

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

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

Date of Report (Date of earliest event reported): January 8, 2004

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The Scotts Company

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(Exact name of registrant as specified in its charter)

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Ohio

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1-11593

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31-1414921

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(State or other jurisdiction of incorporation)

(Commission File  
Number)

(IRS Employer  
Identification No.)

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14111 Scottslawn Road, Marysville, OH 43041

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(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (937) 644-0011

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Not Applicable

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(Former name or former address, if changed since last report.)

## **ITEM 5. OTHER EVENTS**

As previously reported in our Annual Report on Form 10-K for the fiscal year ended September 30, 2003, the Company substantially completed a refinancing of the former credit agreement and its \$400 million 8 5/8% Senior Subordinated Notes in October, 2003. Note 24, "Financial Information for Subsidiary Guarantors and Non-Guarantors", to our Consolidated Financial Statements included in our fiscal 2003 Form 10-K displayed the aggregation of subsidiary guarantors and non-guarantors as delineated under the indenture governing the 8 5/8% Senior Subordinated Notes which was in effect at September 30, 2003. We have revised Note 24 for inclusion in this Form 8-K to display the aggregation of subsidiary guarantors and non-guarantors as delineated under the new indenture governing the new 6 5/8% Senior Subordinated Notes which came into effect subsequent to September 30, 2003.

### **NOTE 24. FINANCIAL INFORMATION FOR SUBSIDIARY GUARANTORS AND NON-GUARANTORS**

In October, 2003, The Scotts Company issued \$200 million of 6 5/8% Series A Senior Subordinated Notes due November 15, 2013 (the "Original Notes") to a group of initial purchasers who in turn resold the Original Notes under the provisions of Rule 144A and Regulation S under the Securities Act of 1933 (the "Securities Act"). In January 2004, The Scotts Company will file a Registration Statement on Form S-4 with the Securities and Exchange Commission pursuant to which The Scotts Company will offer to exchange the Original Notes for an equal principal amount of its 6 5/8% Series B Senior Subordinated Notes due November 15, 2013 which have been registered under the Securities Act (the "Exchange Notes").

The Original Notes and the Exchange Notes (collectively, the "Notes") are guaranteed by all of The Scotts Company's existing and future domestic restricted subsidiaries, except for Custom Lawn Care Service, Inc., Sanford Scientific, Inc. and future domestic restricted subsidiaries which do not meet a materiality threshold set forth in the indenture governing the Notes. These subsidiary guarantors jointly and severally guarantee The Scotts Company's obligations under the Notes.

The Notes and the subsidiary guarantees are full and unconditional general obligations of The Scotts Company and each subsidiary guarantor. The Notes and the subsidiary guarantees are senior subordinated obligations and are (1) subordinated in right of payment to all existing and future senior debt of The Scotts Company and the subsidiary guarantors except trade payables, (2) senior in right of payment to any future junior subordinated debt of The Scotts Company and the subsidiary guarantors and (3) equal in right of payment with The Scotts Company's existing 8 5/8% senior subordinated notes due 2009.

The following information presents consolidating Statements of Operations and Statements of Cash Flows for the three years ended September 30, 2003 and consolidated Balance Sheets as of September 30, 2003 and 2002 displaying the aggregation of subsidiary guarantors and non-guarantors as delineated under the indenture governing the Notes. Separate audited financial statements of the individual subsidiary guarantors have not been provided because management does not believe they would be meaningful to investors.

**The Scotts Company**  
**Statement of Operations**  
**for the fiscal year ended September 30, 2003**  
**(in millions)**

