
Operating expenses:				
Advertising	5.2	5.1	5.0	5.0
Selling, general and administrative	15.7	14.0	21.4	20.9
Restructuring and other charges	0.4	0.1	0.5	0.2
Amortization of intangibles	0.3	0.3	0.5	0.5
Other expense (income), net	(0.4)	(0.3)	(0.4)	(0.5)
Income from operations	17.7	21.3	7.1	9.1
Interest expense	2.8	3.6	4.1	5.3
Income before income taxes	14.9	17.7	3.0	3.8
Income taxes	5.7	6.8	1.1	1.5
Net income before cumulative effect of accounting change	9.2	10.9	1.9	2.3
Cumulative effect of change in accounting for intangible assets, net of tax	-	-	-	(2.4)
Net income (loss)	9.2%	10.9%	1.9%	(0.1%)

THREE MONTHS ENDED MARCH 29, 2003 COMPARED TO THREE MONTHS ENDED MARCH 30, 2002

Net sales for the three months ended March 29, 2003 were $676.2 million, an increase of 13.0% from net sales for the three months ended March 30, 2002 of $598.5 million. $23.9 million of the increase was due to the impact of exchange rates on sales by our foreign entities resulting in a 9.0% increase in net sales primarily due to shipments. Price increases are not material to the discussion of net sales in total or by business segment for either fiscal period presented.

North American Consumer segment net sales were $493.1 million in the second quarter of fiscal 2003, an increase of 9.9% over net sales for the second quarter of fiscal 2002 of $448.5 million. The Lawns business group had a strong quarter with sales of Miracle Gro(R) fertilizers, seed and durables leading the way to an 18.1% growth to net sales of $264.4 million in the second quarter of fiscal 2003 compared to net sales of $223.8 million in the second quarter of fiscal 2002. Sales of Gardening Products (growing media and garden fertilizers) and Ortho were flat between the second quarters of both fiscal years. The products sold by these business groups are oriented toward late spring gardening activities as compared to lawn products where seasonal demand starts in late winter to early spring. As retailers continue to emphasize inventory ordering and replenishment based on consumer take-away, our sales into the trade move closer to that consumer activity. Net sales in Canada increased 21.4% to $14.2 million in the second quarter of fiscal 2003 compared to $11.7 million in the second quarter of fiscal 2002. Excluding the effects of the stronger Canadian dollar, net sales increased 13.9% on new products and listings and increased support for the lawn and garden category at key retailers.

Scotts LawnService(R) revenues increased 55.4% from $7.4 million in the second quarter of fiscal 2002 to $11.5 million in the first quarter of fiscal 2003. The growth in revenue reflects the growth in the business from acquisitions completed in fiscal 2002, and thus far in fiscal 2003, and the growth in customers from our marketing campaigns. The very late end to winter weather in the Midwest and Northeast hampered lawn service sales and treatment activities in the second quarter of fiscal 2003.

Net sales for the International Consumer segment were $108.2 million in the second quarter of fiscal 2003, an increase of 23.9%, over net sales for the second quarter of fiscal 2002 of $87.3 million. Excluding the effects of exchange rates, net sales increased 4.3%.

Net sales for the Global Professional segment were $63.4 million in the second quarter of fiscal 2003, an increase of 14.6% over net sales for the second quarter of fiscal 2002 of $55.3 million. Excluding the effects of exchange rates, net sales increased 4.4%.

Gross profit was $257.9 million in the second quarter of fiscal 2003, an increase of $18.0 million from gross profit of $239.9 million in the second quarter of fiscal 2002. As a percentage of net sales, gross profit was 38.1% of net sales in the second quarter of fiscal 2003 compared to 40.1% in the second quarter of fiscal 2002. The decline in gross profit percentage was due to mix related to higher sales of lower margin lawns products (seeds, spreaders and certain fertilizers), the impact of a larger Scotts LawnService(R) business infrastructure during a seasonally low revenue quarter, and favorable manufacturing cost variances in the second quarter of fiscal 2002 which did not recur in the second quarter of fiscal 2003.

The net commission earned from agency agreement in the second quarter of fiscal 2003 increased to $4.2 million compared to $2.6 million in the second quarter of fiscal 2002 even after an increase in the contribution payment due to Monsanto to $25 million in fiscal 2003 from $20 million in fiscal 2003 or $1.250 million each quarter. Roundup sales are off to a strong early season start, with worldwide net sales increasing over 25.0% from $83.9 million in the second quarter of fiscal 2002 to $105.4 million in the second quarter of fiscal 2003.

Advertising expenses in the second quarter of fiscal 2003 were $34.9 million, an increase of 12.9% over the $30.9 million in the second quarter of fiscal 2002. As a percentage of net sales, advertising expense was 5.2% in the second quarter of fiscal 2003 compared to 5.1% in the second quarter of fiscal 2002. The Company intends to spend more aggressively on advertising in fiscal 2003, particularly in the second half of the fiscal year.

Selling, general and administrative expenses ("S, G&A") in the second quarter of fiscal 2003 were $92.5 million compared to $75.2 million in the second quarter of fiscal 2002 excluding S,G&A for the lawn service business and restructuring and other charges. The increase in S,G&A costs is due to investments in systems projects such as SAP in Europe, Manugistics software in North America Supply Chain and branch operating/customer service software for the Scotts LawnService(R) business, the European integration initiative, new business development initiatives in North America, the cost of expensing stock-based compensatory awards, increased pension costs, and the effects of stronger foreign currencies converting results from our foreign operations into higher U.S. dollars in fiscal 2003 compared to fiscal 2002. S, G&A in the Scotts LawnService(R) business increased from $8.9 million in the second quarter of fiscal 2002 to $13.1 million in the second quarter of fiscal 2003 reflecting the increased number of locations added over the past year from acquisitions and branch openings and expansions. S, G&A related to restructuring activities increased from $0.4 million in fiscal 2002's second quarter to $2.4 million in fiscal 2003's second quarter due to the costs associated with the ongoing European integration initiatives which kicked off late in the fourth quarter of fiscal 2002.

Other income was $2.4 million for the second quarter of fiscal 2003, compared to $1.9 million in the first quarter of fiscal 2002. The increase is due to the ongoing recognition of defined income from the April 2002 agreement for cessation of peat activities in the United Kingdom that is being recognized ratably over the related lease that expires in September 2004.

