FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 29, 1997

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 1-11593

THE SCOTTS COMPANY
(Exact name of registrant as specified in its charter)

Ohio	31-1199481
(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 the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

18,597,147	Outstanding at May 7, 1997
Common Shares, voting, no par value	

Exhibit Index at page 23

THE SCOTTS COMPANY AND SUBSIDIARIES

INDEX

PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

THE SCOTTS COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in millions except per share amounts)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	March 29 1997	March 30 1996	March 29 1997	March 30 1996
Net sales	$346.2	$251.2	$446.4	$369.2
Cost of sales	207.8	163.5	275.4	244.7
Gross profit	138.4	87.7	171.0	124.5
Selling, general and administrative	40.1	34.3	66.7	63.4
Advertising and promotion	35.0	21.7	43.5	31.0
Amortization of goodwill and other intangibles	2.7	2.2	4.9	4.4
Other expenses, net	3.2	2.4	3.5	4.6
Income from operations	57.4	27.1	52.4	21.1
Interest expense	8.3	8.1	13.9	14.7
Income before income taxes	49.1	19.0	38.5	6.4
Income taxes	21.2	8.4	16.6	2.9
Net income	27.9	10.6	21.9	3.5
Preferred stock dividends	2.4	2.4	4.9	4.9
Income (loss) applicable to common shareholders	$ 25.5	$ 8.2	$ 17.0	$ (1.4)
Income (loss) per common share (note 8)	$ .95	$ .36	$ .75	$ (.08)
Common shares used in per common share computation	29.3	29.4	29.2	18.8

See Notes to Consolidated Financial Statements

THE SCOTTS COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in millions)

	SIX MONTHS ENDED	
	March 29 1997	March 30 1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 21.9	$ 3.5
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	14.8	14.3
Equity in income of unconsolidated business	(.1)	(.4)
Postretirement benefits	.1	.1
Net increase in certain components of working capital	(177.6)	(162.8)
Net increase in other assets and liabilities and other adjustments	2.3	2.0
Net cash used in operating activities	(138.6)	(143.3)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in property, plant and equipment, net	(4.1)	(8.3)
Acquisition of Miracle Holdings Limited	(47.1)	-
Net cash used in investing activities	(51.2)	(8.3)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on term and other debt	(.3)	(.3)
Revolving lines of credit and bank line of credit, net	200.5	153.3
Issuance of Common Shares	.4	5.1
Deferred financing costs incurred	(.2)	-
Dividends on preferred stock	(4.9)	(4.9)
Net cash provided by financing activities	195.5	153.2
Effect of exchange rate changes on cash	(4.3)	(.2)
Net increase in cash	1.4	1.5
Cash at beginning of period	10.6	7.0
Cash at end of period	$ 12.0	$ 8.5
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid, net of amount capitalized	$ 11.0	$ 12.2
Income taxes paid	$ 1.9	$ 2.6
Business acquired:		
Fair value of assets acquired	$103.5	
Liabilities assumed	45.3	
Net cost for acquisition	58.2	

See Notes to Consolidated Financial Statements

THE SCOTTS COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in millions)

ASSETS

	March 29 1997	March 30 1996	September 30 1996
Current Assets:			
Cash	$ 12.0	$ 8.5	$ 10.6
Accounts receivable, less allowances of $6.2, $3.9, and $4.1, respectively	349.7	315.4	110.4
Inventories	188.3	187.4	148.8
Prepaid and other assets	22.4	21.9	22.1
Total current assets	572.4	533.2	291.9
Property, plant and equipment, net	134.8	147.4	139.5
Trademarks	85.9	88.1	87.0
Other intangibles	17.2	22.1	19.5
Goodwill	251.7	181.6	180.2
Other assets	2.1	15.8	13.6
Total Assets	$ 1,064.1	$ 988.2	$ 731.7

LIABILITIES AND SHAREHOLDERS' EQUITY

	March 29 1997	March 30 1996	September 30 1996
Current Liabilities:			
Revolving credit line	$ 128.5	$ 100.9	$ 2.0
Current portion of term debt	.1	.2	.2
Accounts payable	85.0	78.6	46.3
Accrued liabilities	77.0	46.7	42.6
Accrued taxes	37.5	21.1	19.7
Total current liabilities	328.1	247.5	110.8
Term debt, less current portion	324.4	324.5	223.1
Postretirement benefits other than pensions	27.2	27.3	27.2
Other liabilities	6.0	5.1	6.3
Total Liabilities	685.7	604.4	367.4
Commitments and Contingencies			
Shareholders' Equity:			
Class A Convertible Preferred Stock, no par value	177.3	177.3	177.3
Common Shares, $.01 stated value, issued 21.1 shares in 1997 and 1996	.2	.2	.2
Capital in excess of par value	207.6	207.7	207.7
Retained earnings	37.4	31.3	20.4
Cumulative foreign currency translation adjustments	(1.1)	3.4	2.2
Treasury stock, 2.5 shares on March 29, 1997 and September 30, 1996, and 2.1 shares on March 30, 1996, at cost	(43.0)	(36.1)	(43.4)
Total Shareholders' Equity	378.3	383.8	364.3
Total Liabilities and Shareholders' Equity	$ 1,064.1	$ 988.2	$ 731.7

See Notes to Consolidated Financial Statements

THE SCOTTS COMPANY AND SUBSIDIARIES
Notes to Consolidated Financial Statements

1. ORGANIZATION AND BASIS OF PRESENTATION

NATURE OF OPERATIONS

The Scotts Company is engaged in the manufacture and sale of lawn care and garden products. The Company's major customers include mass merchandisers, home improvement centers, large hardware chains, independent hardware stores, nurseries, garden centers, food and drug stores, golf courses, professional sports stadiums, lawn and landscape service companies, commercial nurseries and greenhouses, and specialty crop growers. The Company's products are sold in the United States, Canada, the United Kingdom, continental Europe, Southeast Asia, the Middle East, Africa, Australia, New Zealand, and several Latin American countries. The Company's business is highly seasonal with approximately 70% of sales occurring in the second and third fiscal quarters.

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of The Scotts Company ("Scotts") and its wholly-owned subsidiaries, Hyponex Corporation ("Hyponex"), Republic Tool and Manufacturing Corp. ("Republic"), Scotts-Sierra Horticultural Products Company ("Sierra"), Scotts' Miracle-Gro Products, Inc. ("Miracle-Gro"), and Miracle Holdings Limited ("Miracle Holdings") (collectively, the "Company"). All material intercompany transactions have been eliminated.

The consolidated balance sheets as of March 29, 1997 and March 30, 1996, the related consolidated statements of operations for the three and six month periods ended March 29, 1997 and March 30, 1996 and the related consolidated statements of cash flows for the six month periods ended March 29, 1997 and March 30, 1996 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 and results of operations. 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 Scotts' fiscal 1996 Annual Report on Form 10-K.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. The most significant of these estimates are related to the allowance for doubtful accounts, inventory valuation reserves, marketing promotional and consumer rebate liabilities, income taxes and contingencies. 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.

RECLASSIFICATION

Certain reclassifications have been made to the prior years' financial statements to conform to fiscal 1997 classifications.

ADVERTISING COSTS

In the quarter ended March 29, 1997, the Company changed its method of accounting for advertising expenses in interim periods. The newly adopted method assigns anticipated advertising costs to interim periods based on projected sales of advertised product

THE SCOTTS COMPANY AND SUBSIDIARIES
Notes to Consolidated Financial Statements

categories and has been applied retroactive to the beginning of fiscal 1997 (October 1, 1996). This change impacts interim periods only; all current year advertising costs will be expensed within the fiscal year. Management believes this method of interim accounting for advertising costs provides better matching of revenues and expenses in interim periods, and is consistent with companies in the consumer packaged goods industry.

This change in interim accounting had the effect of increasing advertising expense for the first and second quarters of fiscal 1997, and for the six months ended March 29, 1997 by $3.3 million, $4.6 million and $7.9 million, respectively. Net income for the first and second quarters of fiscal 1997, and for the six months ended March 29, 1997 decreased by $1.9 million or $.10 per share, $2.6 million or $.09 per share and $4.5 million or $.15 per share, respectively.

2. ACQUISITIONS

Effective January 3, 1997, the Company acquired the approximately two-thirds interest in Miracle Holdings which the Company did not already own. Miracle Holdings owns Miracle Garden Care Limited, a manufacturer and distributor of lawn and garden products in the United Kingdom.

The following pro forma results of operations give effect to the Miracle Holdings acquisition as if it had occurred on October 1, 1995.

	(in millions, except per share amounts) SIX MONTHS ENDED	
	March 29 1997	March 30 1996
Net sales	$ 457.2	$ 399.5
Net income	$ 22.5	$ 4.6
Income (loss) per common share	$ 0.77	$ (0.02)

Pro forma primary net income per common share for the six months ended is calculated using the weighted average common shares outstanding at March 29, 1997 of 29.2 million and at March 30, 1996 of 18.8 million.

The pro forma information provided does not purport to be indicative of actual results of operations if the Miracle Holdings Limited acquisition had occurred as of October 1, 1995, and is not intended to be indicative of future results or trends.