|   | <u>Parent</u> | <u>Subsidiary<br/>Guarantors</u> | <u>Non-<br/>Guarantors</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|---|---------------|----------------------------------|----------------------------|---------------------|---------------------|
| Net sales   | \$ 962.0      | \$ 526.5                         | \$ 421.6                   | \$                  | \$ 1,910.1          |
| Cost of sales   | 612.1         | 325.1                            | 273.0                      |                     | 1,210.2             |
| Restructuring and other charges   | 5.2           |                                  | 3.9                        |                     | 9.1                 |
| Gross profit  | 344.7         | 201.4                            | 144.7                      |                     | 690.8               |
| Gross commission earned from marketing agreement                            | 43.4          |                                  | 2.5                        |                     | 45.9                |
| Contribution expenses under marketing agreement                             | 28.3          |                                  |                            |                     | 28.3                |
| Net commission earned from marketing agreement                              | 15.1          |                                  | 2.5                        |                     | 17.6                |
| Advertising   | 68.7          | 7.3                              | 21.7                       |                     | 97.7                |
| Selling, general and administrative   | 232.5         | 45.0                             | 94.9                       |                     | 372.4               |
| Restructuring and other charges   | 2.7           | 0.8                              | 4.5                        |                     | 8.0                 |
| Amortization of intangible assets   | 0.5           | 3.9                              | 4.2                        |                     | 8.6                 |
| Equity (income) loss in subsidiaries  | (100.1)       |                                  |                            | 100.1               |                     |
| Intercompany allocations  | (18.8)        | 6.0                              | 12.8                       |                     |                     |
| Other income, net   | (2.3)         | (5.0)                            | (3.5)                      |                     | (10.8)              |
| Income (loss) from operations   | 176.6         | 143.4                            | 12.6                       | (100.1)             | 232.5               |
| Interest (income) expense   | 70.6          | (15.4)                           | 14.0                       |                     | 69.2                |
| Income (loss) before income taxes   | 106.0         | 158.8                            | (1.4)                      | (100.1)             | 163.3               |
| Income taxes  | 2.2           | 57.8                             | (0.5)                      |                     | 59.5                |
| Income (loss) before cumulative effect of accounting change                 | 103.8         | 101.0                            | (0.9)                      | (100.1)             | 103.8               |
| Cumulative effect of change in accounting for intangible assets, net of tax |               |                                  |                            |                     |                     |
| Net income (loss)   | \$ 103.8      | \$ 101.0                         | \$ (0.9)                   | \$ (100.1)          | \$ 103.8            |

**The Scotts Company**  
**Statement of Cash Flows**  
**for the fiscal year ended September 30, 2003**  
**(in millions)**