For segment reporting purposes, earnings before interest, taxes and amortization ("EBITA") is used by management as the measure for income from operations in assessing performance. Segment performance for the second quarter of fiscal 2003 compared to the second quarter of fiscal 2002 was as follows:

- North American Consumer income from operations increased slightly from $124.7 million in fiscal 2002 to $125.6 million in fiscal 2003 due to higher sales in the fiscal 2003 period ($493.1 million compared to $448.5 million) and increased commission income from the Roundup agreement offset by lower gross margins and higher S,G&A expenses;

- Scotts LawnService(R) reported higher net sales ($11.5 million compared to $7.4 million) but a larger loss from operations. As this highly seasonal business grows, it will have larger losses in the first and second quarters of the fiscal year due to seasonally low revenues and high fixed overhead costs. Conversely, the second half of the fiscal year is expected to provide higher revenues, margins and operating income;

- International Consumer's operating income declined slightly to $15.1 million from $15.5 million due to restructuring charges of $2.2 million in fiscal 2003 offsetting the benefits from higher net sales and the favorable impact of foreign currency translation.

- The Global Professional business showed an operating profit of $10.2 million in fiscal 2003 compared to income from operations of $9.2 million in fiscal 2002 due to the favorable impact of foreign currency translation on operating results.

- The operating loss for the other/corporate segment increased from $11.7 million in the second quarter of fiscal 2002 to $16.1 million in the second quarter of fiscal 2003 due to higher costs related to the expensing of stock-based compensatory awards in fiscal 2003, higher pension costs, increased fringe benefit costs and systems related costs.

Interest expense for the second quarter of fiscal 2003 was $18.7 million, a decrease of $2.9 million from interest expense for the second quarter of fiscal 2002 of $21.6 million. The decrease in interest expense was primarily due to lower interest rates and a reduction in average borrowings for the quarter as compared to the prior year. Average borrowings were $1,084.8 million in the three months ended March 29, 2003 compared to $1,128.8 million in the three months ended March 30, 2002. The weighted average interest rate for the three months ended March 29, 2003 on the portion of our Credit Agreement that has a variable rate was 5.06% compared to 5.931% for the three months ended March 30, 2002.

Income tax expense in the second quarter of fiscal 2003 was $38.3 million, compared to $40.6 million in the second quarter of fiscal 2002. The effective tax rate for the second quarter of fiscal 2003 was 38.0% compared to 38.5% for the second quarter of fiscal 2002. The effective tax rate for fiscal 2002 was later adjusted to 38.0% by the end of fiscal 2002 and remains at that level in fiscal 2003.

The Company reported net income of $62.5 million for the second quarter of fiscal 2003, compared to $65.0 million for the second quarter of fiscal 2002. In addition to the matters described above, stronger foreign currencies compared to the U.S. dollar in fiscal 2003 than in fiscal 2002 favorably impacted net income by $2.4 million in fiscal 2003's second quarter.

Diluted earnings per share were $1.94 for the three months ended March 29, 2003 compared to $2.06 for the three months ended March 30, 2002. Average shares outstanding increased from 31.5 million at March 30, 2002 to

32.2 million at March 29, 2003 due to option and warrant exercises and grants of options and other stock-based compensatory awards during the intervening period.

SIX MONTHS ENDED MARCH 29, 2003 COMPARED TO SIX MONTHS ENDED MARCH 30, 2002

Net sales for the six months ended March 29, 2003 were $856.9 million, an increase of 12.8% from net sales for the six months ended March 30, 2002 of $759.9 million. $30.4 million of the increase was due to the impact of exchange rates on sales by our foreign entities resulting in an 8.8% increase in net sales, primarily due to volume.

Net sales in the second quarter of the fiscal year represent about 80% of the net sales for the year-to-date period and thus, many of the same factors that impacted results for the second quarter comparisons also pertain to the year-to-date comparisons of results of operations between fiscal years.

Price increases are not material to the discussion of net sales in total or by business segment for either fiscal period presented.

North American Consumer segment net sales were $577.8 million in the first half of fiscal 2003, an increase of 10.1% over net sales for the first half of fiscal 2002 of $524.8 million. Each business group in North America showed a net sales increase with the Lawns group up 16.8% due to strong early season sales of seed, durables and fertilizers. Gardening Products and Ortho products have a later season start than lawns products and thus, with retailers ordering on the basis of consumer take-away, more sell-in should be occurring later in the fiscal year.

Scotts LawnService(R) revenues increased 66.5% from $16.1 million in the first half of fiscal 2002 to $26.8 million in the first half of fiscal 2003. The growth in revenue reflects the growth in the business from acquisitions completed in fiscal 2002 and thus far in fiscal 2003 and the growth in customers from our spring and fall marketing campaigns.

Net sales for the International Consumer segment were $151.4 million in the first half of fiscal 2003, 18.8% higher than net sales for the first half of fiscal 2002. Excluding the effect of exchange rates, net sales increased by 1.7%. The increase in sales reflects favorable late Winter/early Spring weather throughout Europe in 2003.

Net sales for the Global Professional segment were $100.9 million in the first half of fiscal 2003, or 10.2% higher than net sales for the first half of fiscal 2002. Excluding the effect of exchange rates, net sales rose 1.8%.

Gross profit was $295.2 million in the first six months of fiscal 2003, an increase of $24.3 million from gross profit of $270.9 million in the first six months of fiscal 2002. As a percentage of net sales, gross profit was 34.4% of sales in the first half of fiscal 2003 compared to 35.6% in the first half of fiscal 2002. Excluding restructuring and other charges, the gross profit percentage was 35.0% in the first half of fiscal 2003 compared to 35.8% in the first half of fiscal 2002. The gross profit percentage declined due to a higher mix of sales of lower margin products from the lawns business and an unfavorable manufacturing cost comparison due to favorable price variances and purchasing rebates in fiscal 2002 that did not recur thus far in fiscal 2003.

The net commission earned from agency agreement in the first half of fiscal 2003 represents net expense of $2.9 million compared to net expense of $3.3 million in the first half of fiscal 2002. The contribution payment due to Monsanto increased to $25 million in fiscal 2003 from $20 million in fiscal 2002. Excluding the additional $2.5 million of contribution expense recorded in the first six months of fiscal 2003, the net expense from the marketing agreement improved from $3.3 million in fiscal 2002 to $0.4 million in fiscal 2003, reflecting strong worldwide early season sales of Roundup.

