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

FORM 10-K

(MARK ONE)

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1999

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	31-1414921
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

41 SOUTH HIGH STREET, SUITE 3500 COLUMBUS, OHIO	43215
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 614-719-5500

Securities registered pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Shares, Without Par Value (28,513,006 Common Shares outstanding at December 1, 1999)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ( )

The aggregate market value of the common shares held by non-affiliates of the registrant at December 1, 1999 was $717,019,251.

DOCUMENTS INCORPORATED BY REFERENCE

PORTIONS OF THE PROXY STATEMENT FOR REGISTRANT'S 2000 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD FEBRUARY 15, 2000, ARE INCORPORATED BY REFERENCE INTO PART III HEREOF.

PART I

ITEM 1. BUSINESS

GENERAL

The Scotts Company (with our subsidiaries, "we" or "Scotts"), is among the most widely recognized marketers and manufacturers of products for lawns, gardens, professional turf and horticulture. Our Turf Builder(R) (for consumer lawn care), Miracle-Gro(R) (for consumer garden care), Osmocote(R) (for professional horticulture) and Ortho(R) (for consumer herbicides and disease-control products) brands command market shares more than double those of the next ranked competitors, in the referenced consumer or professional subgroup. In addition, pursuant to an agreement with Monsanto Company, we have exclusive international agency and marketing rights to Monsanto's consumer Roundup(R) herbicide products. In the United Kingdom, our brands include: Weedol(R) and Pathclear(R) consumer herbicides; the Evergreen(R) lawn fertilizer line; the Levington(R) line of lawn and garden products; and Miracle-Gro(R) plant fertilizer. Our brands in continental Europe include KB(R) and Fertiligene(R) in France and NexaLotte(R) and Celaflor(R) in Germany. Our long history of technical innovation, reputation for quality and service and marketing tailored to the needs of do-it-yourself consumers, and professionals, have enabled us to maintain market share leadership in our markets while delivering consistent sales growth.

Domestic operating subsidiaries include: Hyponex Corporation, Scotts-Sierra Horticultural Products Company, Republic Tool & Manufacturing Corp., and Scotts Miracle-Gro Products, Inc. International operating subsidiaries include: Scotts Canada Ltd. (Canada), Scotts Asef BVBA (Belgium), Scotts Horticulture Ltd. (Ireland), Scotts France SAS (France), Scotts Celaflor GmbH & Co. KG (Germany), Celaflor HG (Austria), ASEF BV and Scotts Europe BV (Netherlands), and The Scotts Company (UK) Ltd. and Phostrogen Limited (United Kingdom).

Do-it-yourself consumers, and professionals, purchase through different distribution channels and have different information and product needs. To address all of our customers' needs and the increasingly international nature of our business, we now have six business groups comprised of Consumer Lawns, Consumer Gardens, Consumer Growing Media and Consumer Ortho (together, the "North American Consumer Business Group"), the Professional Business Group and the International Business Group.

FINANCIAL INFORMATION ABOUT BUSINESS SEGMENTS

During fiscal 1999, we operated in three principal business segments: (1) North American Consumer Business Group, which includes products of the Consumer Lawns, Consumer Gardens, Consumer Growing Media and Consumer Ortho groups, sold in the United States and Canada; (2) Professional Business Group, including products of the ProTurf(R) and Horticulture groups, sold in the United States and Canada; and (3) International Business Group. The following chart shows, for fiscal 1999, each segment's contribution to consolidated sales and operating income before general corporate expenses:

	Percent of Fiscal Year 1999 Consolidated Sales	Percent of Fiscal Year 1999 Operating Income Before Corporate Expenses
North American Consumer Business Group	67%	75%
Professional Business Group	10%	8%
International Business Group	23%	17%

Financial information on our segments for the three years ended September 30, 1999, is presented in Note 20 of the Notes to Consolidated Financial Statements, which are included under Item 8 of this Form 10-K.

NORTH AMERICAN CONSUMER BUSINESS GROUP

PRODUCTS

Scotts' consumer products include: lawn fertilizers, lawn fertilizer combination products and lawn control products, garden tools, walk-behind and riding mowers, grass seed, lawn spreaders and lawn and garden carts; garden and indoor plant care products; potting soils and other growing media products; and pesticides (including herbicides, insecticides and fungicides).

Consumer Lawns Products. Among Scotts' most important consumer products are lawn fertilizers, such as Scotts Turf Builder(R), and lawn fertilizer combination products, such as Scotts Turf Builder(R) with Plus 2(R) Weed Control and Scotts Turf Builder(R) with Halts(R) Crabgrass Preventer. Typically, these are patented, homogeneous, controlled-release products which provide complete controlled feeding for consumers' lawns for up to two months without the risk of damage to the lawn presented by less expensive controlled- and non-controlled-release products. Some of Scotts' products are specially formulated for geographical differences and some, such as Bonus(R) S (to control weeds in Southern grasses), are distributed to limited areas. Lawn control products prevent or control lawn problems and contain no fertilizer component. These control products include Scotts(R) Halts(R) Crabgrass Preventer, Scotts(R) Lawn Fungus Control, Scotts(R) Moss Control Granules, Scotts(R) Diazinon Lawn Insect Control and GrubEx(R) Season Long Grub Control. Scotts also sells a line of Miracle-Gro(R) lawn fertilizers, including Miracle-Gro(R) Lawn Fertilizer and Miracle-Gro(R) Weed and Feed. Scotts' lawn fertilizers, combination products and control products are sold in dry, granular form.

Scotts also sells numerous varieties and blends of high quality grass seed, many of them proprietary, designed for different uses and geographies.

Because Scotts' granular lawn care products perform best when applied evenly and accurately, Scotts sells a line of lawn spreaders specifically manufactured and developed for use with its products. For fiscal 1999, this line included three sizes each of SpeedyGreen(R) rotary spreaders and AccuGreen(R) drop spreaders, and the HandyGreen(R) II hand-held rotary spreaders, all marketed under the Scotts(R) brand name. Management estimates that for the period January through September 1999, Scotts' share of the U.S. do-it-yourself consumer lawn fertilizer and combination products, grass seed (includes PatchMaster(R) products) and spreaders market was approximately 48%. Durables (which include spreaders and lawn and garden carts) are manufactured by Republic Tool.