|   | <u>Parent</u>   | <u>Subsidiary<br/>Guarantors</u> | <u>Non-<br/>Guarantors</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|---|-----------------|----------------------------------|----------------------------|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                 |                                  |                            |                     |                     |
| Net income (loss)   | \$ 103.8        | \$ 101.0                         | \$ (0.9)                   | \$ (100.1)          | \$ 103.8            |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities:    |                 |                                  |                            |                     |                     |
| Cumulative effect of change in accounting for intangible assets, pre-tax                    |                 |                                  |                            |                     |                     |
| Stock-based compensation expense  | 4.8             |                                  |                            |                     | 4.8                 |
| Depreciation  | 25.3            | 10.7                             | 4.3                        |                     | 40.3                |
| Amortization  | 3.8             | 3.9                              | 4.2                        |                     | 11.9                |
| Deferred taxes  | 48.3            |                                  |                            |                     | 48.3                |
| Equity income in subsidiaries   | (100.1)         |                                  |                            | 100.1               |                     |
| Restructuring and other charges   |                 |                                  |                            |                     |                     |
| Changes in assets and liabilities, net of acquired businesses:                              |                 |                                  |                            |                     |                     |
| Accounts receivable   | (6.0)           | (12.7)                           | (15.3)                     |                     | (34.0)              |
| Inventories   | 2.1             | (7.5)                            | 0.1                        |                     | (5.3)               |
| Prepaid and other current assets  | 0.8             | 0.4                              | (1.1)                      |                     | 0.1                 |
| Accounts payable  | 10.1            | 10.0                             | 23.7                       |                     | 43.8                |
| Accrued taxes and liabilities   | (0.5)           | (2.2)                            | 2.1                        |                     | (0.6)               |
| Restructuring reserves  | (4.0)           |                                  | (3.1)                      |                     | (7.1)               |
| Other assets  | (3.9)           | 0.6                              | 7.0                        |                     | 3.7                 |
| Other liabilities   | 8.7             | (1.3)                            | (10.8)                     |                     | (3.4)               |
| Other, net  | 12.4            |                                  | (0.7)                      |                     | 11.7                |
| Net cash provided by operating activities   | <u>105.6</u>    | <u>102.9</u>                     | <u>9.5</u>                 |                     | <u>218.0</u>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                 |                                  |                            |                     |                     |
| Investment in property, plant and equipment   | (19.3)          | (20.0)                           | (12.5)                     |                     | (51.8)              |
| Investments in acquired businesses, net of cash acquired                                    | (3.8)           | (16.6)                           |                            |                     | (20.4)              |
| Payments on seller notes  | (11.5)          | (10.4)                           | (14.8)                     |                     | (36.7)              |
| Other, net  |                 |                                  |                            |                     |                     |
| Net cash used in investing activities   | <u>(34.6)</u>   | <u>(47.0)</u>                    | <u>(27.3)</u>              |                     | <u>(108.9)</u>      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                 |                                  |                            |                     |                     |
| Net repayments under revolving and bank lines of credit                                     |                 |                                  | (17.6)                     |                     | (17.6)              |
| Net repayments under term loans   | (18.0)          |                                  | (44.4)                     |                     | (62.4)              |
| Issuance of 8 <sup>5</sup> / <sub>8</sub> % senior subordinated notes, net of issuance fees |                 |                                  |                            |                     |                     |
| Financing and issuance fees   | (0.4)           |                                  |                            |                     | (0.4)               |
| Cash received from exercise of stock options  | 21.4            |                                  |                            |                     | 21.4                |
| Intercompany financing  | 3.4             | (56.7)                           | 53.3                       |                     |                     |
| Net cash provided by (used in) financing activities   | <u>6.4</u>      | <u>(56.7)</u>                    | <u>(8.7)</u>               |                     | <u>(59.0)</u>       |
| Effect of exchange rate changes on cash   |                 |                                  | 6.1                        |                     | 6.1                 |
| Net increase (decrease) in cash   | 77.4            | (0.8)                            | (20.4)                     |                     | 56.2                |
| Cash and cash equivalents, beginning of period  | 54.7            | 2.0                              | 43.0                       |                     | 99.7                |
| Cash and cash equivalents, end of period  | <u>\$ 132.1</u> | <u>\$ 1.2</u>                    | <u>\$ 22.6</u>             | <u>\$</u>           | <u>\$ 155.9</u>     |