3. INVENTORIES

(in millions)

Inventories, net of provisions of $10.2, $6.9 and $8.7, consisted of:

	March 29 1997	March 30 1996	September 30 1996
Finished Goods	$ 128.5	$ 122.8	$ 96.7
Raw Materials	59.8	64.6	52.1
	$ 188.3	$ 187.4	$ 148.8

THE SCOTTS COMPANY AND SUBSIDIARIES
Notes to Consolidated Financial Statements

4. LONG-TERM DEBT

(in millions)

	March 29 1997	March 30 1996	September 30 1996
Revolving Credit Line	$ 353.5	$ 326.1	$ 125.7
9 7/8% Senior Subordinated Notes $100 million face amount due 2004	99.4	99.3	99.4
Capital lease obligations and other	.1	.2	.2
	453.0	425.6	225.3
Less current portions	128.6	101.1	2.2
	$ 324.4	$ 324.5	$ 223.1

Maturities of term debt for the next five calendar years are as follows:

1997	128.6
1998	0
1999	0
2000	225.0
2001	0
Thereafter	100.0

On December 23, 1996, the Company entered into an amendment to the Fourth Amended and Restated Credit Agreement with Chase Manhattan Bank and various participating banks. The amendment provides, on an unsecured basis, up to $425 million to the Company, which represents an increase of $50 million to the revolving credit facility, and establishes a $100 million sub-tranche to be available in U. K. Pounds Sterling.

5. FOREIGN EXCHANGE INSTRUMENTS

The Company enters into forward foreign exchange contracts and purchases currency options to hedge its exposure to fluctuations in foreign currency exchange rates. These contracts generally involve the exchange of one currency for a second currency at some future date. Counterparties to these contracts are major financial institutions. Gains and losses on these contracts generally offset gains and losses on the assets, liabilities and transactions being hedged. Effective in the second quarter of 1997, the Company significantly reduced this program.

Realized and unrealized foreign exchange gains and losses are recognized and offset foreign exchange gains or losses on the underlying exposures. Unrealized gains and losses that are designated and effective as hedges on such transactions are deferred and recognized in income in the same period as the hedged transactions.

At March 29, 1997, the Company's European operations had foreign exchange risk in various European currencies tied to the Dutch Guilder. These currencies are the Belgian Franc, German Mark, Spanish Peseta, Italian Lire, French Franc, British Pound, Australian Dollar and U. S. Dollar. The Company's U. S. operations had foreign exchange rate risk in the Canadian Dollar, the Dutch Guilder and the British Pound which are tied to the U. S. Dollar. As of March 29, 1997, the Company had outstanding forward foreign exchange contracts with a contract value of approximately $2.4 million. These contracts have maturity dates ranging from June 10, 1997 to June 24, 1997.

THE SCOTTS COMPANY AND SUBSIDIARIES
Notes to Consolidated Financial Statements

6. ACCOUNTING ISSUES

In October 1995, the Financial Accounting Standards Board issued SFAS No. 123, "Accounting for Stock-Based Compensation," effective for financial statements for fiscal years beginning after December 15, 1995. SFAS No. 123 provides for, but does not require, a fair value method of accounting for stock-based compensation arrangements rather than the intrinsic value method previously required. Alternatively, entities that retain the intrinsic value method are required to disclose in the notes to the financial statements pro forma net income and earnings per share information as if the fair value method had been applied. The Company does not intend to adopt the fair value method of SFAS No. 123; therefore, this standard will not have a material effect on the Company's consolidated financial statements.

7. OTHER EXPENSES, NET

Other expenses, net consisted of the following:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	March 29 1997	March 30 1996	March 29 1997	March 30 1996
Foreign currency	$ -	$ (0.2)	$ 0.3	$ 0.1
Royalty (income) expense	(1.1)	(0.2)	(1.1)	(0.3)
Asset valuation charges	4.2	0.5	4.3	0.8
Restructuring/severance	-	2.7	-	4.5
Equity in income of unconsolidated businesses	-	0.3	0.1	0.4
Other, net	0.1	(0.7)	(0.1)	(0.9)
Total	$ 3.2	$ 2.4	$ 3.5	$ 4.6

THE SCOTTS COMPANY AND SUBSIDIARIES
Notes to Consolidated Financial Statements

8. NET INCOME (LOSS) PER COMMON SHARE

Net income (loss) per common share is based on the weighted average number of common shares and common share equivalents (stock options, Class A Convertible Preferred Stock and warrants) outstanding each period.

The following table presents information necessary to calculate income (loss) per common share.

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	March 29 1997	March 30 1996	March 29 1997	March 30 1996
(in millions except per share amounts)				
Net income	$ 27.9	$ 10.6	$ 21.9	$ 3.5
Class A Convertible Preferred Stock dividend	NA	NA	NA	4.9
Income (loss) used in net income (loss) per common share calculation	$ 27.9	$ 10.6	$ 21.9	$(1.4)
Weighted average common shares outstanding during the period	18.6	18.9	18.6	18.8
Assuming conversion of Class A Convertible Preferred Stock	10.3	10.3	10.3	NA
Assuming exercise of warrants	-	-	-	-
Assuming exercise of options using the Treasury Stock Method	0.4	0.2	0.3	NA
Weighted average number of common shares outstanding as adjusted	29.3	29.4	29.2	18.8
Income (loss) per common share	$ .95	$ .36	$ .75	$ (.08)

The shares of Class A Convertible Preferred Stock and stock options were not considered in the earnings per share computation for the six months ended March 30, 1996 because they were antidilutive for such period. Fully diluted net income (loss) per common share is considered to be the same as primary net income (loss) per common share.

THE SCOTTS COMPANY AND SUBSIDIARIES
Notes to Consolidated Financial Statements

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("FAS 128"). FAS 128 establishes standards for computing and presenting earnings per share ("EPS"). FAS 128 replaces the presentation of primary EPS with a presentation of basic EPS which excludes dilution and is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding during the period. This statement also requires dual presentation of basic EPS and diluted EPS on the face of the income statement for all periods presented. FAS 128 is effective for financial statements issued for periods ending after December 15, 1997, including interim periods. The Company plans to adopt FAS 128 in the first quarter of 1998 for the year ended September 30, 1998. If FAS 128 had been adopted at March 29, 1997, basic and diluted earnings (loss) per share would be:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	March 29 1997	March 30 1996	March 29 1997	March 30 1996
Basic earnings (loss) per share	$ 1.37	$ .43	$ .92	$ (.08)
Diluted earnings (loss) per share	$ .95	$ .36	$ .75	$ (.08)

9. CONTINGENCIES

Management continually evaluates the Company's contingencies, including various lawsuits and claims which arise in the normal course of business. 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 details are the more significant of the Company's identified contingencies.

In September 1991, the Company was identified by the Ohio Environmental Protection Agency (the "Ohio EPA") as a Potentially Responsible Party ("PRP") with respect to a site in Union County, Ohio (the "Hershberger site") that has allegedly been contaminated by hazardous substances whose transportation, treatment or disposal the Company allegedly arranged. Pursuant to a consent order with the Ohio EPA, the Company, together with four other PRP's identified to date, investigated the extent of contamination in the Hershberger site. The results of the investigation were that the site presents a low degree of risk and that the chemical compounds which contribute to the risk are not compounds used by the Company. However, as a result of the joint and several liability of PRP's, the Company may choose to participate in voluntary remediation efforts which might occur at the site. Management does not believe any such obligations would have a material adverse effect on the Company's results of operations or financial condition.

In July 1990, the Philadelphia District of the Army Corps of Engineers directed that peat harvesting operations be discontinued at Hyponex's Lafayette, New Jersey facility, and the Company complied. In May 1992, the Department of Justice in the U. S. District Court for the District of New Jersey, filed suit seeking a permanent injunction against such harvesting at that facility and civil penalties. The Philadelphia District of the Corps has taken the position that peat harvesting activities there require a permit under Section 404 of the Clean Water Act. If the Corps' position is upheld, it is possible that further harvesting of peat from this facility would be prohibited. The Company is defending this suit and is asserting a right to recover its economic losses resulting from the government's actions. Management does not believe that the outcome of this case will have a material adverse effect on the Company's operations or its financial condition. Furthermore, management believes the Company has sufficient raw material supplies available such that service to customers will not be adversely affected by continued closure of this peat harvesting operation.

THE SCOTTS COMPANY AND SUBSIDIARIES
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On January 30, 1996, the United States Environmental Protection Agency (the "U. S. EPA") served a Complaint and Notice of Opportunity for Hearing upon Sierra's wholly-owned subsidiary, Scotts-Sierra Crop Protection Company ("Crop Protection"). The Complaint alleged labeling violations under the Federal Insecticide, Fungicide and Rodenticide Act ("FIFRA") during 1992 and 1993 and proposed penalties totaling $785,000, the maximum allowable under FIFRA according to management's calculations. On February 11, 1997, the U.S. EPA's Motion for Accelerated Decision was granted on the issue of liability, with the amount of the civil penalty to be a resolved at hearing. Based upon Crop Protection's good faith compliance actions and FIFRA's provisions for "gravity-based" penalty reductions, management believes Crop Protection's maximum liability in this action to be $200,000. The Company does not believe that the outcome of this proceeding will have a material adverse effect on its financial condition or results of operations.