Advertising expenses in the first half of fiscal 2003 were $43.5 million, an increase of 14.4% over the $38.0 million in the first half of fiscal 2002. As a percentage of net sales, advertising expense was 5.0% in the first halves of fiscal 2003 and fiscal 2002.

Selling, general and administrative expenses ("S, G&A") in the first half of fiscal 2003 were $187.8 million compared to $160.6 million in the first half of fiscal 2002. S,G&A for the Scotts Lawnservice(R) business increased from $14.7 million in the first half of fiscal 2002 to $23.1 million in the first half of fiscal 2003 reflecting the increased number of locations added over the past year from acquisitions and branch openings and expansions. S, G&A related to restructuring activities increased from $1.2 million in fiscal 2002's first six months to $4.3 million in fiscal 2003's first six months due to the costs associated with the ongoing European integration initiatives which kicked off late in the fourth quarter of fiscal 2002. SG&A for the other segments increased to $160.4 million in the first six months of fiscal 2003 from $144.7 million in the first six months of fiscal 2002 due to higher costs for fringe benefits, the expensing of stock options, systems projects and operating costs, investments in business development initiatives and the impact of higher foreign exchange conversion rates in fiscal 2003.

Other income was $3.6 million for the first half of fiscal 2003, compared to $3.9 million in the first half of fiscal 2002. The decrease is due to the gain on sale of an idled growing media plant in Florida which occurred in the first quarter of fiscal 2002, offset in part by income from the cessation of peat extraction activities that is being recognized ratably through September 2004.

For segment reporting purposes, earnings before interest, taxes and amortization ("EBITA") is used by management as the measure for income from operations in assessing performance. Segment performance for the first half of fiscal 2003 compared to the first half of fiscal 2002 was as follows:

- North American Consumer income from operations increased from $95.3 million in fiscal 2002 to $96.9 million in fiscal 2003 due to higher sales in the fiscal 2003 period offset by lower margins and higher spending on S, G&A and trade programs and advertising;

- Scotts LawnService(R) reported higher net sales ($26.8 million compared to $16.1 million) but a larger loss from operations of $1.7 million in fiscal 2003 compared to $10.1 million in fiscal 2002. As this highly seasonal business grows it will have larger losses in the first and second quarters of the fiscal year due to seasonally low revenues and high fixed overhead costs;

- International Consumer's operating income increased to $12.0 million from $9.0 million on improved supply chain results and S,G&A savings offset by restructuring charges. Operating income also was impacted favorably $2.0 million by higher exchange rates on foreign currencies;

- The Global Professional business showed a profit of $10.6 million in fiscal 2003 compared to income from operations of $9.0 million in fiscal 2002 due to improved supply chain results and the favorable impact of exchange rates on results from our operations outside the United States.

- The operating loss for the other/corporate segment increased from $28.7 million in the first half of fiscal 2002 to $36.2 million in the first half of fiscal 2003 due to higher costs related to the expensing of stock-based compensatory awards in fiscal 2003, higher pension costs, increased fringe benefit costs, systems related costs and North American restructuring and other related activities.

Interest expense for the first six months of fiscal 2003 was $35.2 million, a decrease of $5.0 million from interest expense for the six months of fiscal 2002 of $40.2 million. The decrease in interest expense was due to lower interest rates and lower average borrowings as compared to the prior year as a result of fiscal 2002's strong cash flows providing for a large cash carryover balance of nearly $100 million at September 30, 2002.

Income tax expense in the first half of fiscal 2003 was $9.6 million compared with income tax expense for the first half of fiscal 2002 of $11.1 million. The estimated income tax rate for the first half of fiscal 2003 was 38.0% compared to 38.3% for the first half of fiscal 2002. The full year fiscal 2002 effective tax rate was 38.0% and remains at that level thus far in fiscal 2003.

The Company reported income before cumulative effect of accounting changes of $15.7 million for the first six months of fiscal 2003, compared to $17.9 million for the first six months of fiscal 2002. After the charge of $29.8 million ($18.5 million, net of tax) for the impairment of tradenames in our German, French and United Kingdom businesses, net loss for the first six months of fiscal 2002 was $0.6 million, or $0.2 per share, compared to net income of $15.7 million or $0.49 per share for the first six months of fiscal 2003. Average shares outstanding were 29.0 million at March 30, 2002 and 32.1 million at March 29, 2003. Common stock equivalents were not included in the shares used for earnings per share calculations in the fiscal 2002 period due to their anti-dilutive effect in periods with net losses.

LIQUIDITY AND CAPITAL RESOURCES

Cash used in operating activities was $380.6 million for the six months ended March 29, 2003 compared to $199.4 million for the six months ended March 30, 2002. The seasonal nature of our operations generally requires cash to fund significant increases in working capital (primarily inventory and accounts receivable) during the first half of the fiscal year. Cash used in operations in the first half of fiscal 2003 was greater than the first half of fiscal 2002 because of larger increases in accounts receivable and inventory during the fiscal period, partially offset by a corresponding increase in accounts payable. Receivables increased from March 2002 to March 2003 due to higher sales in March 2003 compared to March 2002, the affect of foreign exchange rates and reduced emphasis on customer anticipation payments in March 2003 than in the past. Inventories declined from $426.8 million at March 30, 2002 to $400.2 million at March 29, 2003. However, inventories at the beginning of fiscal 2003 were only $269.1 million compared to $368.4 million at the beginning of fiscal 2002. Thus, the seasonal buildup of inventory at the end of March required $131.1 million in funds in fiscal 2003 compared to only $58.3 million in fiscal 2002. Accounts payable was similarly affected by the increased production during the fiscal 2003 period as the comparable balances at the end of March 2003 and March 2002 were $292.8 million and $270.1 million respectively but the increase from the beginning of the respective fiscal years was $158.9 million in fiscal 2003 compared to $119.1 in fiscal 2002.

Cash used in investing activities was $63.5 million for the first six months of fiscal 2003 compared to $41.4 million in the prior year period. Capital expenditures increased from $22.3 million in fiscal 2002 to $31.3 million in fiscal 2003 in line with higher projected spending on plant, equipment and technology systems in fiscal 2003. Scotts LawnService(R) completed 9 acquisitions costing $11.5 million thus far in fiscal 2003 compared to 16 acquisitions costing $9.2 million in the first half of fiscal 2002. Payments or seller notes were $27.0 million in fiscal 2003 compared to $16.0 in fiscal 2002 as the timing of actual payments for acquisitions and seller notes reflects the terms and conditions of the various acquisition agreements.