Scotts has a licensing agreement in place with Union Tools, Inc. under which Union Tools, in return for the payment of royalties, is granted the right to produce and market a line of garden tools bearing the Scotts(R) trademark. Scotts also is a party to a licensing agreement with American Lawn Mower Company under which American Lawn Mower, in return for the payment of royalties, is granted the right to produce and market a line of push-type walk-behind lawn mowers bearing the Scotts(R) trademark. Also, Scotts is a party to a licensing agreement with Home Depot U.S.A., Inc. and Murray, Inc. under which, in return for the payment of royalties, Home Depot markets a line of motorized, walk-behind lawnmowers bearing the Scotts(R) trademark, with the mowers currently manufactured by Murray. These mowers are sold exclusively through Home Depot retail stores. In management's estimation, Scotts did not have a material share of the markets for these products in fiscal 1999.

Scotts' wholly-owned subsidiary OMS Investments, Inc. is a party to a licensing agreement with Home Depot and Deere & Company, under which, in return for the payment of royalties to OMS, Home Depot markets a line of high quality, riding/tractor lawnmowers bearing the Scotts(R) trademark, with the mowers currently manufactured by Deere. These mowers are sold exclusively through Home Depot retail stores in Canada and the United States.

The Consumer Lawns Business Group has used Scotts(R) and Miracle-Gro(R) consumer brand recognition to market "Scotts LawnService(R)". In January 1995, Scotts entered into a licensing agreement with a lawn care service company, Emerald Green Lawn Service, which allows Emerald Green to use the Scotts(R) name and logo in its marketing efforts.

Emerald Green applies Scotts(R) products exclusively. Through October 1998, Scotts increased its equity interest in Emerald Green from 28% to 84%, and re-positioned the business in the premium lawn and garden services segment. Scotts LawnService(R) provides applications of lawn and garden fertilizer and control products, and tree/shrub care services. During fiscal 1999, Scotts re-branded the business as Scotts LawnService(R) in some existing Emerald Green markets and expanded to several new markets. The business ended fiscal 1999 with Scotts LawnService(R) in 12 markets, and 22 franchised outlets marketed as Emerald Green Lawn Service featuring Scotts(R) and Miracle-Gro(R) products. The strategy in fiscal 1999 was to refine the operations model and measure the equity transfer of the Scotts(R) brands into this premium segment. The fiscal 2000 strategy will be similar with moderate expansion of the business planned through owned or franchised locations, while applying market knowledge to optimize opportunities in this service industry.

Consumer Gardens Products. Scotts sells a complete line of water-soluble fertilizers under the Miracle-Gro(R) brand name. These products are primarily used for garden fertilizer application. Scotts also produces and sells a line of boxed Scotts(R) plant foods, garden and landscape fertilizers, Osmocote(R) controlled-release garden fertilizers, hose-end feeders and houseplant fertilizer products.

The Consumer Gardens Business Group, through Scotts Miracle-Gro, markets and distributes the country's leading line of water-soluble plant foods, by market share. These products are designed to be dissolved in water, creating a dilute nutrient solution which is poured over plants or sprayed through an applicator and rapidly absorbed by their roots and leaves.

Miracle-Gro(R) All-Purpose Water-Soluble Plant Food is the leading product in the Miracle-Gro(R) line, by market share. Other water-soluble plant foods in the product line include Miracid(R) for acid loving plants, Miracle-Gro(R) for Roses, Miracle-Gro(R) for Tomatoes, Miracle-Gro(R) for Lawns and Miracle-Gro(R) Bloom Booster(R) for flowers. Scotts Miracle-Gro also sells a line of hose-end applicators for water-soluble plant foods, through the Miracle-Gro(R) No-Clog Garden and Lawn Feeder line, which allow consumers to apply water-soluble fertilizers to large areas quickly and easily with no mixing or measuring required. Scotts Miracle-Gro also markets a line of products for houseplant use including Liquid Miracle-Gro(R), African Violet Food, Plant Food Spikes, Leaf Shine and Orchid Food.

Management estimates that for the period January through September 1999, Scotts' share of the garden fertilizer market was 60%, and its share of the indoor plant foods market was approximately 32%.

Consumer Growing Media Products. The Consumer Growing Media Business Group, through Hyponex, sells a complete line of growing media products for indoor and outdoor uses under the Miracle-Gro(R), Scotts(R), Hyponex(R), Earthgro(R), Peters Professional(R), 1881 Select(R) and other labels. These products include retail potting soils, topsoil, humus, peat, manures, soil conditioners, barks and mulches. Products are primarily regionally formulated to respond to varying consumer expectations and to utilize the suitable but varying raw materials available in different areas of the country.

Management estimates that for the period January through September 1999, it had approximately a 32% market share of the consumer large-bag outdoor landscaping products market, and approximately a 49% market share of the consumer potting soils market.

Consumer Ortho(R) Products. The new Consumer Ortho Business Group markets weed control, insect control and plant disease control products under the Ortho(R) brand name. The Ortho(R) product line includes over 150 different items that solve outdoor pest problems faced by consumers. Ortho(R) products are available in aerosol, liquid ready-to-use, concentrated, granular and dust forms in a wide variety of sizes and delivery systems. This Group acts as the exclusive agent to market and manage Monsanto's consumer Roundup(R) brand of non-selective weed control in the United States. Roundup(R) is sold in aerosol, liquid ready-to-use, concentrated and super-concentrated forms and is the leading brand of consumer non-selective weed control, by market share, in the United States, Germany, France, Australia, Denmark, Sweden, Norway, Belgium, Austria and Japan.

Ortho(R) weed control products are led by its Weed-B-Gon(R) herbicide - the leading selective consumer herbicide brand in the United States, by market share. In addition, this Group sells products in the brush control segment (Brush-B-Gon(R)) and total vegetation control segment (Triox(R)) of the weed control market. Total vegetation controls eliminate existing weeds and grasses and prevent growth in a treated area for up to one year.