The Company has been assessing and, as necessary, addressing certain environmental issues regarding the wastewater treatment plants currently operating at its Marysville facility. Specifically, it has been considering whether to upgrade the existing treatment plants or to attempt to tie the facility's wastewater into the City of Marysville's municipal treatment system. Additionally, the Company has been assessing, under Ohio's new Voluntary Action Program, the possible remediation of several discontinued on-site waste disposal areas dating back to the early operations of its Marysville facility.

On February 11, 1997, the Company was informed that the Ohio EPA was referring certain matters relating to the Company's wastewater treatment plants and on-site disposal areas to the Ohio Attorney General's office. Representatives from the Ohio EPA, the Ohio Attorney General's office and the Company have had one meeting subsequent to February 11 to discuss these issues. Although the Company has not yet been informed as to the specific nature of any issues or the expected remedial response, all parties have expressed an interest in reaching an amicable resolution. The Company expects that a consent order will be negotiated with the Ohio EPA.

The Company does not believe that any proceedings which may result from the Ohio EPA's referral of these matters to the Ohio Attorney General will be material to the business or financial condition of the Company but is unable, at this early stage, to predict the outcome of these issues.

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

The following discussion and analysis of the consolidated results of operations, cash flows and financial position of the Company should be read in conjunction with the Consolidated Financial Statements of the Company included elsewhere in this report. The Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1996 includes additional information about the Company, its operations, and its financial position, and should be read in conjunction with this quarterly report on Form 10-Q.

RESULTS OF OPERATIONS

Before reviewing the details of the Company's second quarter and first six months results, the reader should keep in mind the following matters.

In the quarter ended March 29, 1997, the Company changed its method of accounting for advertising expenses in interim periods. The newly adopted method assigns anticipated advertising costs to interim periods based on projected sales of advertised product categories and has been applied retroactive to the beginning of fiscal 1997 (October 1, 1996). This change impacts interim periods only; all current year advertising costs will be expensed within the fiscal year. Management believes this method of interim accounting for advertising costs provides better matching of revenues and expenses in interim periods, and is consistent with companies in the consumer packaged goods industry.

This change in interim accounting had the effect of increasing advertising expense for the first and second quarters of fiscal 1997, and for the six months ended March 29, 1997 by $3.3 million, $4.6 million and $7.9 million, respectively. Net income for the first and second quarters of fiscal 1997, and for the six months ended March 29, 1997 decreased by $1.9 million or $0.10 per share, $2.6 million or $.09 per share and $4.5 million or $0.15 per share, respectively.

Effective with the second quarter of fiscal 1997, The Scotts Company has made several changes in its financial statement presentation. First, the Company has reformatted its statement of operations as follows:

(1) Distribution expense is included in cost of sales;
(2) Selling, general and administrative expenses are combined (include research and development); and
(3) Advertising and promotion expenses are shown separately.

Second, the business unit net sales breakdowns have been updated to include Canadian net sales as part of the North American business units in which they are managed. Canadian net sales had previously been disclosed as part of International. Annual Canadian net sales have been approximately $10.0 million or less historically.

THREE MONTHS ENDED MARCH 29, 1997 VERSUS THE THREE MONTHS ENDED MARCH 30, 1996

The following table sets forth the components of income and expense for the second quarter and first six months of fiscal 1997 and 1996 on a percentage-of-net sales basis:

	Three Months Ended			Six Months Ended		
	March 29 1997	March 30 1996	Period to Period % Change	March 29 1997	March 30 1996	Period to Period % Change
Net sales	100.0%	100.0%	37.8%	100.0%	100.0%	20.9%
Cost of sales	60.0	65.1	27.1	61.7	66.3	12.5
Gross profit	40.0	34.9	57.8	38.3	33.7	37.3
Selling, general and administrative	11.6	13.7	16.9	14.9	17.2	5.2
Advertising and promotion	10.1	8.6	61.3	9.7	8.4	40.3
Amortization of goodwill and other intangibles	0.8	0.9	22.7	1.1	1.2	11.4
Other (income) expense	0.9	1.0	33.3	0.8	1.3	(23.9)
Income from operations	16.6	10.8	111.8	11.7	5.7	148.3
Interest expense	2.4	3.2	2.5	3.1	4.0	(5.4)
Income before taxes	14.2	7.6	158.4	8.6	1.7	501.6
Income taxes	6.1	3.3	152.4	3.7	0.8	472.4
Net income	8.1	4.2	163.2%	4.9	0.9	525.7%
Preferred stock dividends	0.7	1.0	NM	1.1	1.3	NM
Income (loss) applicable to common shareholders	7.4%	3.3%	NM	3.8%	(0.4)%	NM

The following table sets forth the sales by business unit for the second quarter and first six months of fiscal 1997 and 1996 (in millions).

		% CHANGE V.			% CHANGE V.	
	Q2 1997	1996 ACTUAL	1996 AS ADJUSTED (1)	First Half 1997	1996 ACTUAL	1996 AS ADJUSTED (1)
Consumer Lawns	$ 152.5	63.1%	9.5%	$ 185.9	30.6%	8.5%
Consumer Gardens	55.5	18.1		66.3	11.6	
Organics	56.2	1.1		70.6	(0.8)	
Domestic consumer	264.2	34.7	9.2	322.8	18.2	6.9
Professional	41.6	13.0		68.2	6.6	
International	40.4	120.8		55.4	72.1	
Consolidated	$ 346.2	37.8%	16.6%	$ 446.4	20.9%	12.1%

(1)Reflects net sales adjustments of $45.8 million for the second quarter of 1996 and $29.0 million for the first six months of 1996 for the 1995 Consumer Lawns early purchase program that encouraged retailers to build their inventories well in advance of the second and third quarter of 1996.

THREE MONTHS ENDED MARCH 29, 1997 VERSUS THE THREE MONTHS ENDED MARCH 30, 1996

Net sales for the three months ended March 29, 1997 totaled $346.2 million, an increase of $95.0 million or 37.8%. Management estimates that approximately $45.8 million (19.9%) of this increase was due to the 1995 Consumer Lawns retailer early purchase program that had the effect of depressing sales in the second and third quarters of fiscal 1996. The January 3, 1997 acquisition of the remaining two-thirds interest in Miracle Garden Care Limited ("MGC") increased second quarter sales by $21.3 million or 8.4%. The remaining 9.5% increase in second quarter 1997 sales was primarily attributable to sales volumes in Consumer Gardens, Professional, Consumer Lawns, and International.

Consumer Lawns Group net sales increased $59.0 million or 63.1% to $152.5 million, primarily as a result of volume increases. Management estimates that approximately $45.8 million (53.6%) of this quarterly sales increase is attributable to the discontinuance of the 1995 early purchase program that encouraged retailers to build their inventories well in advance of the second and third quarters of 1996. After adjusting for this program change, management estimates that the Consumer Lawns Group quarterly net sales increase was 9.5%. Consumer Gardens Group net sales increased $8.5 million or 18.1% to $55.5 million. Consumer Gardens Group net sales increased primarily as a result of volume, including the inclusion of grass seed into the Group's distribution network starting in fiscal 1997. Organics Business Group net sales increased $0.6 million or 1.1% to $56.2 million, in line with this group's focus on profitability, not revenues. Professional Business Group net sales increased $4.8 million or 13.0% to $41.6 million, as this Group's customers move more to just-in-time inventory management. International Business Group net sales increased $22.1 million or 120.8% to $40.4 million. MGC contributed $21.3 million of this net sales increase. Excluding the impact of MGC, International Business Group net sales increased $0.8 million or 4.4%, with a volume increase of approximately 17.5% largely offset by unfavorable exchange rate movements that resulted in a 13.1% quarter-to-quarter reduction in International net sales after translation to U.S. dollars.

Cost of sales were 60.0% of net sales for the three months ended March 29, 1997, a 5.1 percentage point decrease compared to 65.1% in the same period of the prior year. This improvement is attributable to the discontinuance of promotional programs to drive out-of-season sales, the discontinuance of lower margin professional and consumer products, and manufacturing and distribution efficiencies.

Operating expenses increased $20.4 million or 33.7% to $81.0 million. Operating expenses were 23.4% of net sales compared to 24.1% in the prior year. Selling, general and administrative expenses increased $5.8 million or 16.9% to $40.1 million. This increase reflects the inclusion of MGC for the first time, and higher salesforce and general management incentives in the current year, partially offset by cost savings generated by restructuring efforts in 1996. As a percentage of net sales, selling, general and administrative expenses decreased from 13.7% to 11.6%.

Advertising and promotion expenses increased by $13.3 million or 61.3% to $35.0 million. As a percentage of net sales, advertising and promotion expenses increased to 10.1% from 8.6%. Approximately $4.5 million (20.7%) of this increase is attributable to the change in interim accounting for advertising, as previously discussed. Exclusive of the change in interim accounting for advertising, overall higher investment in media spending on brand building increased this expense by approximately $2.7 million (12.4%). Trade promotions related to the significant increase in second quarter consumer sales increased approximately $3.0 million (13.8%). The inclusion of MGC accounted for the remaining $3.0 million increase in advertising and promotion expense for the quarter.