Financing activities provided cash of $355.7 million for the six three months of fiscal 2003 compared to providing $262.1 million in the prior year period. The increase in cash from financing activities was primarily due to borrowings under our revolving credit facility to fund operations due to the seasonal buildup in working capital as noted above. In the first quarter of fiscal 2003, a mandatory prepayment of $24.4 million was made on the term loans under our revolving credit facility as required by the level of excess cash flow, as defined in the Credit Agreement, we achieved in fiscal 2002.

Our primary sources of liquidity are funds generated by operations and borrowings under our Credit Agreement. The Credit Agreement initially provided for borrowings in the aggregate principal amount of $1.1 billion consisting of term loan facilities in the aggregate amount of $525 million and a revolving credit facility in the amount of $575 million. Due to paydowns on our term loans, the amount available under the term loan facilities has been reduced to approximately $347.9 million as of March 29, 2003. Also, as of March 29, 2003, approximately $11.5 million of the $575 million revolving credit facility is committed for letters of credit; the balance of approximately $563.5 million is available for use against which $372.0 million was outstanding at March 29, 2003.

Total debt was $1,160.7 million as of March 29, 2003, an increase of $34.0 million compared with total debt at March 30, 2002 of $1,126.7 million. Nearly $60 million of the increase is due to the effects of foreign exchange rates on the portions of our borrowings denominated in foreign currencies. The decline in borrowings after adjusting for exchange rates is due to strong cash flow in fiscal 2002 providing a beginning of the year cash balance of nearly $100 million at October 1, 2002 compared to only $19.7 million at October 1, 2001.

At March 29, 2003, we were in compliance with all debt covenants. The Credit Agreement contains covenants on interest coverage and leverage. The Credit Agreement and the Subordinated Note indenture also contain numerous negative covenants which we are also in compliance with thus far in fiscal 2003. There are no rating triggers in our Credit Agreement or the Subordinated Note indenture.

Total cash was $12.3 million at March 29, 2003 a decline of $87.4 million from September 30, 2002 reflecting seasonal working capital needs.

We did not repurchase any common shares for treasury in fiscal 2001 or fiscal 2002, or thus far in fiscal 2003. We have not paid dividends on the common shares in the past and presently do not plan to pay dividends on the common shares. We anticipate that cash will be retained and reinvested to support the growth of our business or to pay down indebtedness. The payment of future dividends, if any, on common shares will be determined by the Board of Directors of Scotts in light of conditions then existing, including our earnings, financial condition and capital requirements, restrictions in financing agreements, business conditions and other factors.

All of our off-balance sheet financing is in the form of operating leases which are disclosed in the notes to consolidated financial statements included in our Annual Report of Form 10-K for the year ended September 30, 2002. We have no financial guarantees or other arrangements with any related parties other than our subsidiaries. All material intercompany transactions are eliminated in our consolidated financial statements. Certain transactions with executive officers are fully described and disclosed in our proxy statement. Such transactions do not exceed $150,000 per annum.

In July 2002, the Company's Board of Directors approved a plan designed to significantly improve the profitability of the International Consumer and Professional businesses. The plan includes implementation of an SAP platform throughout Europe, as well as efforts to optimize operations in the United Kingdom, France and Germany, including the creation of a global supply chain. We estimate that there will be a cash outlay of $50-$60 million, of which approximately 25% will be capital expenditures, to implement this plan fully over the next several years.

We are party to various pending judicial and administrative proceedings arising in the ordinary course of business. These include, among others, proceedings based on accidents or product liability claims and alleged violations of environmental laws. We have reviewed our pending environmental and legal proceedings, including the probable outcomes, reasonably anticipated costs and expenses, availability and limits of our insurance coverage and have established what we believe to be appropriate reserves. We do not believe that any liabilities that may result from these proceedings are reasonably likely to have a material adverse effect on our liquidity, financial condition or results of operations.

In our opinion, cash flows from operations and capital resources will be sufficient to meet debt service and working capital needs during fiscal 2003, and thereafter for the foreseeable future. However, we cannot ensure that our business groups will generate sufficient cash flow from operations or that future borrowings will be available under our credit facilities in amounts sufficient to pay indebtedness or fund other liquidity needs. Actual results of operations will depend on numerous factors, many of which are beyond our control.

ENVIRONMENTAL MATTERS

We are subject to local, state, federal and foreign environmental protection laws and regulations with respect to our business operations and believe we are operating in substantial compliance with, or taking action aimed at ensuring compliance with, such laws and regulations. We are involved in several legal actions with various governmental agencies related to environmental matters. While it is difficult to quantify the potential financial impact of actions involving environmental matters, particularly remediation costs at waste disposal sites and future capital expenditures for environmental control equipment, in the opinion of management, the ultimate liability arising from such environmental matters, taking into account established reserves, should not have a material adverse effect on our financial position; however, there can be no assurance that the resolution of these matters will not materially affect future quarterly or annual operating results. Additional information on environmental matters affecting us is provided in Note 9 of the Notes to Condensed, Consolidated Financial Statements (unaudited) as of and for the three month and six month periods ended March 29, 2003 and in the fiscal 2002 Annual Report on Form 10-K under the "ITEM 1. BUSINESS - ENVIRONMENTAL AND REGULATORY CONSIDERATIONS" and "ITEM 3. LEGAL PROCEEDINGS" sections.

FORWARD-LOOKING STATEMENTS

We have made and will make "forward-looking statements" within the meaning of Section 27A of the Securities

Act of 1933 and Section 21E of the Securities Exchange Act of 1934 in this Form 10-Q and in other contexts relating to future growth and profitability targets and strategies designed to increase total shareholder value. Forward-looking statements also include, but are not limited to, information regarding our future economic and financial condition, the plans and objectives of our management and our assumptions regarding our performance and these plans and objectives.

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements to encourage companies to provide prospective information, so long as those statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those discussed in the forward-looking statements. We desire to take advantage of the "safe harbor" provisions of that Act.