**The Scotts Company**  
**Balance Sheet**  
**As of September 30, 2003**  
**(in millions)**

|  | <u>Parent</u>    | <u>Subsidiary<br/>Guarantors</u> | <u>Non-<br/>Guarantors</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|--|------------------|----------------------------------|----------------------------|---------------------|---------------------|
| <b>ASSETS</b>  |                  |                                  |                            |                     |                     |
| <b>Current Assets:</b>   |                  |                                  |                            |                     |                     |
| Cash and cash equivalents  | \$ 132.1         | \$ 1.2                           | \$ 22.6                    | \$                  | \$ 155.9            |
| Accounts receivable, net   | 103.3            | 99.8                             | 81.6                       |                     | 284.7               |
| Inventories, net   | 143.6            | 50.4                             | 82.1                       |                     | 276.1               |
| Current deferred tax asset   | 56.8             | 0.4                              | (0.3)                      |                     | 56.9                |
| Prepaid and other assets   | 16.2             | 3.2                              | 17.2                       |                     | 36.6                |
| <b>Total current assets</b>  | <b>452.0</b>     | <b>155.0</b>                     | <b>203.2</b>               |                     | <b>810.2</b>        |
| Property, plant and equipment, net   | 206.8            | 90.6                             | 40.8                       |                     | 338.2               |
| Goodwill and intangible assets, net  | 26.3             | 576.1                            | 233.1                      |                     | 835.5               |
| Other assets   | 44.8             | 1.5                              | (2.3)                      |                     | 44.0                |
| Investment in affiliates   | 1,066.3          |                                  |                            | (1,066.3)           |                     |
| Intracompany assets  |                  | 275.2                            |                            | (275.2)             |                     |
| <b>Total assets</b>  | <b>\$1,796.2</b> | <b>\$ 1,098.4</b>                | <b>\$ 474.8</b>            | <b>\$ (1,341.5)</b> | <b>\$ 2,027.9</b>   |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |                  |                                  |                            |                     |                     |
| <b>Current Liabilities:</b>  |                  |                                  |                            |                     |                     |
| Current portion of debt  | \$ 38.9          | \$ 9.9                           | \$ 6.6                     | \$                  | \$ 55.4             |
| Accounts payable   | 70.0             | 27.0                             | 80.8                       |                     | 177.8               |
| Accrued liabilities  | 111.4            | 25.8                             | 65.9                       |                     | 203.1               |
| Accrued taxes  | 7.6              | 2.3                              | (0.4)                      |                     | 9.5                 |
| <b>Total current liabilities</b>   | <b>227.9</b>     | <b>65.0</b>                      | <b>152.9</b>               |                     | <b>445.8</b>        |
| Long-term debt   | 603.8            | 9.7                              | 88.7                       |                     | 702.2               |
| Other liabilities  | 137.2            |                                  | 14.5                       |                     | 151.7               |
| Intracompany liabilities   | 99.1             |                                  | 176.1                      | (275.2)             |                     |
| <b>Total liabilities</b>   | <b>1,068.0</b>   | <b>74.7</b>                      | <b>432.2</b>               | <b>(275.2)</b>      | <b>1,299.7</b>      |
| <b>Shareholders' Equity:</b>   |                  |                                  |                            |                     |                     |
| Investment from parent   |                  | 510.7                            | 65.3                       | (576.0)             |                     |
| Common shares, no par value per share, \$.01 stated value per share,<br>issued 32.0 shares in 2003 | 0.3              |                                  |                            |                     | 0.3                 |
| Capital in excess of stated value  | 390.1            |                                  |                            |                     | 390.1               |
| Retained earnings  | 398.6            | 514.8                            | 2.8                        | (517.6)             | 398.6               |
| Treasury stock   |                  |                                  |                            |                     |                     |
| Accumulated other comprehensive income   | (60.8)           | (1.8)                            | (25.5)                     | 27.3                | (60.8)              |
| <b>Total shareholders' equity</b>  | <b>728.2</b>     | <b>1,023.7</b>                   | <b>42.6</b>                | <b>(1,066.3)</b>    | <b>728.2</b>        |
| <b>Total liabilities and shareholders' equity</b>  | <b>\$1,796.2</b> | <b>\$ 1,098.4</b>                | <b>\$ 474.8</b>            | <b>\$ (1,341.5)</b> | <b>\$ 2,027.9</b>   |

**The Scotts Company**  
**Statement of Operations**  
**for the fiscal year ended September 30, 2002**  
**(in millions)**

|   | <u>Parent</u> | <u>Subsidiary<br/>Guarantors</u> | <u>Non-<br/>Guarantors</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|---|---------------|----------------------------------|----------------------------|---------------------|---------------------|
| Net sales   | \$ 899.4      | \$ 448.5                         | \$ 400.8                   | \$                  | \$ 1,748.7          |
| Cost of sales   | 611.0         | 230.5                            | 270.6                      |                     | 1,112.1             |
| Restructuring and other charges   | 1.5           |                                  | 0.2                        |                     | 1.7                 |
| Gross profit  | 286.9         | 218.0                            | 130.0                      |                     | 634.9               |
| Gross commission earned from marketing agreement                            | 37.2          |                                  | 2.4                        |                     | 39.6                |
| Contribution expenses under marketing agreement                             | 23.4          |                                  |                            |                     | 23.4                |
| Net commission earned from marketing agreement                              | 13.8          |                                  | 2.4                        |                     | 16.2                |
| Advertising   | 47.1          | 16.2                             | 18.9                       |                     | 82.2                |
| Selling, general and administrative   | 198.9         | 47.7                             | 83.0                       |                     | 329.6               |
| Restructuring and other charges   | 1.9           | 0.6                              | 3.9                        |                     | 6.4                 |
| Amortization of intangible assets   | 0.4           | 1.7                              | 3.6                        |                     | 5.7                 |
| Equity (income) loss in subsidiaries  | (71.0)        |                                  |                            | 71.0                |                     |
| Intercompany allocations  | (21.7)        | 13.3                             | 8.4                        |                     |                     |
| Other income, net   | (1.2)         | (5.3)                            | (5.5)                      |                     | (12.0)              |
| Income (loss) from operations   | 146.3         | 143.8                            | 20.1                       | (71.0)              | 239.2               |
| Interest (income) expense   | 73.0          | (14.3)                           | 17.6                       |                     | 76.3                |
| Income (loss) before income taxes   | 73.3          | 158.1                            | 2.5                        | (71.0)              | 162.9               |
| Income taxes  | 2.1           | 58.9                             | 0.9                        |                     | 61.9                |
| Income (loss) before cumulative effect of accounting change                 | 71.2          | 99.2                             | 1.6                        | (71.0)              | 101.0               |
| Cumulative effect of change in accounting for intangible assets, net of tax | 11.3          | (3.3)                            | (26.5)                     |                     | (18.5)              |
| Net income (loss)   | \$ 82.5       | \$ 95.9                          | \$ (24.9)                  | \$ (71.0)           | \$ 82.5             |