The Consumer Ortho Business Group markets insect control products for outdoor and indoor use. Outdoor insect control products include general insect control under the Ortho(R), Bug-B-Gon(R), Diazinon Ultra(TM), Diazinon Plus(R), Dursban(TM) (owned by Dow Agrosciences), Malathion 50 Plus(R), Isotox(R) and Orthene(R) brand names. Because consumer satisfaction depends on easy and accurate application of these products, this Group also markets a line of applicators under the Ortho(R), Lock 'n Spray(R), Spray-ette(R), Dial 'n Spray(R), Whirlybird(R) and Pull 'n Spray(TM) brands.

The Ortho(R) outdoor line also includes specialty insect control products under the Ortho(R), RosePride(R), Ortho-Klor(R), Ant-Stop(R) and Orthene(R) Fire Ant control brands. Specialty outdoor products include a line of snail and slug brands under the Bug-Geta(R) and Bug-Geta(R) Plus brand names. There is also a line of indoor insect control products under the Ortho(R) Home Defense(TM), Flea-B-Gon(R) and Ant-Stop(R) brand names.

Separately, the Ortho(R) product line includes items that control common diseases on lawns, roses, ornamental and vegetable gardens, and sensitive trees and shrubs. Several of these disease control products also control insects. These products are sold under the Ortho(R), Orthenex(R), Funginex(R) (owned by American Cyanamid Company) and Daconil 2787(TM) (owned by ISK Biosciences) brand names. The Group also markets a limited line of fertilizers under the Greensweep(R) and Up-Start(R) brands.

The Ortho(R) product line is typically formulated with proprietary active ingredients sourced from the world's largest agricultural and specialty chemical manufacturers. A number of the packaging systems used in the line are unique, including the Lock 'n Spray(R) hose-end dispensing system.

Management estimates that for the period January through September 1999, brands marketed by this Group had a combined share of the U.S. consumer lawn and garden chemicals segment of approximately 36%.

MARKET

Scotts believes that it has achieved its leading position, by market share, in the U.S. consumer do-it-yourself lawn care and garden markets, on the basis of its strong marketing and advertising programs, its sophisticated technology, the superior quality and value of its products and the service it provides its customers. Scotts seeks to maintain and expand its market position by emphasizing these qualities and taking advantage of the name and reputation of its many strong brands such as Scotts(R), Miracle-Gro(R), Ortho(R) and Hyponex(R).

Scotts is the leader, by market share, in the lawn, garden and growing media sections of the growing lawn and garden market. U.S. population trends indicate that the consumer segment age of 40 and older, who represent the largest group of lawn and garden product users, will grow by 28% from 1996 to 2010, a growth rate more than twice that of the total population.

Drawing upon its strong research and development capabilities, Scotts intends to continue to develop and introduce new and innovative lawn and garden products. Scotts believes that its ability to introduce successful new consumer products has been an important element in Scotts' growth. New consumer products in recent years include:

Fiscal 1997
- - -----------
- - - Scotts(R) potting soils and a complete line of indoor soil amendments such as vermiculite, perlite and charcoal in resealable stand-up bags

Fiscal 1998
- - -----------
- - - the No-Clog-4 in 1(R), which allows for sprinkler feeding of fertilizer for gardens and lawns
- - - a new line of Miracle-Gro(R) potting soil mix and soil amendment products
- - - an expanded assortment of professional nursery quality potting soil mixes for consumers under the Scotts Pro Gro(TM) and Miracle-Gro(R) brands

Fiscal 1999
- - -----------
- - - Miracle-Gro(R) Flower Seeding Mix, a pre-mixed combination of flower seed, fertilizer and mulch
- - - Miracle-Gro(R) Bloom Booster(R), a fertilizer for flowers
- - - three varieties of Miracle-Gro(R) Tree and Shrub Fertilizer Spikes, a fertilizer for outdoor trees and shrubs
- - - Scotts(R) Master Collection, a slow-release fertilizer for outdoor plant use

In fiscal 2000, Scotts plans to introduce: the Pure Premium(TM) line of Scotts(R) grass seed for consumer use; Miracle-Gro(R) Garden Weed Prevent(TM) and Miracle-Gro(R) Garden Weed Prevent and Plant Food(TM), which contain a pre-emergent herbicide for outdoor gardening; and Miracle-Gro(R) Garden Soils, a premium line of outdoor planting soils.

Scotts also seeks to capitalize upon the competitive advantages stemming from its leading market share positions, and ability to act as a nationwide supplier of a full line of consumer lawn and garden products. Scotts believes that this gives it an advantage in selling to retailers, who value the efficiency of dealing with a limited number of suppliers with high-recognition consumer brands.

During 1999, Scotts continued to strengthen its relationship with key retailers by establishing business development teams at Home Depot, Lowe's, the U.S. military, and hardware co-operatives. Teams at Wal*Mart and Kmart had previously been established during fiscal 1998. The business development teams work closely with these retailers, who represent over 75% of sales volume for the North American Consumer Business Group. The teams assist in all areas of business including category management, product mix, merchandising, shelving and pricing. Additionally, Scotts is a recognized source of consumer data that assists retailers in identifying retail trends, which can lead to increased store sales.

Also, Scotts has formed a North American sales management team for fiscal 2000, to coordinate customer programs, customer service, and retailer education programs, offered by the North American Consumer Business Group.

MARKETING, PROMOTION AND BUSINESS STRATEGY

Consumer Lawns products are sold by an approximate 100-person direct sales force to headquarters of national, regional and local retail chains. This sales force, most of whom have college degrees and prior sales experience, also recruits and supervises approximately 335 seasonal part-time merchandisers and 65 part-time year-round merchandisers in connection with Scotts' emphasis on in-store retail merchandising of lawn and garden products, a strategy Scotts intends to continue for fiscal 2000. Most retail sales of Scotts' lawn products occur on weekends during the Spring and Fall. The Consumer Lawns Business Group also employs distributors on a selective basis.

For fiscal 1999, Consumer Gardens products were sold to a network of hardware and lawn and garden wholesale distributors, with sales made directly to some retailers. Most retail sales of Consumer Gardens products occur on or near weekends during Spring and early Summer. In addition, Miracle-Gro(R) products are sold directly to some retailers. For fiscal 2000, the sales force for Consumer Gardens and Ortho(R) products were combined, for sales to retail home center stores.