Some forward-looking statements that we make in this Form 10-Q and in other contexts represent challenging goals for our company, and the achievement of these goals is subject to a variety of risks and assumptions and numerous factors beyond our control. Important factors that could cause actual results to differ materially from the forward-looking statements we make are described below. All forward-looking statements attributable to us or persons working on our behalf are expressly qualified in their entirety by the following cautionary statements.

- - OUR SUBSTANTIAL INDEBTEDNESS COULD ADVERSELY AFFECT OUR FINANCIAL HEALTH AND PREVENT US FROM FULFILLING OUR OBLIGATIONS.

We have a significant amount of debt. Our substantial indebtedness could have important consequences. For example, it could:

- make it more difficult for us to satisfy our obligations under outstanding indebtedness and otherwise;

- increase our vulnerability to general adverse economic and industry conditions;

- require us to dedicate a substantial portion of cash flows from operations to payments on our indebtedness, which would reduce the cash flows available to fund working capital, capital expenditures, advertising, research and development efforts and other general corporate requirements;

- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

- place us at a competitive disadvantage compared to our competitors that have less debt;

- limit our ability to borrow additional funds; and

- expose us to risks inherent in interest rate fluctuations because some of our borrowings are at variable rates of interest, which could result in higher interest expense in the event of increases in interest rates.

Our ability to make payments on and to refinance our indebtedness and to fund planned capital expenditures and acquisitions will depend on our ability to generate cash in the future. This, to some extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our credit facility in amounts sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, on or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all.

- - RESTRICTIVE COVENANTS MAY ADVERSELY AFFECT US.

Our credit facility and the indenture governing our outstanding senior subordinated notes contain restrictive covenants that require us to maintain specified financial ratios and satisfy other financial condition tests. Our ability to meet those financial ratios and tests can be affected by events beyond our control, and we cannot assure you that we will meet those tests. A breach of any of these covenants could result in a default under our Credit Agreement and/or our outstanding senior subordinated notes. Upon the occurrence of an event of default under our Credit Agreement and/or the senior subordinated notes, the lenders and/or noteholders could elect to declare the applicable outstanding indebtedness to be immediately due and payable and terminate all commitments to extend further credit. We cannot be sure that our lenders or the noteholders would waive a default or that we could pay the indebtedness in full if it were accelerated.

- - ADVERSE WEATHER CONDITIONS COULD ADVERSELY IMPACT FINANCIAL RESULTS.

Weather conditions in North America and Europe have a significant impact on the timing of sales in the spring selling season and overall annual sales. An abnormally cold spring throughout North America and/or Europe could adversely affect both fertilizer and pesticide sales and therefore our financial results.

- - OUR HISTORICAL SEASONALITY COULD IMPAIR OUR ABILITY TO PAY OBLIGATIONS AS THEY COME DUE IN ADDITION TO OUR OPERATING EXPENSES.

Because our products are used primarily in the spring and summer, our business is highly seasonal. For the past two fiscal years, more than 70% of our net sales have occurred in the second and third fiscal quarters combined. Our working capital needs and our borrowings peak near the middle of our second fiscal quarter because we are generating fewer revenues while incurring expenditures in preparation for the spring selling season. If cash on hand is insufficient to pay our obligations as they come due, including interest payments on our indebtedness, or our operating expenses, at a time when we are unable to draw on our credit facility, this seasonality could have a material adverse effect on our ability to conduct our business. Adverse weather conditions could heighten this risk.

- - PERCEPTIONS THAT THE PRODUCTS WE PRODUCE AND MARKET ARE NOT SAFE COULD ADVERSELY AFFECT US.

We manufacture and market a number of complex chemical products, such as fertilizers, growing media, herbicides and pesticides, bearing one of our brand names. On occasion, allegations are made that some of our products have failed to perform up to expectations or have caused damage or injury to individuals or property. Based on reports of contamination at a third party supplier's vermiculite mine, the public may perceive that some of our products manufactured in the past using vermiculite are or may also be contaminated. Public perception that our products are not safe, whether justified or not, could impair reputation, involve us in litigation, damage our brand names and have a material adverse affect our business.

- - THE NATURE OF CERTAIN OF OUR PRODUCTS AND OUR BUSINESS SUCCESS CONTRIBUTE TO THE RISK THAT THE COMPANY WILL BE SUBJECTED TO LAWSUITS.

The nature of certain of our products and our business success contribute to the risk that the Company will be subjected to lawsuits. The following are among the factors that contribute to this litigation risk:

- We manufacture and market a number of complex chemical products bearing our brand names, including fertilizers, growing media, herbicides and pesticides. There is a portion of the population that perceives all chemical products as potentially hazardous. This perception, regardless of its merits, enhances the risk that the Company will be subjected to product liability claims that allege harm from exposure to our products. Product liability claims are brought against the Company from time to time. The Company believes that none of the product liability claims of which it is aware are material either individually or in aggregate.

- A third party vendor supplied contaminated vermiculite ore to the Company. Although our use of vermiculite ore from the contaminated source ended over twenty years ago, our relationship with this supplier enhances the risk that the Company will be subjected to personal injury and product liability claims relating to the use of vermiculite in some of our products. The Company believes that its finished products were contamination-free and that consumers were not exposed to contaminated products. Workers' compensation claims and third party invitee claims (such as claims by contractors and railroad workers) alleging injury from historical exposure on the Company's premises to this contaminated vermiculite are brought against the Company from time to time. The Company believes that none of the vermiculite related claims of which it is aware are material either individually or in aggregate.

- We are a significant competitor in many of the markets in which we compete. Our success in our markets enhances the risk that the Company will be targeted by plaintiffs' lawyers, consumer groups, competitors and others asserting antitrust claims. Antitrust claims are brought against the Company from time to time. The Company believes that the antitrust claims of which it is aware are without merit.

Based on the facts, claims and circumstances known to the Company, the Company believes that current claims of the types discussed above are without merit, immaterial or both. However, there can be no assurance that current or future claims of the types described above, or other types of claims, will not be decided adversely to the Company, or that our involvement in such claims or the cost of defending the Company against such claims will not impair our reputation, damage our brand names or materially adversely affect our business, results of operations, financial position and cash flows.

Please see Note 9 of the Notes to Condensed, Consolidated Financial Statements (unaudited) of the Company as of and for the three month and six months ended March 29, 2003 and Part II, Item 1 "Legal Proceedings" of this Form 10-Q for information concerning certain significant lawsuits and claims involving the Company.