**The Scotts Company**  
**Statement of Cash Flows**  
**for the fiscal year ended September 30, 2002**  
**(in millions)**

|  | <u>Parent</u>  | <u>Subsidiary<br/>Guarantors</u> | <u>Non-<br/>Guarantors</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|--|----------------|----------------------------------|----------------------------|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                |                                  |                            |                     |                     |
| Net income (loss)  | \$ 82.5        | \$ 95.9                          | \$ (24.9)                  | \$ (71.0)           | \$ 82.5             |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: |                |                                  |                            |                     |                     |
| Cumulative effect of change in accounting for intangible assets, pre-tax                 |                | 3.3                              | 26.5                       |                     | 29.8                |
| Stock-based compensation expense   |                |                                  |                            |                     |                     |
| Depreciation   | 18.3           | 9.2                              | 6.9                        |                     | 34.4                |
| Amortization   | 3.8            | 1.7                              | 3.6                        |                     | 9.1                 |
| Deferred taxes   | 21.2           |                                  |                            |                     | 21.2                |
| Equity income in subsidiaries  | (71.0)         |                                  |                            | 71.0                |                     |
| Restructuring and other charges  |                |                                  |                            |                     |                     |
| Changes in assets and liabilities, net of acquired businesses:                           |                |                                  |                            |                     |                     |
| Accounts receivable  | (3.9)          | (27.3)                           | 2.2                        |                     | (29.0)              |
| Inventories  | 92.8           | 3.7                              | 2.9                        |                     | 99.4                |
| Prepaid and other current assets   | (0.3)          | (0.4)                            | (2.0)                      |                     | (2.7)               |
| Accounts payable   | (15.3)         | (2.4)                            | 0.7                        |                     | (17.0)              |
| Accrued taxes and liabilities  | 1.3            | 9.5                              | 0.9                        |                     | 11.7                |
| Restructuring reserves   | (20.5)         | 0.7                              | (8.1)                      |                     | (27.9)              |
| Other assets   | (14.9)         | 4.1                              | 6.3                        |                     | (4.5)               |
| Other liabilities  | 32.4           | 0.2                              | 1.0                        |                     | 33.6                |
| Other, net   | (10.6)         | (0.4)                            | (5.3)                      |                     | (16.3)              |
| Net cash provided by operating activities  | <u>115.8</u>   | <u>97.8</u>                      | <u>10.7</u>                |                     | <u>224.3</u>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                |                                  |                            |                     |                     |
| Investment in property, plant and equipment  | (34.1)         | (17.3)                           | (5.6)                      |                     | (57.0)              |
| Investments in acquired businesses, net of cash acquired                                 |                | (31.0)                           |                            |                     | (31.0)              |
| Payments on seller notes   | (2.1)          | (18.5)                           | (11.4)                     |                     | (32.0)              |
| Other, net   |                |                                  | 7.0                        |                     | 7.0                 |
| Net cash used in investing activities  | <u>(36.2)</u>  | <u>(66.8)</u>                    | <u>(10.0)</u>              |                     | <u>(113.0)</u>      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                |                                  |                            |                     |                     |
| Net repayments under revolving and bank lines of credit                                  | (1.8)          |                                  | (95.8)                     |                     | (97.6)              |
| Net repayments under term loans  | (1.0)          |                                  | (30.9)                     |                     | (31.9)              |
| Issuance of 8 5/8% senior subordinated notes, net of issuance fees                       | 70.2           |                                  |                            |                     | 70.2                |
| Financing and issuance fees  | (2.2)          |                                  |                            |                     | (2.2)               |
| Cash received from exercise of stock options   | 19.7           |                                  |                            |                     | 19.7                |
| Intercompany financing   | (113.2)        | (30.0)                           | 143.2                      |                     |                     |
| Net cash provided by (used in) financing activities                                      | <u>(28.3)</u>  | <u>(30.0)</u>                    | <u>16.5</u>                |                     | <u>(41.8)</u>       |
| Effect of exchange rate changes on cash  |                |                                  | 11.5                       |                     | 11.5                |
| Net increase (decrease) in cash  | 51.3           | 1.0                              | 28.7                       |                     | 81.0                |
| Cash and cash equivalents, beginning of period   | 3.4            | 1.0                              | 14.3                       |                     | 18.7                |
| Cash and cash equivalents, end of period   | <u>\$ 54.7</u> | <u>\$ 2.0</u>                    | <u>\$ 43.0</u>             | <u>\$</u>           | <u>\$ 99.7</u>      |