The Consumer Growing Media Business Group utilizes a 22-person direct sales force to cover the headquarters of national and regional chains, local accounts of significant size and distributors who sell to smaller accounts. The Consumer Growing Media Business Group's sales force hires and directs a network of outside merchandising service companies to provide seasonal in-store retail merchandising and re-order support on a national basis. Most retail sales of Consumer Growing Media landscape products occur on weekends during late Spring, while value-added products sell year-round.

For fiscal 1999, Ortho(R) brands were sold to the headquarters of the largest 25 retail customers through a 32-person direct salesforce, who work with the Consumer Ortho Business Group's largest customers to secure retail placement for Ortho(R) brands as well as ongoing promotional and cooperative advertising support. Prior to fiscal 2000, Ortho(R) and Roundup(R) products were distributed under an exclusive distribution agreement with Central Garden & Pet Company.

Scotts assumed the agreement with Central Garden, as part of the Ortho acquisition. After the Central Garden agreement expired in September 1999, Scotts began distributing Ortho(R) and Roundup(R) products in a manner similar to its other lawn and garden products. This system involves a combination of distributors, of which the largest is Central Garden, as well as direct sales by Scotts to some major retailers. The terms of the Central Garden agreement are complex and involve transfers of large amounts of Ortho(R) and Roundup(R) product inventory and the related accounts receivable and accounts payable. Scotts, Monsanto and Central Garden have begun preliminary discussions addressing issues related to the termination of the agreement and to the resolution of items relating to Central Garden for purposes of determining the normalized working capital of the Ortho business as of the closing date of the Ortho acquisition on January 21, 1999. For a variety of reasons, including the indemnification provisions contained in the Ortho purchase agreement, Scotts does not believe that the final resolution of the items in dispute among Scotts, Monsanto and Central Garden will have a material adverse effect on Scotts.

The Consumer Lawns Business Group continues to support independent retailers with a special line of products, marketed under the Lawn Pro(R) name. These products include the 4-Step program, introduced in 1984, which encourages consumers to purchase four products at one time (fertilizer plus crabgrass preventer, fertilizer plus weed control, fertilizer plus insect control and a special fertilizer for Fall application). Scotts promotes the 4-Step program as providing consumers with all their annual lawn care needs for, on average, less than one-third of what a lawn care service would cost. Scotts believes the Lawn Pro(R) program has helped Scotts to grow its business with independent retailers while they face increasing competition from mass merchandisers and home improvement centers. The Consumer Growing Media Business Group similarly markets a special line of growing media products under the 1881 Select(R) label, to independent retailers on a regional basis.

Scotts supports its sales efforts with extensive advertising and promotional programs, in furtherance of a consumer "pull" marketing strategy. Because of the importance of the Spring sales season in the marketing of consumer lawn, garden and growing media products, Scotts focuses advertising and promotional efforts on this period. Through advertising and other promotional efforts, Scotts encourages consumers to make the bulk of their lawn, garden and growing media purchases in the early months of Spring in order to moderate the risk to its consumer sales which may result from bad weekend weather. The Consumer Lawns Business Group utilizes radio and television advertising to build consumer product usage in the Fall, a recommended time to plant grass seed and plants. The Consumer Lawns Business Group also promotes a Turf Builder(R) annual program for home centers and mass merchandisers. This program encourages consumers to purchase their entire year's supply of Turf Builder(R) products in early Spring, for application in the early Spring, late Spring, Summer and Fall. The Consumer Growing Media Business Group uses print and television advertising on Miracle-Gro(R) branded products, and a consumer rebate program for selected Hyponex(R) products, to encourage early and multiple purchases in the Spring.

Ortho(R) and Roundup(R) branded products are marketed in a manner similar to Scotts' other consumer brands. Advertising primarily airs on national and regional television and radio programming with supplemental efforts in key markets via spot TV and radio.

Advertising and retail customer promotional efforts, including feature displays, coincide with periods of high seasonal demand.

The percentage of North American Consumer Business Group sales to mass merchandisers, warehouse-type clubs, home improvement centers and large buying groups continues to increase as a percentage of sales. The top ten accounts (which include two buying groups of independent retailers) represented 77% of the North American Consumer Business Group sales in fiscal 1998 and 79% in fiscal 1999.

An important part of Scotts' sales effort is its national toll-free Consumer Helpline, on which its Consumer Service consultants answer questions about Scotts' products and give general lawn and garden advice to consumers. With the Ortho acquisition, the Consumer Services divisions at Scotts and Ortho were integrated. Scotts' consultants responded to approximately 650,000 telephone and written inquiries in fiscal 1999, which is consistent with the number of inquiries in prior years.

Backing up Scotts' marketing effort is its well-known Scotts No-Quibble Guarantee(TM), instituted in 1958, which promises consumers a full refund if for any reason they are not satisfied with the results after using Scotts' lawn, garden and growing media products. Refunds under this guarantee have consistently amounted to less than 0.4% of net sales for the North American Consumer Business Group on an annual basis.

Scotts has an Internet web site at www.scottscompany.com, which provides lawn care and gardening information for consumers, and special sections for the Professional Business Group's customers, along with corporate and investment information. Do-it-yourself consumer topics include basic lawn care and gardening tips, problem solving, frequently asked questions, houseplant care, landscaping with trees and shrubs and product guides. An arrangement with the National Gardening Association (NGA) provides access to a database of more than 5,000 gardening questions with answers by NGA's staff horticulturists. The site also provides an e-mail link to Scotts' Consumer Helpline for answers to lawn care questions. The Professional Turf section delivers information for turf managers, by providing Scotts' complete professional product guide, a Technical Representative/distributor locator and information aimed at turf maintenance workers and golf course superintendents. The Professional Horticulture section points nursery and greenhouse growers to their nearest distributor, delivers the latest news from the Horticulture business of the Professional Business Group of Scotts, and directs users to customer service. For the period January through September 1999, the site received approximately 41.7 million "hits", 788,000 user sessions and 20,000 e-mails to Scotts' Consumer Helpline. This represents increases of 232% for the number of "hits", 300% for the number of user sessions, and 90% for the number of e-mails, over the same period in 1998.