- - BECAUSE OF THE CONCENTRATION OF OUR SALES TO A SMALL NUMBER OF RETAIL CUSTOMERS, THE LOSS OF ONE OR MORE OF, OR SIGNIFICANT DECLINE IN ORDERS FROM, OUR TOP CUSTOMERS COULD ADVERSELY AFFECT OUR FINANCIAL RESULTS.

North American Consumer net sales represent approximately 70% of our worldwide net sales. Our top four North American retail customers together accounted for over 75% of our North American Consumer fiscal 2002 net sales and 42% of our outstanding accounts receivable as of September 30, 2002. Home Depot, Wal-Mart, Lowe's and Kmart represented approximately 37%, 18%, 11% and 10%, respectively, of our fiscal 2002 North American Consumer net sales. The loss of, or reduction in orders from, Home Depot, Wal-Mart, Lowe's, Kmart or any other significant customer could have a material adverse effect on our business and our financial results, as could customer disputes regarding shipments, fees, merchandise condition or related matters. Our inability to collect accounts receivable from any of these customers could also have a material adverse affect.

We do not have long-term sales agreements or other contractual assurances as to future sales to any of our major retail customers. In addition, continued consolidation in the retail industry has resulted in an increasingly concentrated retail base. To the extent such concentration continues to occur, our net sales and operating income may be increasingly sensitive to a deterioration in the financial condition of, or other adverse developments involving our relationship with, one or more customers.

Kmart, one of our top customers, filed for bankruptcy relief under Chapter 11 of the bankruptcy code on January 22, 2002. Following such filing, and their successful obtaining of debtor-in-possession financing, we recommenced shipping products to Kmart, and we intend to continue shipping products to Kmart for the foreseeable future. Kmart emerged from its bankruptcy reorganization in April 2003. However, we are unable to assess at this time the impact changes in their business going forward may have on our future sales or earnings.

- - THE HIGHLY COMPETITIVE NATURE OF THE COMPANY'S MARKETS COULD ADVERSELY AFFECT THE ABILITY OF THE COMPANY TO GROW OR MAINTAIN REVENUES.

Each of our segments participates in markets that are highly competitive. Many of our competitors sell their products at prices lower than ours, and we compete primarily on the basis of product quality, product performance, value, brand strength, supply chain competency and advertising. Some of our competitors have significant financial resources and research departments. The strong competition that we face in all of our markets may prevent us from achieving our revenue goals, which may have a material adverse affect on our financial condition and results of operations.

- - IF MONSANTO WERE TO TERMINATE THE MARKETING AGREEMENT FOR CONSUMER ROUNDUP(R) PRODUCTS WITHOUT BEING REQUIRED TO PAY ANY TERMINATION FEE, WE

WOULD LOSE A SUBSTANTIAL SOURCE OF FUTURE EARNINGS.

If we were to commit a serious default under the marketing agreement with Monsanto for consumer Roundup(R) products, Monsanto may have the right to terminate the agreement. If Monsanto were to terminate the marketing agreement for cause, we would not be entitled to any termination fee, and we would lose all, or a significant portion, of this significant source of earnings and overhead expense absorption the marketing agreement provides. Monsanto may also be able to terminate the marketing agreement within a given region, including North America, without paying us a termination fee if sales to consumers in that region decline:

- over a cumulative three fiscal year period; or

- by more than 5% for each of two consecutive fiscal years.

- - THE HAGEDORN PARTNERSHIP, L.P. BENEFICIALLY OWNS APPROXIMATELY 34% OF OUR OUTSTANDING COMMON SHARES ON A FULLY DILUTED BASIS.

The Hagedorn Partnership, L.P. beneficially owns approximately 34% of our outstanding common shares on a fully diluted basis and has sufficient voting power to significantly influence the election of directors and the approval of other actions requiring the approval of our shareholders.

- - COMPLIANCE WITH ENVIRONMENTAL AND OTHER PUBLIC HEALTH REGULATIONS COULD INCREASE OUR COST OF DOING BUSINESS.

Local, state, federal and foreign laws and regulations relating to environmental matters affect us in several ways. In the United States, all products containing pesticides must be registered with the United States Environmental Protection Agency ("U.S. EPA") and, in many cases, similar state agencies before they can be sold. The inability to obtain or the cancellation of any registration could have an adverse effect on our business. The severity of the effect would depend on which products were involved, whether another product could be substituted and whether our competitors were similarly affected. We attempt to anticipate regulatory developments and maintain registrations of, and access to, substitute chemicals. We may not always be able to avoid or minimize these risks.

The Food Quality Protection Act, enacted by the U.S. Congress in August 1996, establishes a standard for food-use pesticides: that a reasonable certainty of no harm will result from the cumulative effect of pesticide exposures. Under this act, the U.S. EPA is evaluating the cumulative risks from dietary and non-dietary exposures to pesticides. The pesticides in our products, certain of which may be used on crops processed into various food products, continue to be evaluated by the U.S. EPA as part of this exposure risk assessment. It is possible that the U.S. EPA or a third party active ingredient registrant may decide that a pesticide we use in our products will be limited or made unavailable to us. For example, in June 2000, DowAgroSciences, an active ingredient registrant, voluntarily agreed to a gradual phase-out of residential uses of chlorpyrifos, an active ingredient used in our lawn and garden products. In December 2000, the U.S. EPA reached agreement with various parties, including manufacturers of the active ingredient diazinon, regarding a phased withdrawal from retailers by December 2004 of residential uses of products containing diazinon, used also in our lawn and garden products. We cannot predict the outcome or the severity of the effect of the U.S. EPA's continuing evaluations of active ingredients used in our products.

The use of certain pesticide and fertilizer products is regulated by various local, state, federal and foreign environmental and public health agencies. Regulations regarding the use of some pesticide and fertilizer products may include requirements that only certified or professional users apply the product, that the products be used only in specified locations or that certain ingredients not be used. Users may be required to post notices on properties to which products have been or will be applied and may be required to notify individuals in the vicinity that products will be applied in the future. Even if we are able to comply with all such regulations and obtain all necessary registrations, we cannot assure you that our products, particularly pesticide products, will not cause injury to the environment or to people under all circumstances. The costs of compliance, remediation or products liability have adversely affected operating results in the past and could materially affect future quarterly or annual operating results.