**The Scotts Company**  
**Balance Sheet**  
**As of September 30, 2002**  
**(in millions)**

|  | <u>Parent</u>     | <u>Subsidiary<br/>Guarantors</u> | <u>Non-<br/>Guarantors</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|--|-------------------|----------------------------------|----------------------------|---------------------|---------------------|
| ASSETS   |                   |                                  |                            |                     |                     |
| Current Assets:  |                   |                                  |                            |                     |                     |
| Cash and cash equivalents  | \$ 54.7           | \$ 2.0                           | \$ 43.0                    | \$                  | \$ 99.7             |
| Accounts receivable, net   | 97.3              | 86.3                             | 66.3                       |                     | 249.9               |
| Inventories, net   | 144.1             | 42.8                             | 82.2                       |                     | 269.1               |
| Current deferred tax asset   | 74.6              |                                  |                            |                     | 74.6                |
| Prepaid and other assets   | 17.0              | 3.7                              | 16.1                       |                     | 36.8                |
|  | <u>387.7</u>      | <u>134.8</u>                     | <u>207.6</u>               |                     | <u>730.1</u>        |
| Property, plant and equipment, net   | 212.7             | 72.3                             | 44.2                       |                     | 329.2               |
| Goodwill and intangible assets, net  | 26.4              | 534.6                            | 230.7                      |                     | 791.7               |
| Other assets   | 43.6              | 2.1                              | 4.7                        |                     | 50.4                |
| Investment in affiliates   | 941.6             |                                  |                            | (941.6)             |                     |
| Intracompany assets  | 182.1             | 204.4                            |                            | (386.5)             |                     |
|  | <u>1,794.1</u>    | <u>\$ 948.2</u>                  | <u>\$ 487.2</u>            | <u>\$ (1,328.1)</u> | <u>\$ 1,901.4</u>   |
| LIABILITIES AND SHAREHOLDERS' EQUITY   |                   |                                  |                            |                     |                     |
| Current Liabilities:   |                   |                                  |                            |                     |                     |
| Current portion of debt  | \$ 65.1           | \$ 9.5                           | \$ 23.6                    | \$                  | \$ 98.2             |
| Accounts payable   | 59.9              | 17.0                             | 57.1                       |                     | 134.0               |
| Accrued liabilities  | 111.7             | 27.9                             | 66.8                       |                     | 206.4               |
| Accrued taxes  | 14.2              | 2.4                              | (3.4)                      |                     | 13.2                |
|  | <u>250.9</u>      | <u>56.8</u>                      | <u>144.1</u>               |                     | <u>451.8</u>        |
| Long-term debt   | 606.0             | 7.7                              | 117.5                      |                     | 731.2               |
| Other liabilities  | 97.9              | 1.3                              | 25.3                       |                     | 124.5               |
| Intracompany liabilities   | 245.4             |                                  | 141.1                      | (386.5)             |                     |
|  | <u>1,200.2</u>    | <u>65.8</u>                      | <u>428.0</u>               | <u>(386.5)</u>      | <u>1,307.5</u>      |
| Shareholders' Equity:  |                   |                                  |                            |                     |                     |
| Investment from parent   |                   | 471.0                            | 77.4                       | (548.4)             |                     |
| Common shares, no par value per share, \$.01 stated value per share,<br>issued 31.3 shares in 2002 | 0.3               |                                  |                            |                     | 0.3                 |
| Capital in excess of stated value  | 398.6             |                                  |                            |                     | 398.6               |
| Retained earnings  | 294.8             | 413.8                            | 3.7                        | (417.5)             | 294.8               |
| Treasury stock   | (41.8)            |                                  |                            |                     | (41.8)              |
| Accumulated other comprehensive income (loss)  | (58.0)            | (2.4)                            | (21.9)                     | 24.3                | (58.0)              |
|  | <u>593.9</u>      | <u>882.4</u>                     | <u>59.2</u>                | <u>(941.6)</u>      | <u>593.9</u>        |
| Total liabilities and shareholders' equity   | <u>\$ 1,794.1</u> | <u>\$ 948.2</u>                  | <u>\$ 487.2</u>            | <u>\$ (1,328.1)</u> | <u>\$ 1,901.4</u>   |