The fiscal 2000 marketing strategies for the Consumer Lawns Business Group are to continue the efforts begun in prior years to improve Scotts' relationship with consumers and retail customers, including: carefully directed consumer research, to increase understanding of its markets, sales trends and consumer needs; increased media advertising, with continuation of television advertising featuring real-life stories of people's experiences with Scotts(R) products, and of weekend radio advertising emphasizing that "this weekend" is the best time to apply selected Scotts products; simplification of the product line; addressing "just-in-time" customer purchasing through continued use of the "never-out" program by which Scotts builds pre-season inventory of select high-volume products, which enhances Scotts' ability to timely and completely fill customer orders; and use of retail merchandisers to enhance communications with consumers at the point of sale.

The fiscal 2000 marketing strategies for the Consumer Gardens Business Group are to continue: conducting consumer and market research to analyze consumer attitudes and purchase decisions; implementation of packaging improvements; cost-reduction and quality enhancement efforts throughout all product lines; increased national network television advertising; and use of Scotts Miracle-Gro's sales and distribution network for Scotts(R) garden products.

The fiscal 2000 strategy for the Consumer Growing Media Business Group is to expand its market share of the potting soil and specialty planting soil market, while maintaining a network of low-cost production facilities for the more commodity-oriented outdoor landscaping products such as topsoil, manures and barks/mulches. Scotts expects to grow its share of the potting and planting soil markets by: developing products and national marketing programs which utilize its Miracle-Gro(R), Scotts(R), Hyponex(R), Peters Professional(R), Earthgro(R) and 1881 Select(R) brand names on high-quality, higher margin growing media products such as potting mixes, with innovative and consumer-preferred packaging; gaining national distribution of Miracle-Gro(R) value-added potting soils; marketing Earthgro(R)-labeled organic landscape products nationally; and conducting consumer research to better understand market needs.

The fiscal 2000 strategy for the Consumer Ortho Business Group is to increase the size of the markets in which it competes and to capture a share of this growth greater than its market share, through: the effective use of media advertising; improved product availability and consumer communication at retail point-of-purchase; and product and packaging improvements to make the products easier to apply with good results. Growth is expected by attracting new users to the categories and by increasing the frequency of use among current users. For fiscal 2000, Scotts established a separate business office in Canada to manage and further develop the Green Cross(R) brand of pesticide products there, and to integrate Scotts' lawns, gardens and growing media businesses with the Green Cross(R) business acquired in the Ortho acquisition. This office will operate as Scotts Canada Ltd.

COMPETITION

The consumer lawn and garden market is highly competitive. Consumers have a choice of do-it-yourself lawn care or use of a lawn service. In the do-it-yourself lawn care and consumer garden markets, Scotts' products compete primarily against "control-label" products produced by various suppliers and sold by such companies as Home Depot (Vigoro(R)), Lowe's (Sta-Green(R)), Wal*Mart (Sam's American Choice(R)), and Kmart (KGro(R)). "Control-label" products are those sold under a retailer-owned label or a supplier-owned label which is sold exclusively at a retail chain. These products compete across the entire range of Scotts' consumer product line. Some of Scotts' consumer products compete against nationally distributed branded fertilizers, pesticides and combination products marketed by such companies as Lebanon Chemical Corp. (Greenview(R)), United Industries Corporation (Peters(R) water-soluble fertilizers for the consumer market), Vigoro/Pursell Industries (Vigoro(R), Sta-Green(R)), the Bayer/Pursell Industries joint venture (Advanced Garden(TM), Advanced Lawn(TM)), Central Garden (Pennington(R) Seed), and Schultz Co. (Schultz(R) garden fertilizers and potting soils). Competitors in Canada include Nu Gro, So Green and IMC Vigoro.

Based on a study covering the period from 1991 to 1996, management estimates that approximately 15% of all homeowners with lawns use a lawn service. The most significant competitors for the consumer market which uses a lawn service are lawn care service companies. Service Master, which owns the Tru Green Company, ChemLawn(R) and Barefoot Grass(R) lawn care service businesses, operates nationally and is significantly larger than Scotts.

Most competitors, with the exception of lawn care service companies, sell their products at prices lower than those of Scotts. Scotts competes primarily on the basis of its strong brand names, consumer advertising campaigns, quality, value, service, convenience and technological innovation. Scotts' competitive position is also supported by its national sales force and its unconditional guarantee. There can be no assurance, however, that additional competition from new or existing competitors will not erode Scotts' share of the consumer market or its profit margins.

Scotts' Consumer Growing Media business faces primarily regional competitors who are able to compete very effectively on the basis of price in the areas near their plants where they can reach customers with a lower cost of freight. The low cost of entry to establish a commodity organics bagging facility and the ready availability of raw materials make it likely that the large-bag outdoor market will remain price competitive and lower margin into the future. Customers require short lead-times, with very high on-time and complete fill rates. These demands, combined with the high

cost of freight, require the Consumer Growing Media business to continually evaluate production locations to reduce costs.

The Consumer Ortho Business Group operates in highly competitive markets against a large number of national and regional brands as well as retailer-supported private or "control" labels. Given the large number of distinct market segments and product types coupled with limited shelf space, retailer customers often are forced to limit listings in any one product to two or three manufacturers. This typically means one to two national brands, a regional brand and/or a private label offering. Ortho's principal national competitors include: United Industries Corporation (Spectracide(R), Hot Shot(R)), the Bayer/Pursell Industries joint venture (Advanced Garden(TM), Advanced Lawn(TM) pesticide line), American Cyanamid Company (Amdro(R)) and Enforcer Products, Inc. (Enforcer(R)). Regional competitors include: The Chas. H. Lilly Co. (Lilly-Miller(R)), Green Light Company (Green Light(R)), Sunnyland, Bonide Products, Inc. (Bonide(TM)) and Farnam Companies, Inc. (Security(R) and Finale(TM)). Customers with significant private label programs include: Wal*Mart, Kmart, Home Depot, Lowe's, Tru-Serv and Ace Hardware. The Consumer Ortho Business Group currently does not provide private label products to any of its customers.

Roundup(R) competitors include United Industries Corporation (Spectracide(R)), Enforcer Products, Inc. (Enforcer(R)), Farnam Companies, Inc. (Security (R) and Finale(TM)) and private label products.