The harvesting of peat for our growing media business has come under increasing regulatory and environmental scrutiny. In the United States, state regulations frequently require us to limit our harvesting and to restore the property to an agreed-upon condition. In some locations, we have been required to create water retention ponds to control the sediment content of discharged water. In the United Kingdom, our peat extraction efforts are also the subject of legislation.

In addition to the regulations already described, local, state, federal and foreign agencies regulate the disposal, handling and storage of waste, air and water discharges from our facilities. In June 1997, the Ohio Environmental Protection Agency ("Ohio EPA") initiated an enforcement action against us with respect to alleged surface water violations and inadequate treatment capabilities at our Marysville facility and is seeking corrective action under the Resource Conservation Recovery Act. We have met with the Ohio EPA and the Ohio Attorney General's office to negotiate an amicable resolution of these issues. On December 3, 2001, an agreed judicial Consent Order was submitted to the Union County Common Pleas Court and was entered by the court on January 25, 2002.

In fiscal 2002, we made $0.3 in environmental capital expenditures and incurred approximately $5.4 million in other environmental expenses, compared with approximately $0.6 million in environmental capital expenditures and $2.1 million in other environmental expenses in fiscal 2001. We expect spending on environmental matters in fiscal 2003 will not vary materially from the amounts spent in the past two fiscal years.

The adequacy of these estimated future expenditures is based on our operating in substantial compliance with applicable environmental and public health laws and regulations and several significant assumptions:

- that we have identified all of the significant sites that must be remediated;

- that there are no significant conditions of potential contamination that are unknown to us; and

- that with respect to the agreed judicial Consent Order in Ohio, that potentially contaminated soil can be remediated in place rather than having to be removed and only specific stream segments will require remediation as opposed to the entire stream.

If there is a significant change in the facts and circumstances surrounding these assumptions or if we are found not to be in substantial compliance with applicable environmental and public health laws and regulations, it could have a material impact on future environmental capital expenditures and other environmental expenses and our results of operations, financial position and cash flows.

- - OUR SIGNIFICANT INTERNATIONAL OPERATIONS MAKE US SUSCEPTIBLE TO FLUCTUATIONS IN CURRENCY EXCHANGE RATES AND TO THE COSTS OF INTERNATIONAL REGULATION.

We currently operate manufacturing, sales and service facilities outside of North America, particularly in the United Kingdom, Germany, France and the Netherlands. In fiscal 2002, international sales accounted for approximately 24% of our total sales. Accordingly, we are subject to risks associated with operations in foreign countries, including:

- fluctuations in currency exchange rates;

- limitations on the conversion of foreign currencies into U.S. dollars;

- limitations on the remittance of dividends and other payments by foreign subsidiaries;

- additional costs of compliance with local regulations; and

- historically, higher rates of inflation than in the United States.

In addition, our operations outside the United States are subject to the risk of new and different legal and regulatory requirements in local jurisdictions, potential difficulties in staffing and managing local operations and potentially adverse tax consequences. The costs related to our international operations could adversely affect our operations and financial results in the future.

ITEM 4. CONTROLS AND PROCEDURES

Within 90 days of the date of filing of this Quarterly Report on Form 10-Q, an evaluation ("Evaluation") was performed under the supervision of, and with the participation of, the Registrant's management, including the Registrant's principal executive officer and principal financial officer, of the Registrant's disclosure controls and procedures. Based upon the Evaluation, the principal executive officer and principal financial officer concluded that:

(A) information required to be disclosed by the Registrant in this Quarterly Report on Form 10-Q would be accumulated and communicated to the Registrant's management, including its principal executive and financial officers, as appropriate, to allow timely decisions regarding required disclosure; and

(B) information required to be disclosed by the Registrant in this Quarterly Report on Form 10-Q would be recorded, processed and summarized, and would be reported within the time period specified in the SEC's rules and forms.

No significant changes were made to the Registrant's internal controls or in other factors that could significantly affect these internal controls subsequent to the date of the Evaluation.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

SCOTTS V. UNITED INDUSTRIES, SOUTHERN DISTRICT OF FLORIDA

On April 15, 2002, Scotts and OMS Investments, Inc., a subsidiary of Scotts that holds various Scotts intellectual property assets, filed a six count complaint against United Industries Corp. and Pursell Industries, Inc. -- now known as U.S. Fertilizer Corporation -- for acts of (1) federal trademark and trade dress infringement; (2) federal unfair competition; (3) federal dilution; (4) common law trademark and trade dress infringement in violation of Florida law and other applicable law; (5) common law unfair competition in violation of Florida law and other applicable law; and (6) dilution in violation of Florida law and other applicable law. The claims against U.S. Fertilizer were subsequently resolved by a Settlement Agreement and Release dated February 6, 2003. In this Settlement Agreement and Release, U.S. Fertilizer acknowledged and agreed "that Scotts' trade dress as well the overall color designs and design layout that are utilized on the packaging of Scotts' TURF BUILDER(R) line as identified in the Civil Action (the `Turf Builder Trade Dress') are valid, protectable, and non-functional trade dress." U.S. Fertilizer is no longer a party to this action.

Shortly after filing the original complaint in this matter, Scotts filed its motion for preliminary injunction, which motion sought an injunction enjoining United Industries, pending trial, from manufacturing, producing, shipping, distributing, advertising, promoting, displaying, selling or offering for sale products in the then current packaging for its Spectracide(R) No Odor Fire Ant Killer Ready-to-Use Dust product and from otherwise using any trademarks, trade dress, packaging, promotional materials or other items which incorporated or were confusingly similar to the trademarks and trade dress featured in Scotts' Ortho(R) Orthene(R) Fire Ant Killer product packaging. Despite finding that United had intentionally copied Scotts' trade dress, the trial court denied the motion for preliminary injunction. Scotts appealed, but the United States Court of Appeals for the Eleventh Circuit affirmed.

On December 13, 2002, Scotts filed its amended complaint. The amended complaint contains the same causes of action as the original complaint, but asserts additional grounds in support of plaintiffs' claim that United has infringed and diluted plaintiffs' Miracle-Gro(R) trade dress. The amended complaint also revises certain of the allegations in the original complaint to conform to facts recently learned.

United Industries subsequently filed its answer and counterclaim to the amended complaint. This answer and counterclaim is virtually identical to its original answer and counterclaim in that it seeks to cancel a specific Scotts' Miracle-Gro(R)and Design trademark registration (Reg. No. 2,139,929) and Scotts' pending Ortho(R) Orthene(R) Fire Ant Killer and Design trademark application (Serial No. 76/126,545). We believe that this counterclaim is without merit.