**The Scotts Company**  
**Statement of Operations**  
**for the fiscal year ended September 30, 2001**  
**(in millions)**

|   | <u>Parent</u> | <u>Subsidiary<br/>Guarantors</u> | <u>Non-<br/>Guarantors</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|---|---------------|----------------------------------|----------------------------|---------------------|---------------------|
| Net sales   | \$ 894.2      | \$ 421.3                         | \$ 354.9                   | \$                  | \$ 1,670.4          |
| Cost of sales   | 608.4         | 238.8                            | 219.5                      |                     | 1,066.7             |
| Restructuring and other charges   | 2.5           | 1.0                              | 3.8                        |                     | 7.3                 |
| Gross profit  | 283.3         | 181.5                            | 131.6                      |                     | 596.4               |
| Gross commission earned from marketing agreement                            | 34.6          |                                  | 4.5                        |                     | 39.1                |
| Contribution expenses under marketing agreement                             | 16.9          |                                  | 1.4                        |                     | 18.3                |
| Net commission earned from marketing agreement                              | 17.7          |                                  | 3.1                        |                     | 20.8                |
| Advertising   | 59.9          | 2.6                              | 26.6                       |                     | 89.1                |
| Selling, general and administrative   | 194.5         | 38.5                             | 91.1                       |                     | 324.1               |
| Restructuring and other charges   | 47.5          | 11.0                             | 9.9                        |                     | 68.4                |
| Amortization of intangible assets   | 1.7           | 16.4                             | 9.6                        |                     | 27.7                |
| Equity (income) loss in subsidiaries  | (61.7)        |                                  |                            | 61.7                |                     |
| Intercompany allocations  | 1.0           | (9.1)                            | 8.1                        |                     |                     |
| Other (income) expense, net   | (3.5)         | (3.8)                            | (1.2)                      |                     | (8.5)               |
| Income (loss) from operations   | 61.6          | 125.9                            | (9.4)                      | (61.7)              | 116.4               |
| Interest (income) expense   | 78.4          | (14.2)                           | 23.5                       |                     | 87.7                |
| Income (loss) before income taxes   | (16.8)        | 140.1                            | (32.9)                     | (61.7)              | 28.7                |
| Income taxes (benefit)  | (32.3)        | 60.5                             | (15.0)                     |                     | 13.2                |
| Income (loss) before cumulative effect of accounting change                 | 15.5          | 79.6                             | (17.9)                     | (61.7)              | 15.5                |
| Cumulative effect of change in accounting for intangible assets, net of tax |               |                                  |                            |                     |                     |
| Net income (loss)   | \$ 15.5       | \$ 79.6                          | \$ (17.9)                  | \$ (61.7)           | \$ 15.5             |