BACKLOG

The majority of annual consumer product orders (other than Consumer Growing Media products which are normally ordered in season on an "as needed" basis) are received from retailers during the months of October through April and are shipped during the months of January through April. As of November 26, 1999, orders on hand for retailers (excluding orders for Consumer Growing Media products) totaled approximately $67.1 million compared to approximately $53.6 million on the same date in fiscal 1998. All such orders are expected to be filled in fiscal 2000.

PROFESSIONAL BUSINESS GROUP

MARKET

Scotts sells its professional products to golf courses, commercial nurseries and greenhouses, schools and sportsfields, multi-family housing complexes, business and industrial sites, lawn and landscape services and specialty crop growers. The Professional Business Group's two core businesses are ProTurf(R), the professionally managed turf market, and Horticulture, the nursery and greenhouse markets. In fiscal 1999, the Professional Business Group served such high-profile golf courses as Augusta National (Georgia), Cypress Point and Pebble Beach (California), Desert Mountain (Arizona), Oakmont Country Club (Pennsylvania), Colonial Country Club (Texas) and Medinah Country Club (Illinois). Sports complexes such as Fenway Park, Camden Yards, Wrigley Field, Yankee Stadium and the Rose Bowl are professional customers, as are major commercial nursery/greenhouse operations such as Monrovia, Hines and Imperial.

Golf courses and highly visible turf areas accounted for approximately 46% of Scotts' Professional Business Group sales in fiscal 1999. Management estimates, based on an independent bi-annual market survey and other information available to Scotts, that Scotts' share of its target North American golf course high value turf fertilizer and control products market was approximately 20% in fiscal 1999.

According to the National Golf Foundation, approximately 350 new golf courses have been constructed annually during the last three years. In 1999, there were over 700 new golf courses under construction, and a record 500 or more courses are expected to be completed in 1999. Management believes that the increase in the number of courses, the concentration of the growth in the West/South with a longer growing/maintenance season, the increasing playing time requiring more course maintenance and the trend toward more highly maintained courses should contribute to sales growth in the golf course market.

Horticulture sales accounted for approximately 54% of Scotts' Professional Business Group sales in fiscal 1999. Scotts sold products to thousands of nursery, greenhouse and specialty crop growers through a network of approximately 75 horticultural distributors. Scotts estimates that its leading market share of the North American horticultural market was approximately 26% in fiscal 1999. The Horticulture Group conducts business through Scotts' subsidiary, Scotts-Sierra.

Management believes the increasing acceptance of controlled-release fertilizers in horticultural/agricultural applications due to performance advantages, labor savings and water quality concerns should contribute to sales growth in the horticulture market. However, competitive product technologies may also make inroads into the horticultural and turf markets.

PRODUCTS

Scotts' professional products, marketed under such brand names as ProTurf(R), Osmocote(R), Miracle-Gro(R), Metro-Mix(R) and Terra-Lite(R), include a broad line of sophisticated controlled-release fertilizers, water-soluble fertilizers, pesticide products (herbicides, insecticides, fungicides and growth regulators), wetting agents, growing media products, grass seed and application devices. The fertilizer lines utilize a range of proprietary controlled-release fertilizer technologies, including Contec(R), Poly-S(R), Osmocote(R) and ScottKote(R), and proprietary water-soluble fertilizer technologies, including Miracle-Gro Excel(R). Scotts applies these technologies to meet a wide range of professional customer needs, ranging from quick-release greenhouse fertilizers to controlled-release fairway/greens fertilizers to extended-release nursery fertilizers that last up to a year or more.

To secure uninterrupted supply and consistent costs of raw materials, the Horticulture group has entered into alliances with suppliers. Scotts works closely with basic pesticide manufacturers to secure access to, and if possible, exclusive positions on, advanced control chemistry which can be formulated on granular carriers, including fertilizers, or formulated as a liquid application. In fiscal 1998, Scotts signed an agreement with AgrEvo USA Company for the exclusive domestic distribution rights to various AgrEvo active ingredients for the professional horticulture market. These active ingredients were used to create Scotts(R) branded herbicides, fungicides and insecticides such as Contrast(TM), Closure(TM) and Ovation(TM), three new products launched in 1999. Scotts expects this product group to represent 10% to 25% of Horticulture sales by fiscal 2002.

Application devices in the professional line include both rotary and drop action spreaders. Over 20 proprietary grass seed varieties are also part of the professional line. The professional Horticulture line also includes an established line of soil-less mixes in which controlled-release and control products, and water-soluble fertilizers and wetting agents, can be incorporated or applied, respectively, to customize potting media for nurseries and greenhouses.

BUSINESS STRATEGY

Scotts' Professional Business Group focuses its sales efforts on the middle and high ends of the professional market and generally does not compete for sales of commodity products. Demand for Scotts' professional products is primarily driven by product quality, performance and technical support. Scotts seeks to meet these needs with a range of sophisticated, specialized products.

A primary focus of the Professional Business Group's strategy is to provide innovative high-value new products to its professional customers. For fiscal 1999, in the horticulture market, the Group introduced Osmocote(R) Pro, a modification of Osmocote(R) timed-release fertilizer with IBDU fertilizer for U.S. markets, which was a result of a marketing agreement reached with NuGro, Inc. Scotts' fertilizer technology is expected to lead to further new combination product introductions in fiscal 2000 and beyond.

MARKETING AND PROMOTION

For fiscal 1999, the Professional Business Group's sales force consisted of approximately 50 territory managers. Many territory managers are experienced former golf course superintendents or nursery managers and most have degrees in agronomy, horticulture or similar disciplines. Territory managers work closely with golf course and sports field superintendents, turf and nursery managers, and other landscape professionals. In addition to marketing Scotts' products, Scotts' territory managers provide consultation, testing services and advice regarding maintenance practices, including individualized comprehensive programs incorporating various products for use at specified times throughout the year. The Professional Business Group is served primarily through an extensive network of distributors.