Amortization of goodwill and other intangibles increased as a result of the inclusion of MGC.

Other expense, net for the second quarter of 1997 includes approximately $4.2 million of charges related to various productive assets which are pending sale or whose values are impaired as a result of changes in management's plans and business conditions. These charges were partially offset by royalty income from new and ongoing agreements that license the use of the Scotts(R) logo. The second quarter of 1996 included $2.7 million in severance charges and $0.5 million asset valuation adjustments.

Primarily as a result of higher sales volumes, improved manufacturing and distribution efficiencies, and other cost improvements, income from operations increased by $30.3 million or 111.8% to $57.4 million. Income from operations increased to 16.6% from 10.8% on a percentage of sales basis.

Interest expense increased $0.2 million or 2.5%. Excluding the impact of MGC related borrowings, interest expense decreased by approximately $1.3 million or 16.1%, principally due to a $71.9 million reduction in average borrowings for the second quarter compared to the same period last year. MGC related interest expense was approximately $1.5 million for the quarter, reflecting both acquisition debt and seasonal working capital requirements.

The Company's effective tax rate was 43.2% compared to 44.2% in the prior year.

During the second quarter of fiscal 1997, the Company reported net income of $27.9 million or $0.95 per common share compared with prior year net income of $10.6 million or $0.36 per common share. The quarterly improvement reflects the positive impact of the change in retailer selling programs for the Consumer Lawns group. Other favorable factors influencing this quarters' results of operations include sales volume increases, improved manufacturing and distribution efficiencies, ongoing cost control efforts, lower average borrowings and the full consolidation of MGC's results. These positive factors were partially offset by the change in interim accounting for advertising and the higher investment in brand building the Company is making during fiscal 1997.

SIX MONTHS ENDED MARCH 29, 1997 VERSUS SIX MONTHS ENDED MARCH 30, 1996

Net sales for the six months ended March 29, 1997 totaled $446.4 million, an increase of $77.2 million or 20.9%. Management estimates that approximately $29.0 million (8.3%) of this increase was due to the 1995 Consumer Lawns retailer early purchase program that had the effect of depressing sales in the second and third quarters of 1996. The January 3, 1997 acquisition of the remaining two-thirds interest in MGC increased net sales of the first six months by $21.3 million or 5.8%. The remaining 6.8% increase in net sales for the first six months of fiscal 1997 was primarily attributable to volume gains in Consumer Gardens, Consumer Lawns, Professional and International.

Consumer Lawns Group net sales increased $43.5 million or 30.6% to $185.9 million, primarily as a result of volume increases. Management estimates that approximately $29.0 million (22.1%) of this six months sales increase is attributable to the discontinuance of the 1995 early purchase program. After adjusting for this program change, management estimates that the Consumer Lawns Group six month's net sales increase was 8.5%. Consumer Gardens Group net sales increased $6.9 million or 11.6% to $66.3 million. Gardens group net sales increased primarily as a result of volume, including the inclusion of grass seed into their distribution network starting in fiscal 1997. Organics Business Group net sales decreased $0.6 million or 0.8% to $70.6 million, in line with this Group's focus on profitability, not revenues. Professional Business Group net sales increased $4.2 million or 6.6% to $68.2 million, as this Group's customers move more to just-in-time inventory management. International Business Group net sales increased $23.2 million or 72.1% to $55.4 million. MGC contributed $21.3 million of this net sales increase. Excluding the impact of MGC, International Business Group net sales increased $1.9 million or 5.9%, with sales volumes up approximately 15.9%, largely offset by unfavorable exchange rate movements that resulted in a 10.0% year-to-date reduction in International sales after translation to U.S. dollars.

Cost of sales were 61.7% of net sales for the six months ended March 29, 1997, a 4.6 percentage point decrease compared to 66.3% in the same period of the prior year. This improvement is attributable to the discontinuance of promotional programs to drive out-of-season sales, the discontinuance of lower margin professional and consumer products, and manufacturing and distribution efficiencies.

Operating expenses increased $15.2 million or 14.7% to $118.6 million. Operating expenses were 26.6% of net sales compared to 28.0% in the prior year. Selling, general and administrative expenses increased $3.3 million or 5.2% to $66.7 million. This increase reflects the inclusion of MGC for the first time, and higher salesforce and general management incentives in the current year, partially offset by cost savings generated by restructuring efforts in 1996. As a percentage of sales, selling, general and administrative expenses decreased from 17.2% to 14.9%.

Advertising and promotion expenses increased by $12.5 million or 40.3% to $43.5 million. As a percentage of net sales, advertising and promotion expenses increased to 9.7% from 8.4%. Approximately $7.8 million (25.2%) of this increase is attributable to the change in interim accounting for advertising, as previously discussed. Exclusive of the change in interim accounting for advertising, overall higher investment in media spending on brand building increased this expense by approximately $2.4 million (7.7%). The inclusion of MGC increased year-to-date advertising and promotion expenses by $3.0 million. Trade promotions decreased $0.7 million reflecting the Company's move toward "pull" advertising and away from "push" retailer promotions. The Company believes retailer promotions and cooperative advertising are an integral part of the consumer lawn and garden business, but to a lesser extent than that practiced in prior years.

Amortization of goodwill and other intangibles increased as a result of the inclusion of MGC.

Other expense, net for the first six months of 1997 includes approximately $4.3 million of charges related to various productive assets which are pending sale or whose values are impaired as a result of changes in management plans and business conditions. These charges were partially offset by royalty income from new and ongoing agreements that license the use of the Scotts(R) logo. The first six months of fiscal 1996 included $4.5 million of severance charges and $0.8 million of asset valuation adjustments.

Primarily as a result of higher sales volumes, improved manufacturing and distribution efficiencies, and other cost improvements, income from operations increased by $31.3 million or 148.3% to $52.4 million. Income from operations increased to 11.7% from 5.7% on a percentage of sales basis.

Interest expense decreased $0.8 million or 5.4% for the six months ended March 29, 1997. Excluding MGC related borrowings, interest expense decreased by approximately $2.3 million or 15.7%, principally due to a $66.9 million reduction in average borrowings for the first six months compared to the same period last year. MGC related interest expense was approximately $1.5 million, reflecting both acquisition debt and seasonal working capital requirements.

The Company's effective tax rate was 43.2% compared to 45.3% in the prior year.

During the first six months of fiscal 1997, the Company reported net income of $21.9 million or $0.75 per common share compared with prior year net income of $3.5 million or a loss of $0.08 per common share, after considering preferred stock dividends. The year-to-date improvement reflects the positive impact of the change in retailer selling programs for the Consumer Lawns Group. Other favorable factors influencing year-to-date results of operations include sales volume increases, improved manufacturing and distribution efficiencies, ongoing cost control efforts, lower average borrowings and full consolidation of MGC's results. These positive factors were partially offset by the change in interim accounting for advertising and the higher investment in brand building the Company is making during fiscal 1997.

LIQUIDITY AND CAPITAL RESOURCES

Cash used in operating activities totaled $138.6 million for the six month period ended March 29, 1997 compared to $143.3 million in the prior year. The seasonal nature of the Company's operations results in a significant increase in working capital (primarily inventory and accounts receivable) during the first and second fiscal quarters. The third fiscal quarter is a significant period for collecting accounts receivable. The lower level of cash used in operating activities for the first six months of 1997 is principally due to higher net income and better working capital management, partially offset by the seasonal working capital needs of MGC.

Cash used in investing activities totaled $51.2 million compared to $8.3 million in the prior year. This increase is attributable to the acquisition of the remaining two-thirds interest in MGC for approximately $47.1 million effective January 3, 1997. The Company estimates that fiscal 1997 capital investments will be $20 million to $25 million compared to $18.2 million in the prior year. These capital investments will be financed with cash provided by operations and utilization of available credit facilities. The largest project will be an approximately $9.0 million expansion of the Marysville distribution facility, estimated to generate annual distribution expense savings of at least $1.5 million beginning in fiscal 1998. The Company's Fourth Amended and Restated Credit Agreement (the "Credit Agreement") restricts annual capital investments to $50 million.

Financing activities provided $195.5 million for the six month period ended March 29, 1997 compared to $153.2 million in the prior year. Financing activities are principally supported by the Company's Credit Agreement. The higher level of incremental borrowings in the first six months of fiscal 1997 compared to the prior year is a result of the MGC transaction, partially offset by lower working capital requirements and year-to-date capital investment.

Total debt increased by $227.7 million compared with debt at September 30, 1996 and increased by $27.4 million compared with total debt at March 30, 1996. The increase as compared to September 30, 1996 was to support increased working capital, capital expenditures, and the MGC acquisition. The increase compared to March 30, 1996 is attributable to positive cash flow generated in fiscal 1996 and lower working capital requirements in fiscal 1997, offset by the borrowings associated with the MGC acquisition and MGC's seasonal borrowing requirements.