On April 21, 2003, the parties mediated the matters. While several points of tentative agreement were reached, no settlement agreement has been reached or entered into.

We do not anticipate incurring any damages relating to this action.

SCOTTS V. AVENTIS S.A. AND STARLINK LOGISTICS, INC.

On August 9, 2002, Scotts filed suit against Aventis S.A. and its wholly-owned subsidiary Starlink Logistics, Inc. in the U.S. District Court for the Southern District of Ohio. In the complaint, Scotts alleges it is entitled to injunctive and monetary relief arising from Aventis' and Starlink's interference with Scotts' contractual right to purchase a company called TechPac, L.L.C. from one of Aventis' former subsidiaries, Aventis CropScience. The complaint alleges that pursuant to a contract between Scotts and a predecessor-in-interest to Aventis CropScience, Aventis CropScience was obligated to make a bona fide offer to sell its interest in TechPac to Scotts. The complaint further alleges that Aventis directed Aventis CropScience to make a belated sham offer to Scotts and that later, upon the sale of Aventis CropScience to Bayer AG, Aventis transferred ownership of TechPac to Starlink, an act which has made it impossible for Aventis CropScience's successor-in-interest to make a bona fide offer to sell TechPac to Scotts.

In this suit, Scotts seeks to ensure that it is able to exercise its right to receive a bona fide offer to acquire TechPac, and Scotts seeks to recover compensatory and punitive damages in an amount as yet undetermined for Aventis' and Starlink's interference with Scotts' right to receive such an offer. On October 4, 2002, Starlink filed a motion to dismiss the complaint on jurisdictional grounds. On December 17, 2002, Aventis filed a similar motion. Scotts has opposed these motions and intends to vigorously prosecute its claims against Aventis and Starlink. Discovery on jurisdictional issues is underway. A trial date has not been set.

OTHER

During the first quarter of fiscal 2003, a fork lift accident occurred at Scotts' plant in Chino, California. The accident resulted in the death of a Scotts' associate. Scotts believes that workers' compensation insurance coverage is the family's exclusive remedy against Scotts and therefore does not currently anticipate any action by the family against Scotts. There is some risk, however, that claims will be made by the employee's family against third parties, in which case Scotts may become involved in the litigation. Scotts believes it has defenses to any attempt to add Scotts as a defendant, but there can be no guarantees at this point that the defense would be successful. As of May 9, 2003, we are not aware of any complaint that has been filed relating to the accident or any other action by the employee's family.

We are involved in other lawsuits and claims which arise in the normal course of our business. In our opinion, these claims individually and in the aggregate are not expected to result in a material adverse effect on our results of operations, financial position or cash flows.

FOR ADDITIONAL INFORMATION ON MATERIAL LITIGATION, PLEASE SEE NOTE 9 OF THE NOTES TO THE COMPANY'S CONDENSED, CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) AS OF AND FOR THE SIX MONTHS ENDED MARCH 29, 2003.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

As part of the consideration for the Miracle-Gro merger, The Scotts Company issued Series B Warrants to purchase 977,786 common shares of The Scotts Company to Hagedorn Partnership, L.P. in May 1995. The exercise term for the Series B Warrants expires in November 2003.

Hagedorn Partnership, L.P. made the following exercises of Series B Warrants during The Scotts Company's second quarter of fiscal 2003, all of which were done on a cashless basis in accordance with the terms of the Series B Warrants:

Date	Series B Warrants Exercised	Exercise Price	Common Shares Received
1/9/03	300,770	$25	152,549
1/10/03	278,662	$25	149,148
3/21/03	54,320	$25	28,028
3/24/03	50,000	$25	26,548

Series B Warrants to purchase 131,070 common shares of The Scotts Company remained outstanding as of the end of The Scotts Company's second quarter of fiscal 2003.

The Series B Warrants as well as the common shares issuable upon exercise of the Series B Warrants were registered pursuant to a Registration Statement on Form S-4 (Registration No. 33-57595) declared effective on March 15, 1995. If and to the extent that the Securities and Exchange Commission were to determine that such registration did not extend to the issuance of common shares of The Scotts Company upon exercise of the Series B Warrants, The Scotts Company may also be deemed to have issued the common shares in reliance upon the exemptions from registration provided in Section 4(2) and other related provisions of the Securities Act of 1933.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) See Index to Exhibits at page 49 for a list of the exhibits included herewith.

(b) The Registrant filed no Current Reports on Form 8-K during the quarter covered by this Report.

SIGNATURES

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

THE SCOTTS COMPANY

/s/Christopher L. Nagel

Christopher L. Nagel
Chief Financial Officer, Executive Vice President of Finance,
(Duly Authorized Officer) (Principal Financial Officer)

Date: May 12, 2003

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, James Hagedorn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Scotts Company;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing of this quarterly report (the "Evaluation Date"); and

   c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 12, 2003

/s/ James Hagedorn

James Hagedorn, President/
Chief Executive Officer/Chairman of the Board

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Christopher L. Nagel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Scotts Company;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

    a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

    b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing of this quarterly report (the "Evaluation Date"); and

    c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 12, 2003

/s/ Christopher L. Nagel

Christopher L. Nagel, Executive Vice President and Chief Financial Officer

THE SCOTTS COMPANY
QUARTERLY REPORT ON FORM 10-Q
FOR THE FISCAL QUARTER ENDED MARCH 29, 2003

INDEX TO EXHIBITS

EXHIBIT NO.	DESCRIPTION	LOCATION
99.1	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	*

* Filed herewith.

Exhibit 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of The Scotts Company (the "Company") on Form 10-Q for the period ended March 29, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned James Hagedorn, President, Chief Executive Officer and Chairman of the Board of the Company, and Christopher L. Nagel, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of their knowledge:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JAMES HAGEDORN*	/s/ CHRISTOPHER L. NAGEL*
James Hagedorn President, Chief Executive Officer and Chairman of the Board	Christopher L. Nagel Executive Vice President and Chief Financial Officer
May 12, 2003	May 12, 2003

* A signed original of this written statement required by Section 906 has been provided to The Scotts Company and will be retained by The Scotts Company and furnished to the Securities and Exchange Commission or its staff upon request.