In December 1998, Scotts reorganized its Professional Business Group to strengthen distribution and technical sales support, integrate brand management across market segments and reduce annual operating expenses. The reorganization reduced the ProTurf(R) division's personnel to approximately 40 employees. The Group retained a consultative field sales force and field-based technical group to provide distributors with product training, address questions from customers and maintain involvement in university trial work. In fiscal 2000, Scotts will increase its distribution network for ProTurf(R) products, adding to the four independent distributors appointed last December: Turf Partners, Inc. in the Midwest and Northeast, BWI Companies, Inc. in the Southwest and Southeast, Wilbur Ellis Company in the Pacific Northwest and Western Farm Services, Inc. in California. Alliances are expected to be formed with other distributors as necessary.

To reach potential purchasers, Scotts uses trade advertising and direct mail and sponsors seminars throughout the country. In addition, Scotts maintains a special toll-free number for its professional customers. The professional customer service department responded to over 50,000 telephone inquiries in fiscal 1999.

COMPETITION

In the professional turf and horticulture markets, Scotts faces a broad range of competition from numerous companies ranging in size from multi-national chemical and fertilizer companies such as DowElanco Company, Uniroyal, BASF and Chisso-Asahi, to smaller specialized companies such as Lesco, Inc. and Lebanon Chemical Corp., to local fertilizer manufacturers and blenders. Portions of this market are served by large agricultural fertilizer companies, while other segments are served by specialized, research-oriented companies. In specific areas of the country, particularly Florida, a number of companies have begun to offer turf care services, including product application, to golf courses. In addition, the higher margins available for sophisticated products to treat high-value crops continue to attract large and small chemical producers and formulators, some of which have larger financial resources and research departments than Scotts. Also, the influence of mass merchandisers, with significant buying power, has increased the cost consciousness of horticulture growers. While Scotts believes that its reputation, turf and ornamental market focus, expertise in product development and sales and distribution network should enable it to continue to maintain and build its share of the professional market, there can be no assurance that Scotts will be able to maintain market share or margins against new or existing competitors.

BACKLOG

A large portion of professional product orders is received during the months of August through November and is filled during the months of September through November. As of November 26, 1999, orders on hand from professional customers totaled approximately $5.8 million compared with $13.4 million on the same date in 1998. All of these orders are expected to be filled in fiscal 2000.

INTERNATIONAL BUSINESS GROUP

MARKET

The International Business Group regularly sells its products to both consumer and professional users in over 40 countries. Management believes that growth potential should exist in both markets. This Group also manages and markets consumer Roundup(R) internationally. Scotts has established business entities in the markets with significant potential, which include Australia, the United Kingdom, the Benelux countries, Germany, France, Spain and Italy.

Consumer lawn and garden products are sold under Scotts' various trademarks, including the Scotts(R) label, in Australia, the European Union, New Zealand and South America. In addition, products bearing the Miracle-Gro(R) trademark are marketed in the Caribbean, Australia, New Zealand, the Netherlands and the United Kingdom. Scotts' Hyponex(R) line of products is present in Japan as a result of a long-term agreement with Hyponex Japan Corporation, Ltd., an unaffiliated entity.

Professional markets include both the horticulture and turf industries. The International Business Group markets professional products in Africa, Australia, the Caribbean, the European Union, Japan, Latin America, Mexico, the Middle East, New Zealand, South America and Southeast Asia. Horticultural products mainly carry the Scotts(R), Sierra(R), Peters(R) and Osmocote(R) labels. Turf products primarily use the Scotts(R) trademark.

Consumer products are sold by an approximate 193-person sales force and professional products are sold by an approximate 87-person sales force.

Scotts has leading market share positions in the United Kingdom in a number of lawn and garden market categories. Its major consumer brands there include Miracle-Gro(R) plant fertilizers, Weedol(R) and Pathclear(R) herbicides, EverGreen(R) lawn fertilizer, Levington(R) growing media, and Bug Gun(R) insecticides.

In October 1998, Scotts, through subsidiaries, acquired from various affiliates of Rhone-Poulenc Agro: the shares of Rhone-Poulenc Jardin SAS; the shares of Celaflor GmbH; the shares of Celaflor Handelsgesellschaft m.b.H.; and the home and garden business of Rhone-Poulenc Agro S.A. in Belgium (collectively "Rhone-Poulenc Jardin"), each in a privately-negotiated transaction. Scotts conducts the Rhone-Poulenc Jardin business through Scotts France SAS, based in Lyon, France.

Scotts France SAS is continental Europe's largest producer of consumer lawn and garden products. It manufactures and sells a full line of consumer lawn and garden pesticides, fertilizers and growing media in France, Germany, the Benelux countries, Austria, Italy and Spain. Brands include KB(R) and Fertiligene(R) in France, and Celaflor(R) and NexaLotte(R) in Germany.

Also in October 1998, Scotts acquired from an agency of the Irish government, Bord na Mona, the Shamrock(TM) trademark, a brand used to market peat products in the United Kingdom and Ireland. As part of the agreement, Scotts has an option to supply the Shamrock(TM) brand of peat in continental European markets. Scotts also acquired the rights to a ten-year horticultural peat supply agreement with Bord na Mona as supplier, with a renewable ten-year term at Scotts' option. Under the agreement, Bord na Mona will mix and package peat and other growing media products for Scotts. It is expected that this acquisition will secure Scotts' access to high quality peat resources for both the consumer and professional markets in the United Kingdom and Ireland and will also enable Scotts to enter the professional horticultural compost market in mainland Europe in due course. Scotts manages this business through Scotts Horticulture Ltd., an affiliated entity domiciled in Ireland.

In December 1998, Scotts completed its acquisition of Asef Holding B.V., a privately-held consumer lawn and garden products company, with operations in the Netherlands. As part of the transaction, Scotts also acquired related assets in

Belgium. Asef sells fertilizers, growing media and pesticides under the Asef brand and through private label programs with major retailers. In Holland, Asef also markets the Bayer line of pesticides. Asef has approximately 40 employees. Scotts operates this business through Scotts Asef BVBA in Belgium, and ASEF BV in the Netherlands.