Shareholders' equity as of March 29, 1997 was $378.3 million, a $14.0 million increase compared to September 30, 1996 and a $5.5 million decrease compared to March 30, 1996. The increase compared to September 30, 1996 was due to the net income of $21.9 million, Convertible Preferred Stock dividends of $4.9 million, an unfavorable change in the cumulative foreign currency adjustment of $3.3 million and net treasury stock activity of $0.4 million. The decrease compared to March 30, 1996 was due to the net income for the twelve month period ended March 29, 1997 of $15.9 million offset by Convertible Preferred Stock dividends of $9.8 million, net treasury stock purchases of $7.0 million and an unfavorable change in the cumulative foreign currency adjustment of $4.5 million.

The primary sources of liquidity for the Company are funds generated by operations and borrowings under the Company's Credit Agreement. The Credit Agreement was amended in December 1996. The most recent amendment provides for an increase in the available line-of-credit from $375 million to $425 million, and provides that up to the equivalent of $100 million of the available credit may be borrowed in U.K. Pounds Sterling.

The Company has foreign exchange rate risk related to International operations and cash flows.

The Company enters into forward foreign exchange contracts and purchases currency options to hedge its exposure to fluctuations in foreign currency exchange rates. These contracts generally involve the exchange of one currency for a second currency at some future date. Counterparties to these contracts are major financial institutions. Gains and losses on these contracts generally offset gains and losses on the assets, liabilities and transactions being hedged. Effective in the second quarter of 1997, the Company significantly reduced this program.

Realized and unrealized foreign exchange gains and losses are recognized and offset foreign exchange gains or losses on the underlying exposures. Unrealized gains and losses that are designated and effective as hedges on such transactions are deferred and recognized in income in the same period as the hedged transactions.

As of March 29, 1997, the Company's European operations had foreign exchange risk in various European currencies tied to the Dutch Guilder. These currencies include the Belgian Franc, German Mark, Spanish Peseta, French Franc, British Pound, Italian Lire, and the Australian Dollar and U.S. Dollar. The Company's U.S. operations had foreign exchange rate risk in the Canadian Dollar, Dutch Guilder and the British Pound which are tied to the U.S. Dollar. As of March 29, 1997, there were outstanding forward foreign exchange contracts with a value of approximately $2.4 million. These contracts had maturity dates ranging from June 10, 1997 to June 24, 1997.

In the opinion of the Company's management, cash flows from operations and capital resources will be sufficient to meet debt service and working capital needs during the 1997 fiscal year.

INFLATION

The Company is subject to the effect of changing prices. The Company has, however, generally been able to pass along inflationary increases in its costs by increasing the prices of its products.

ENVIRONMENTAL MATTERS

The Company is subject to local, state, federal and foreign environmental protection laws and regulations with respect to its business operations and believes it is operating in substantial compliance with, or taking action aimed at ensuring compliance with, such laws and regulations. The Company is involved in several environmental related legal actions with various governmental agencies. 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 the Company's financial position; however, there can be no assurance that future quarterly or annual operating results will not be materially affected by the resolution of these matters. Additional information on environmental matters affecting the Company is provided in Note 9 to the Company's Consolidated Financial Statements and in the Annual Report on Form 10-K to the Securities and Exchange Commission for the year ended September 30, 1996 under the "Business" and "Legal Proceedings" sections.

ACCOUNTING ISSUES

In October 1995, the Financial Accounting Standards Board issued SFAS No. 123, "Accounting for Stock-Based Compensation", effective for financial statements for fiscal years beginning after December 15, 1995. SFAS No. 123 provides for, but does not require, a fair value method of accounting for stock-based compensation arrangements rather than the intrinsic value method previously required. Alternatively, entities that retain the intrinsic value method are required to disclose in the notes to the financial statements pro forma net income and earnings per share information as if the fair value method had been applied. The Company does not intend to adopt the fair value method of SFAS No. 123; therefore, this standard will not have a material effect on the Company's consolidated financial statements.

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("FAS 128"). FAS 128 establishes standards for computing and presenting earnings per share ("EPS"). FAS 128 replaces the presentation of primary EPS with a presentation of basic EPS which excludes dilution and is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding during the period. This statement also requires dual presentation of basic EPS and diluted EPS on the face of the income statement for all periods presented. FAS 128 is effective for financial statements issued for periods ending after December 15, 1997, including interim periods. The Company plans to adopt FAS 128 in the first quarter of 1998 for the year ended September 30, 1998. If FAS 128 had been adopted at March 29, 1997, basic and diluted earnings (loss) per share would be:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	MARCH 29 1997	MARCH 30 1996	MARCH 29 1997	MARCH 30 1996
Basic earnings (loss) per share	$ 1.37	$ .43	$ .92	$ (.08)
Diluted earnings (loss) per share	$ .95	$ .36	$ .75	$ (.08)

RECENT DEVELOPMENTS

On January 3, 1997, the Company acquired the approximately two-thirds interest in Miracle Holdings Limited ("Miracle Holdings") which the Company did not already own. Miracle Holdings owns MGC Limited, a manufacturer and distributor of lawn and garden products in the United Kingdom.

OUTLOOK FOR THE REMAINDER OF 1997

Looking forward to the remaining six months of fiscal 1997, management expects a continuation of the return to profitability demonstrated in the first six months of the year. The primary factors contributing to 1997's improvement over 1996 include the discontinuance of the Consumer Lawns Group's retailer early purchase program; alignment of the business groups to provide better focus on, and accountability for, performance; and the positive impacts of fiscal 1996 restructuring efforts. However, these changes, along with inherent risks of a seasonal business, present several challenges for 1997.

As noted in previous reports, the Consumer Lawns Business Group's marketing strategy has been refocused on consumer directed, "pull" advertising and less on retailer directed, "push" promotional programs heavily relied upon in recent years. Management believes results for the first six months of fiscal 1997 indicate general marketplace acceptance of this strategy. However, weather conditions in North America and in Northern Europe have a significant impact on the quarterly timing of sales of the Company's products, especially in the spring selling season. After adjustment for the 1995 early purchase program, the Company has historically generated 66% to 68% of its annual revenues in its second and third fiscal quarters. Management expects this relationship to become slightly more pronounced with the change in the consumer lawns marketing and promotional programs, and the trend in both its consumer and professional markets toward "just-in-time" product purchasing.

Management expects 1997 gross profit margins to continue to show improvement over 1996 as a result of the recovery of the relatively higher margin consumer lawns business, higher volumes increasing manufacturing distribution efficiencies, and the discontinuance of certain lower margin products. In the last quarter of 1997, the Company plans to change over to plastic packaging for its key consumer lawns products and update the technology of one of its key manufacturing lines. These planned changes, along with the general direction toward simplifying its product lines, may put temporary downward pressure on gross profit margins during the transition period as new processes start up and old products are phased out.

The Company expects a lower effective tax rate in 1997 in the range of 42% to 44%, principally as a result of the anticipated return to profitability.

The Company has made and will make certain forward-looking statements in this quarterly report and in other contexts regarding future economic performance and finances, plans and objectives of management, among others. In some cases, information regarding certain important factors that could cause actual results to differ materially from any such forward-looking statement appear together with such statement. Furthermore, the following factors, in addition to other possible factors not listed, could affect the company's actual results and cause such results to differ materially from those expressed in forward-looking statements. These factors include weather conditions in North America and in Northern Europe which have a significant impact on timing of sales in the spring selling season and overall annual sales; continued marketplace acceptance of the Company's Consumer Lawns and Gardens Group's "pull" advertising marketing strategies, especially in the Consumer Lawn's Group which refocused its general marketing strategy beginning in fiscal 1996; competition among lawn and garden product producers supplying the consumer and professional markets, both domestically and internationally; competition between retail outlets selling lawn and garden products produced by the Company; public perceptions regarding the safety of products produced and supplied by the Company; continued changes in economic conditions; risks inherent to international development; and other factors set forth in the Company's letters to shareholders and analysts, press releases and filings with the Securities and Exchange Commission.

Part II - OTHER INFORMATION

Item 1. Legal Proceedings

On January 16, 1997, Pursell and the Company settled two lawsuits pursuant to a confidential Settlement Agreement and Release (the "Settlement Agreement"). Under the terms of the Settlement Agreement, both actions have been dismissed with prejudice. Full and complete releases were exchanged by the parties, and the Company granted to Pursell a fully paid-up, non-exclusive license under the Company's Poly-S patents.

The Company has been assessing and, as necessary, addressing certain environmental issues regarding the wastewater treatment plants currently operating at its Marysville facility. Specifically, it has been considering whether to upgrade the existing treatment plants or to attempt to tie the facility's wastewater into the City of Marysville's municipal treatment system. Additionally, the Company has been assessing, under Ohio's new Voluntary Action Program, the possible remediation of several discontinued on-site waste disposal areas dating back to the early operations of its Marysville facility.

On February 11, 1997, the Company was informed that the Ohio EPA was referring certain matters relating to the Company's wastewater treatment plants and on-site disposal areas to the Ohio Attorney General's office. Representatives from the Ohio EPA, the Ohio Attorney General's office and the Company have had one meeting subsequent to February 11 to discuss these issues. Although the Company has not yet been informed as to the specific nature of any issues or the expected remedial response, all parties have expressed an interest in reaching an amicable resolution. The Company expects that a consent order will be negotiated with the Ohio EPA.