**The Scotts Company**  
**Statement of Cash Flows**  
**for the fiscal year ended September 30, 2001**  
**(in millions)**

|  | <u>Parent</u> | <u>Subsidiary<br/>Guarantors</u> | <u>Non-<br/>Guarantors</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|--|---------------|----------------------------------|----------------------------|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |               |                                  |                            |                     |                     |
| Net income (loss)  | \$ 15.5       | \$ 79.6                          | \$ (17.9)                  | \$ (61.7)           | \$ 15.5             |
| Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities: |               |                                  |                            |                     |                     |
| Cumulative effect of change in accounting for intangible assets, pre-tax                           |               |                                  |                            |                     |                     |
| Stock-based compensation   |               |                                  |                            |                     |                     |
| Depreciation   | 15.5          | 9.1                              | 8.0                        |                     | 32.6                |
| Amortization   | 1.9           | 16.4                             | 12.7                       |                     | 31.0                |
| Deferred taxes   | (19.9)        |                                  |                            |                     | (19.9)              |
| Equity income in subsidiaries  | (61.7)        |                                  |                            | 61.7                |                     |
| Restructuring and other charges  | 13.2          | 14.5                             |                            |                     | 27.7                |
| Changes in assets and liabilities, net of acquired businesses:                                     |               |                                  |                            |                     |                     |
| Accounts receivable  | 0.4           | (13.1)                           | (1.5)                      |                     | (14.2)              |
| Inventories  | (48.9)        | (6.3)                            | (13.3)                     |                     | (68.5)              |
| Prepaid and other current assets   | 28.7          | (2.0)                            | 4.7                        |                     | 31.4                |
| Accounts payable   | (6.5)         | (3.2)                            | 6.9                        |                     | (2.8)               |
| Accrued taxes and liabilities  | 32.6          | (72.1)                           | 16.8                       |                     | (22.7)              |
| Restructuring reserves   | 13.3          | 11.4                             | 12.6                       |                     | 37.3                |
| Other assets   | (3.9)         | 13.3                             | (3.3)                      |                     | 6.1                 |
| Other liabilities  | 1.6           | (10.9)                           | 16.9                       |                     | 7.6                 |
| Other, net   | 10.4          | 0.4                              | (6.2)                      |                     | 4.6                 |
| Net cash (used in) provided by operating activities  | (7.8)         | 37.1                             | 36.4                       |                     | 65.7                |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |               |                                  |                            |                     |                     |
| Investment in property, plant and equipment  | (41.8)        | (13.5)                           | (8.1)                      |                     | (63.4)              |
| Investments in acquired businesses, net of cash acquired   |               | (26.5)                           |                            |                     | (26.5)              |
| Payments on seller notes   |               | (1.9)                            | (9.2)                      |                     | (11.1)              |
| Net cash used in investing activities  | (41.8)        | (41.9)                           | (17.3)                     |                     | (101.0)             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |               |                                  |                            |                     |                     |
| Net borrowings under revolving and bank lines of credit  | 59.5          |                                  | 2.2                        |                     | 61.7                |
| Net repayments under term loans  | (55.7)        |                                  |                            |                     | (55.7)              |
| Issuance of 8 5/8% senior subordinated notes, net of issuance fees                                 |               |                                  |                            |                     |                     |
| Financing and issuance fees  | (1.6)         |                                  |                            |                     | (1.6)               |
| Cash received from exercise of stock options   | 17.0          |                                  |                            |                     | 17.0                |
| Intercompany financing   | 17.8          | 5.9                              | (23.7)                     |                     |                     |
| Net cash provided by (used in) financing activities  | 37.0          | 5.9                              | (21.5)                     |                     | 21.4                |
| Effect of exchange rate changes on cash  |               |                                  | (0.4)                      |                     | (0.4)               |
| Net increase (decrease) in cash  | (12.6)        | 1.1                              | (2.8)                      |                     | (14.3)              |
| Cash and cash equivalents, beginning of period   | 16.0          | (0.1)                            | 17.1                       |                     | 33.0                |
| Cash and cash equivalents, end of period   | \$ 3.4        | \$ 1.0                           | \$ 14.3                    | \$                  | \$ 18.7             |

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**ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS**

- (a) None required.
- (b) None required.
- (c) Exhibits—None.

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 hereunto duly authorized.

THE SCOTTS COMPANY

Date: January 8, 2004

By: /s/ Christopher L. Nagel

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