The Company does not believe that any proceedings which may result from the Ohio EPA's referral of these matters to the Ohio Attorney General will be material to the business or financial condition of the Company but is unable, at this early stage, to predict the outcome of these issues.

Item 4 - Submission of Matters to a Vote of Security Holders

The Annual Meeting of Shareholders of the Company (the "Annual Meeting") was held in Columbus, Ohio on March 12, 1997.

The result of the vote of the shareholders for each of the matters submitted to the shareholders at the Annual Meeting is as follows:

A. The proposal to elect four directors for terms of three years each:

NOMINEE	VOTES FOR	WITHHELD	NOT VOTED
James B Beard	25,855,642		227,565
John Kenlon	25,854,492		228,715
John M. Sullivan	25,852,492		230,715
L. Jack Van Fossen	25,833,084		250,123

Each of the nominees was elected. The other Directors whose terms of office continue after the Annual Meeting are John S. Chamberlin, Joseph P. Flannery, Horace Hagedorn, Donald A. Sherman, Charles M. Berger, James Hagedorn, Karen G. Mills, and Tadd C. Seitz.

B. The proposal to increase the number of common shares available under The Scotts Company 1996 Stock Option Plan to 3,000,000 common shares:

FOR	AGAINST	ABSTAIN	BROKER NON VOTES
21,446,166	1,554,806	279,126	2,803,109

The proposal was approved.

Item 6. Exhibits and Reports on Form 8-K

(a) See Exhibit Index at page 23 for a list of the exhibits included herewith.

(b) On January 28, 1997, Scotts filed a Form 8-K to report under "Item 5 Other Events" the acquisition of the approximately two-thirds interest in Miracle Holdings Limited which the Company did not already own. No financial statements were required to be filed.

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

Date ______________________________

/S/JEAN H. MORDO

Executive Vice President
Chief Financial Officer
Principal Accounting Officer

THE SCOTTS COMPANY

QUARTERLY REPORT ON FORM 10-Q FOR
FISCAL QUARTER ENDED March 29, 1997

EXHIBIT INDEX

Exhibit NUMBER	DESCRIPTION	Page NUMBER
10(a)	The Scotts Company 1996 Stock Option Plan (as amended through March 12, 1997)	24-32
18	Letter regarding change in accounting principles	33
27	Financial Data Schedule	34

THE SCOTTS COMPANY
1996 STOCK OPTION PLAN
(REFLECTS AMENDMENTS THROUGH MARCH 12, 1997)

THE SCOTTS COMPANY
1996 STOCK OPTION PLAN
(REFLECTS AMENDMENTS THROUGH MARCH 12, 1997)

SECTION l.

PURPOSE

The purpose of the Plan is to foster and promote the long-term financial success of the Company and materially increase shareholder value by (a) encouraging and providing for the acquisition of an ownership interest in the Company by Employees and Eligible Directors, and (b) enabling the Company to attract and retain the services of an outstanding management team upon whose judgment, interest, and special effort the successful conduct of its operations is largely dependent.

SECTION 2.

DEFINITIONS

2.1 DEFINITIONS. Whenever used herein, the following terms shall have the respective meanings set forth below:

(a) "Act" means the Securities Exchange Act of 1934, as amended.

(b) "Award" means any Option.

(c) "Board" means the Board of Directors of the Company.

(d) "Cause" means (i) the willful failure by a Participant to perform substantially his duties as an Employee of the Company (other than due to physical or mental illness) after reasonable notice to the Participant of such failure, (ii) the Participant's engaging in serious misconduct that is injurious to the Company or any Subsidiary, (iii) the Participant's having been convicted of, or entered a plea of nolo contendere to, a crime that constitutes a felony or (iv) the breach by the Participant of any written covenant or agreement with the Company or any Subsidiary not to disclose any information pertaining to the Company or any Subsidiary or not to compete or interfere with the Company or any Subsidiary.

(e) "Change in Control" means the occurrence of any of the following events:

(i) the members of the Board at the beginning of any consecutive twenty-four calendar month period (the "Incumbent Directors") cease for any reason other than due to death to constitute at least a majority of the members of the Board, provided that any director whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the members of the Board then still in office who were members of the Board at the beginning of such twenty-four calendar month period, shall be treated as an Incumbent Director; or

(ii) any "person," including a "group" (as such terms are used in Sections 13(d) and 14(d)(2) of the Act, but excluding the Company, any of its Subsidiaries, or any employee benefit plan of the Company or of any of its Subsidiaries,) is or becomes the "beneficial owner" (as defined in Rule 13(d)(3) under the Act), directly or indirectly, of securities of the Company representing more than 49% of the combined voting power of the Company's then outstanding securities; or

(iii) the shareholders of the Company shall approve a definitive agreement (1) for the merger or other business combination of the Company with or into another corporation, a majority of the directors of which were not directors of the Company immediately prior to the merger and in which the shareholders of the Company immediately prior to the effective date of such merger own less than 50% of the voting power in such corporation; or (2) for the sale or other disposition of all or substantially all of the assets of the Company; or

(iv) the purchase of Stock pursuant to any tender or exchange offer made by any "person," including a "group" (as such terms are used in Sections 13(d) and 14(d)(2) of the Act), other than the Company, any of its Subsidiaries, or an employee benefit plan of the Company or of any of its Subsidiaries, for more than 49% of the Stock of the Company.

(f) "Change in Control Price" means the highest price per share of Stock offered in conjunction with any transaction resulting in a Change in Control (as determined in good faith by the Committee if any part of the offered price is payable other than in cash) or, in the case of a Change in Control occurring solely by reason of a change in the composition of the Board, the highest Fair Market Value of the Stock on any of the 30 trading days immediately preceding the date on which a Change in Control occurs.

(g) "Code" means the Internal Revenue Code of 1986, as amended.

(h) "Committee" means the Compensation and Organization Committee of the Board which shall have the meaning ascribed to a "compensation committee" in Section 1.162-27(c)(4) of the final regulations promulgated under Section 162(m) of the Code and which shall consist of three or more members, each of whom shall be (i) a person from time to time permitted by the rules promulgated under Section 16 of the Act in order for grants of Awards to be exempt transactions under said Section 16 and (ii) receiving remuneration in no other capacity than as a director, except as permitted under Section 1.162-27(e)(3) of the final regulations promulgated under Section 162(m) of the Code and the rulings thereunder.

(i) "Company" means The Scotts Company, an Ohio corporation, and any successor thereto.

(j) "Director Option" means a Nonstatutory Stock Option granted to each Eligible Director pursuant to Section 6.7 without any action by the Board or the Committee.

(k) "Disability" means the inability of the Participant to perform his duties for a period of at least six months due to a physical or medical infirmity. Notwithstanding the foregoing, with respect to Incentive Stock Options, the term "Disability" shall be defined as such term is defined in Section 22(e)(3) of the Code.

(l) "Eligible Director" means, on any date, a person who is serving as a member of the Board and who is not an Employee.

(m) "Employee" means any officer or other key executive and management employee of the Company or of any of its Subsidiaries.

(n) "Fair Market Value" means, on any date, the closing price of the Stock as reported on the New York Stock Exchange (or on such other recognized market or quotation system on which the trading prices of the Stock are traded or quoted at the relevant time) on such date. In the event that there are no Stock transactions reported on the New York Stock Exchange (or such other market or system) on such date, Fair Market Value shall mean the closing price on the immediately preceding date on which Stock transactions were so reported.

(o) "Option" means the right to purchase Stock at a stated price for a specified period of time. For purposes of the Plan, an Option may be either (i) an "Incentive Stock Option" (ISO) within the meaning of Section 422 of the Code or (ii) a "Nonstatutory Stock Option" (NSO) which does not qualify for treatment as an "Incentive Stock Option."

(p) "Participant" means any Employee designated by the Committee to participate in the Plan.

(q) "Plan" means The Scotts Company 1996 Stock Option Plan, as in effect from time to time.

(r) "Retirement" means termination of a Participant's employment on or after the normal retirement date or, with the Committee's approval, on or after any early retirement date established under any retirement plan maintained by the Company or a Subsidiary in which the Participant participates.

(s) "Stock" means the Common Shares, without par value, of the Company.

(t) "Subsidiary" means any corporation or partnership in which the Company owns, directly or indirectly, 50% or more of the total combined voting power of all classes of stock of such corporation or of the capital interest or profits interest of such partnership.

2.2 GENDER AND NUMBER. Except when otherwise indicated by the context, words in the masculine gender used in the Plan shall include the feminine gender, the singular shall include the plural, and the plural shall include the singular.

SECTION 3.

ELIGIBILITY AND PARTICIPATION

Except as otherwise provided in Section 6.7, the only persons eligible to participate in the Plan shall be those Employees selected by the Committee as Participants.

SECTION 4.

POWERS OF THE COMMITTEE

4.l POWER TO GRANT. The Committee shall determine the Participants to whom Awards shall be granted, the type or types of Awards to be granted and the terms and conditions of any and all such Awards. The Committee may establish different terms and conditions for different types of Awards, for different Participants receiving the same type of Award and for the same Participant for each Award such Participant may receive, whether or not granted at different times.

4.2 ADMINISTRATION. The Committee shall be responsible for the administration of the Plan. The Committee, by majority action thereof, is authorized to prescribe, amend, and rescind rules and regulations relating to the Plan, to provide for conditions deemed necessary or advisable to protect the interests of the Company, and to make all other determinations (including, without limitation, whether a Participant has incurred a Disability) necessary or advisable for the administration and interpretation of the Plan in order to carry out its provisions and purposes. Determinations, interpretations, or other actions made or taken by the Committee pursuant to the provisions of the Plan shall be final, binding, and conclusive for all purposes and upon all persons.

SECTION 5.

STOCK SUBJECT TO PLAN

5.1 NUMBER. Subject to the provisions of Section 5.3, the number of shares of Stock subject to Awards under the Plan may not exceed 3,000,000 shares of Stock. Subject to the provisions of Section 5.3, no Employee shall receive Awards for more than 150,000 shares of Stock over any one-year period. For this purpose, to the extent that any Award is cancelled (as described in Section 1.162-27(e)(2)(vi)(B) of the final regulations promulgated under Section 162(m) of the Code), such cancelled Award shall continue to be counted against the maximum number of shares of Stock for which Awards may be granted to an Employee under the Plan. The shares of Stock to be delivered under the Plan may consist, in whole or in part, of treasury Stock or authorized but unissued Stock, not reserved for any other purpose.

5.2 CANCELLED, TERMINATED, OR FORFEITED AWARDS. Except as provided in Section 5.1, any shares of Stock subject to an Award which for any reason is cancelled, terminated or otherwise settled without the issuance of any Stock shall again be available for Awards under the Plan.

5.3 ADJUSTMENT IN CAPITALIZATION. In the event of any Stock dividend or Stock split, recapitalization (including, without limitation, the payment of an extraordinary dividend), merger, consolidation, combination, spin-off, distribution of assets to shareholders, exchange of shares, or other similar corporate change, the aggregate number of shares of Stock available for Awards under Section 5.1 or subject to outstanding Awards and the respective prices and/or limitations applicable to outstanding Awards may be appropriately adjusted by the Committee, whose determination shall be conclusive. If, pursuant to the preceding sentence, an adjustment is made to the number of shares subject to outstanding Options held by Participants a corresponding adjustment shall be made to the number of shares subject to outstanding Director Options and if an adjustment is made to the number of shares of Stock authorized for issuance under the Plan, a corresponding adjustment shall be made to the number of shares subject to each Director Option thereafter granted pursuant to Section 6.7.

SECTION 6.

OPTIONS

6.1 GRANT OF OPTIONS. Options may be granted to Participants at such time or times as shall be determined by the Committee. Options granted under the Plan may be of two types: (i) Incentive Stock Options and (ii) Nonstatutory Stock Options. The Committee shall have complete discretion in determining the number of Options, if any, to be granted to a Participant. Without limiting the foregoing, the Committee may grant Options containing provisions for the issuance to the Participant, upon exercise of such Option and payment of the exercise price therefor with previously owned shares of Stock, of an additional Option for the number of shares so delivered, having such other terms and conditions not inconsistent with the Plan as the Committee shall determine. Each Option shall be evidenced by an Option agreement that shall specify the type of Option granted, the exercise price, the duration of the Option, the number of shares of Stock to which the Option pertains, and such other terms and conditions not inconsistent with the Plan as the Committee shall determine.

6.2 OPTION PRICE. Nonstatutory Stock Options and Incentive Stock Options granted pursuant to the Plan shall have an exercise price which is not less than the Fair Market Value of the Stock on the date the Option is granted. To the extent that an Incentive Stock Option is granted to a Participant who owns (actually or constructively under the provisions of Section 424(d) of the Code) Stock possessing more than 10% of the total combined voting power of all classes of Stock of the Company or of any Subsidiary, such Incentive Stock Option shall have an exercise price which is not less than 110% of the Fair Market Value on the date the Option is granted.

6.3 EXERCISE OF OPTIONS. Options awarded to a Participant under the Plan shall be exercisable at such times and shall be subject to such restrictions and conditions including the performance of a minimum period of service, as the Committee may impose, either at or after the time of grant of such Options; provided, however, that if the Committee does not specify another exercise schedule at the time of grant, each Option shall become exercisable in three approximately equal installments on each of the first three anniversaries of the date of grant, subject to the Committee's right to accelerate the exercisability of such Option in its discretion. Notwithstanding the foregoing, no Option shall be exercisable for more than 10 years after the date on which it is granted; provided, however, in the case of an Incentive Stock Option granted to a Participant who owns (actually or constructively under the provisions of Section 424(d) of the Code) Stock possessing more than 10% of total combined voting power of all classes of Stock of the Company or any Subsidiary, such Incentive Stock Option shall not be exercisable for more than 5 years after the date on which it is granted.

6.4 PAYMENT. The Committee shall establish procedures governing the exercise of Options, which shall require that written notice of exercise be given and that the Option price be paid in full in cash or equivalents, including by personal check, at the time of exercise or pursuant to any arrangement that the Committee shall approve. The Committee may, in its discretion, permit a Participant to make payment in Stock already owned by him, valued at its Fair Market Value on the date of exercise, as partial or full payment of the exercise price. As soon as practicable after receipt of a written exercise notice and full payment of the exercise price, the Company shall deliver to the Participant a certificate or certificates representing the acquired shares of Stock.

6.5 INCENTIVE STOCK OPTIONS. Notwithstanding anything in the Plan to the contrary, no term of this Plan relating to Incentive Stock Options shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be so exercised, so as to disqualify the Plan under Section 422 of the Code, or, without the consent of any Participant affected thereby, to cause any Incentive Stock Option previously granted to fail to qualify for the Federal income tax treatment afforded under Section 421 of the Code. Further, the aggregate Fair Market Value (determined as of the time an Incentive Stock Option is granted) of the Stock with respect to which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under all option plans of the Company and all Subsidiaries of the Company) shall not exceed $100,000.

6.6 DIRECTOR OPTIONS. Notwithstanding anything else contained herein to the contrary, on the first business day following the date of each annual meeting of shareholders during the term of the Plan, each Eligible Director shall receive a Director Option to purchase 5,000 shares of Stock at an exercise price per share equal to the Fair Market Value of the Stock on the date of grant. Each Director Option shall be exercisable six months after the date of grant and shall remain exercisable until the earlier to occur of (i) the tenth anniversary of the date of grant or (ii) the first anniversary of the date the Eligible Director ceases to be a member of the Board, except that if the Eligible Director ceases to be a member of the Board after having been convicted of, or pled guilty or nolo contendere to, a felony, his Director Options shall be cancelled on the date he ceases to be a director. An Eligible Director may exercise a Director Option in the manner described in Section 6.4.

SECTION 7.

TERMINATION OF EMPLOYMENT

7.1 TERMINATION OF EMPLOYMENT DUE TO RETIREMENT. Unless otherwise determined by the Committee at the time of grant, in the event a Participant's employment terminates by reason of Retirement, any Options granted to such Participant which are then outstanding (whether or not exercisable prior to the date of such termination) may be exercised at any time prior to the expiration of the term of the Options or within five (5) years (or such shorter period as the Committee shall determine at the time of grant) following the Participant's termination of employment, whichever period is shorter. Notwithstanding any provision contained herein, with respect to any Incentive Stock Option, a Participant who terminates his employment by reason of Retirement may exercise such Incentive Stock Option at any time prior to the expiration of the term of the Option or within three (3) months following the Participant's termination of employment, whichever period is shorter.

7.2 TERMINATION OF EMPLOYMENT DUE TO DEATH OR DISABILITY. Unless otherwise determined by the Committee at the time of grant, in the event a Participant's employment terminates by reason of death or Disability, any Options granted to such Participant which are then outstanding (whether or not exercisable prior to the date of such termination) may be exercised by the Participant or the Participant's designated beneficiary, and if none is named, in accordance with Section 10.2, at any time prior to the expiration date of the term of the Options or within five (5) years (or such shorter period as the Committee shall determine at the time of grant) following the Participant's termination of employment, whichever period is shorter. Notwithstanding any provision contained herein, with respect to any Incentive Stock Option, a Participant whose employment terminates by reason of death or Disability may exercise (or his designated beneficiary may exercise, in the case of death) such Incentive Stock Option at any time prior to the expiration of the term of the Option or within one (1) year following the Participant's termination of employment, whichever period is shorter.

7.3 TERMINATION OF EMPLOYMENT FOR CAUSE. Unless otherwise determined by the Committee at the time of grant, in the event a Participant's employment is terminated for Cause, any Options granted to such Participant which are then outstanding (whether or not exercisable prior to the date of such termination) shall be forfeited.

7.4 TERMINATION OF EMPLOYMENT FOR ANY OTHER REASON. Unless otherwise determined by the Committee at or after the time of grant, in the event the employment of the Participant shall terminate for any reason other than one described in Section 7.1, 7.2 or 7.3, any Options granted to such Participant which are exercisable at the date of the Participant's termination of employment shall remain exercisable until the earlier to occur of (i) the expiration of the term of such Options or (ii) the thirtieth day following the Participant's termination of employment, whichever period is shorter.

SECTION 8.

CHANGE IN CONTROL

8.l ACCELERATED VESTING AND PAYMENT. Subject to the provisions of Section 8.2 below, in the event of a Change in Control, each Option (excluding any Director Option) shall be cancelled in exchange for a payment in cash of an amount equal to the excess of the Change in Control Price over the exercise price for such Option.

8.2 ALTERNATIVE AWARDS. Notwithstanding Section 8.l, no cancellation or cash settlement or other payment shall occur with respect to any Award or any class of Awards if the Committee reasonably determines in good faith prior to the occurrence of a Change in Control that such Award or Awards shall be honored or assumed, or new rights substituted therefor (such honored, assumed or substituted award hereinafter called an "Alternative Award"), by a Participant's employer (or the parent or a subsidiary of such employer) immediately following the Change in Control, provided that any such Alternative Award must:

(i) be based on stock which is traded on an established securities market, or which will be so traded within 60 days of the Change in Control;

(ii) provide such Participant (or each Participant in a class of Participants) with rights and entitlements substantially equivalent to or better than the rights, terms and conditions applicable under such Award, including, but not limited to, an identical or better exercise or vesting schedule and identical or better timing and methods of payment;

(iii) have substantially equivalent economic value to such Award (determined at the time of the Change in Control); and

(iv) have terms and conditions which provide that in the event that the Participant's employment is involuntarily terminated or constructively terminated, any conditions on a Participant's rights under, or any restrictions on transfer or exercisability applicable to, each such Alternative Award shall be waived or shall lapse, as the case may be.

For this purpose, a constructive termination shall mean a termination by a Participant following a material reduction in the Participant's compensation, a material reduction in the Participant's responsibilities or the relocation of the Participant's principal place of employment to another location, in each case without the Participant's written consent.

8.3 DIRECTOR OPTIONS. Upon a Change in Control, each Director Option granted to an Eligible Director shall be cancelled in exchange for a payment in cash of an amount equal to the excess of the Change in Control Price over the exercise price for such Director Option unless (i) the Stock remains traded on an established securities market following the Change in Control and (ii) such Eligible Director remains on the Board following the Change in Control.

8.4 OPTIONS GRANTED WITHIN SIX MONTHS OF THE CHANGE IN CONTROL. If any Option (including a Director Option) granted within six months of the date on which a Change in Control occurs (i) is held by a person subject to the reporting requirements of Section 16(a) of the Act and (ii) is to be cashed out pursuant to Section 8.1 or 8.3, such cash out shall not occur unless and until, in the opinion of the Company's counsel, such cash out could occur without such reporting person being potentially subject to liability under Section 16(b) of the Act by reason of such cash out.

SECTION 9.

AMENDMENT, MODIFICATION, AND TERMINATION OF PLAN

The Board or the Committee may at any time terminate or suspend the Plan, and from time to time may amend or modify the Plan; provided, however, that no amendment may be made to Section 6.6 or any other provision of the Plan relating to Director Options within six months of the last date on which any such provision was amended. Any such amendment, termination or suspension may be made without the approval of the shareholders of the Company except as such shareholder approval may be required (a) to satisfy the requirements of Rule 16b-3 under the Act, or any successor rule or regulation, (b) to satisfy applicable requirements of the Code or (c) to satisfy applicable requirements of any securities exchange on which are listed any of the Company's equity securities. No amendment of the Plan shall result in any Committee member's losing his status as a "disinterested person" as defined in Rule 16b-3 under the Act, or any successor rule or regulation, with respect to any employee benefit plan of the Company or result in the Plan's losing its status as a plan satisfying the requirements of said Rule 16b-3. No amendment, modification, or termination of the Plan shall in any manner adversely affect any Award therefore granted under the Plan, without the consent of the Participant.

SECTION 10

MISCELLANEOUS PROVISIONS

10.1 NONTRANSFERABILITY OF AWARDS. No Awards granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. All rights with respect to Awards granted to a Participant under the Plan shall be exercisable during his lifetime only by such Participant and all rights with respect to any Director Options granted to an Eligible Director shall be exercisable during his lifetime only by such Eligible Director.

10.2 BENEFICIARY DESIGNATION. Each Participant and each Eligible Director under the Plan may from time to time name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under the Plan is to be paid or by whom any right under the Plan is to be exercised in case of his death. Each designation shall revoke all prior designations by the same Participant or Eligible Director, shall be in a form prescribed by the Committee, and shall be effective only when filed in writing with the Committee. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to or exercised by his surviving spouse, if any, or otherwise to or by his estate and Director Options outstanding at the Eligible Director's death shall be exercised by his surviving spouse, if any, or otherwise by his estate.

10.3 NO GUARANTEE OF EMPLOYMENT OR PARTICIPATION. Nothing in the Plan shall interfere with or limit in any way the right of the Company or any Subsidiary to terminate any Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of the Company or any Subsidiary. No Employee shall have a right to be selected as a Participant, or, having been so selected, to receive any future Awards. Nothing in the Plan shall confer upon an Eligible Director a right to continue to serve on the Board or to be nominated for reelection to the Board.

10.4 TAX WITHHOLDING. The Company shall have the power to withhold, or require a Participant or Eligible Director to remit to the Company, an amount sufficient to satisfy Federal, State, and local withholding tax requirements on any Award under the Plan, and the Company may defer payment of cash or issuance of Stock until such requirements are satisfied. The Committee may, in its discretion, permit a Participant to elect, subject to such conditions as the Committee shall impose, (i) to have shares of Stock otherwise issuable under the Plan withheld by the Company or (ii) to deliver to the Company previously acquired shares of Stock having a Fair Market Value sufficient to satisfy all or part of the Participant's estimated total Federal, state, and local tax obligation associated with the transaction.

10.5 INDEMNIFICATION. Each person who is or shall have been a member of the Committee or of the Board shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him in connection with or resulting from any claim, action, suit, or proceeding to which he may be made a party or in which he may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him in settlement thereof, with the Company's approval, or paid by him in satisfaction of any judgment in any such action, suit, or proceeding against him, provided he shall give the Company an opportunity, at its own expense, to handle and defend the same before he undertakes to handle and defend it on his own behalf. The foregoing right of indemnification shall not be exclusive and shall be independent of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or Code of Regulations, by contract, as a matter of law, or otherwise.

10.6 NO LIMITATION ON COMPENSATION. Nothing in the Plan shall be construed to limit the right of the Company to establish other plans or to pay compensation to its Employees or directors, in cash or property, in a manner which is not expressly authorized under the Plan.

10.7 REQUIREMENTS OF LAW. The granting of Awards and the issuance of shares of Stock shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required. Notwithstanding the foregoing, no Stock shall be issued under the Plan unless the Company is satisfied that such issuance will be in compliance with applicable federal and state securities laws. Certificates for Stock delivered under the Plan may be subject to such stock transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Stock is then listed or traded, the Nasdaq National Market or any applicable federal or state securities law. The Committee may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

10.8 TERM OF PLAN. The Plan shall be effective upon its adoption by the Committee, subject to approval by the Board and approval by the affirmative vote of the holders of a majority of the shares of voting stock present in person or represented by proxy at the 1996 Annual Meeting of Shareholders. The Plan shall continue in effect, unless sooner terminated pursuant to Section 9, until the tenth anniversary of the date on which it is adopted by the Board.

10.9 GOVERNING LAW. The Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Ohio.

10.10 NO IMPACT ON BENEFITS. Plan Awards are not compensation for purposes of calculating an Employee's rights under any employee benefit plan.

Exhibit 18

May 12, 1997

Mr. Jean H. Mordo
Executive Vice President and Chief Financial Officer
The Scotts Company and Subsidiaries
14111 Scottslawn Road
Marysville, Ohio 43041

Dear Mr. Mordo:

We are providing this letter to you for inclusion as an exhibit to your Form 10-Q filing pursuant to Item 601 of Regulation S-K.

We have read management's justification for the changes in accounting from the method of expensing advertising costs as incurred to the method of assigning anticipated advertising costs to interim periods as a percentage of sales throughout the fiscal year based on projected sales of advertised product categories contained in the Company's Form 10-Q for the quarter ended March 29, 1997. Based on our reading of the data and discussions with Company officials of the business judgment and business planning factors relating to the change, we believe management's justification to be reasonable. Accordingly, in reliance on management's determination as regards elements of business judgment and business planning, we concur that the newly adopted accounting principle described above is preferable in the Company's circumstances to the method previously applied.

We have not audited any financial statements of The Scotts Company, as of any date or for any period subsequent to September 30, 1996, nor have we audited the application of the change in accounting principle disclosed in Form 10-Q of The Scotts Company for the periods ended March 29, 1997; accordingly, our comments are subject to revision on completion of an audit of the financial statements that include the accounting change.

Coopers & Lybrand L.L.P.
Columbus, Ohio

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AND CONSOLIDATED STATEMENT OF OPERATIONS OF THE SCOTTS COMPANY AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FORM 10-Q FOR THE QUARTER ENDED MARCH 30, 1997.

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