In fiscal 1999, in connection with efforts to successfully integrate these acquisitions, Scotts divided management of its international operations into four zones, as follows: Zone 1 (the consumer business in the United Kingdom and Ireland); Zone 2 (the consumer business in France, Belgium and Holland); Zone 3 (the consumer business in Germany, Austria and Australia); and Zone 4 (the professional business). For fiscal 1999, Scotts experienced strong sales growth in its continental European and Benelux consumer business, with weaker results in the United Kingdom, where Scotts is continuing to integrate and restructure operations of recently-acquired entities.

BUSINESS STRATEGY

An increasing portion of Scotts' sales and earnings is derived from customers in foreign countries. The headquarters office for the International Business Group is located in Lyon, France. The Professional Group of the International Business Group maintains a separate office in Waardenburg, Netherlands. Scotts' managers travel abroad regularly to visit its facilities, distributors and customers. Scotts' own employees manage its affairs in Europe, Australia, Malaysia, Mexico, Brazil and the Caribbean. The International Business Group plans to further develop its international business in both the consumer and professional markets. Scotts believes that the technology, quality and value that are widely associated with its domestic and acquired brands should be transferable to the global marketplace.

Management believes the International Business Group is well positioned to obtain an increased share of the international market. Scotts has a broad, diversified product line made up of value-added fertilizers which can be targeted to the market segments of consumer, turf, horticulture and high value agricultural crops. Also, Scotts has the capability to sell worldwide through its extensive distributor network. However, there can be no assurance that Scotts can maintain market share or margins against new or existing competitors, or that Scotts can obtain an increased share of the international market.

Any significant changes in international economic conditions, expropriations, changes in taxation and regulation by U.S. and/or foreign governments could have a substantial effect upon the international business of Scotts. Management believes, however, that these risks are not unreasonable in view of the opportunities for profit and growth available in foreign markets. Scotts' international earnings and cash flows are subject to variations in currency exchange rates, which derive from sales and purchases of Scotts' products made in foreign currencies. For a discussion of how Scotts manages its foreign currency rate exposure, see "ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Liquidity and Capital Resources."

COMPETITION

The International Business Group's consumer business faces strong competition in the lawn and garden market, particularly in Australia and the European Union. Competitors in Australia include Chisso-Asahi, Debco and Yates. Competitors in the European Union include Bayer, BASF and various local companies. Scotts has historically responded to competition with superior technology, excellent trade relationships, competitive prices, broad distribution and strong advertising and promotional programs.

The international professional market is very competitive, particularly in the controlled-release and water-soluble fertilizer segments. Numerous U.S. and European companies are pursuing these segments internationally, including Pursell Industries, Lesco, BASF, Norsk Hydro, Haifa Chemicals Israel, Kemira and private label companies. Historically, Scotts' response to competition in the professional markets has been to adapt its technology to solve specific user needs which are identified by developing close working relationships with key users.

MATTERS RELATING TO THE COMPANY GENERALLY

ROUNDUP MARKETING AGREEMENT

On September 30, 1998, Scotts entered into an agency and marketing agreement with Monsanto Company and became Monsanto's exclusive agent for the marketing and distribution of consumer Roundup(R) products in the consumer lawn and garden market within the United States and other specified countries, including Australia, Austria, Canada, France, Germany and the United Kingdom. In addition, if Monsanto develops new products containing glyphosate, the active ingredient in Roundup(R), or other non-selective herbicides, Scotts has specified rights to market these products in the consumer lawn and garden market.

Under the marketing agreement, Scotts and Monsanto jointly develop global consumer and trade marketing programs for Roundup(R). Scotts has assumed responsibility for sales support, merchandising, distribution and logistics. Monsanto continues to own the consumer Roundup business and provides significant oversight of its brand. In addition, Monsanto continues to own and operate the agricultural Roundup business. A Steering Committee comprised of two Scotts designees and two Monsanto designees has ultimate oversight over the consumer Roundup business. In the event of a deadlock, the president of Monsanto's agricultural division is entitled to the tie-breaking vote.

COMMISSION STRUCTURE

Scotts is compensated under the marketing agreement based on the success of the consumer Roundup business in the markets covered by the agreement. In addition to recovering out-of-pocket costs on a fully burdened basis, Scotts receives a graduated commission to the extent that the earnings before interest and taxes of the consumer Roundup business in the included markets exceed specified thresholds. To the extent that these earnings are less than the first commission threshold set forth below, Scotts will not receive any commission. Net commission is equal to the commission set forth in the following chart less the contribution payment Scotts is required to make, as described below. The net commission is the amount that Scotts actually recognizes on its income statements.

The commission structure is as follows:

YEAR	FIRST COMMISSION THRESHOLD	SECOND COMMISSION THRESHOLD	IF EARNINGS ARE BETWEEN THE FIRST AND SECOND COMMISSION THRESHOLDS THE COMMISSION EQUALS THE FOLLOWING PERCENTAGE OF THE DIFFERENCE BETWEEN THE EARNINGS AND THE FIRST COMMISSION THRESHOLD	IF EARNINGS ARE GREATER THAN THE SECOND COMMISSION THRESHOLD THE COMMISSION EQUALS THE FOLLOWING AMOUNT PLUS 50% OF THE AMOUNT OF THE EARNINGS ABOVE $80 MILLION
1999-2000.....	$30,000,000	$80,000,000	46%	$23,000,000
2001.....	$31,250,000	$80,000,000	44%	$21,450,000
2002.....	$32,531,250	$80,000,000	40%	$18,987,500
2003.....	$33,844,531	$80,000,000	40%	$18,462,188
2004.....	$35,190,645	$80,000,000	40%	$17,923,742
2005.....	$36,570,411	$80,000,000	40%	$17,377,836
2006.....	$37,984,471	$80,000,000	40%	$16,806,212
2007.....	$39,434,288	$80,000,000	40%	$16,226,285
2008.....	$40,920,145	$80,000,000	40%	$15,631,942
2009+.....	$30,000,000	$80,000,000	40%	$20,000,000

Earnings for purposes of the marketing agreement for the 1999 fiscal, or program, year were increased by $15 million for purposes of calculating Scotts' commission.

Under the agreement, Scotts is required to make an annual fixed contribution payment to Monsanto. Nominally, this contribution payment will be $20 million per fiscal year. However, Scotts was not required to make any contribution payment in the 1999 fiscal year, and the contribution payments for 2000 and 2001 fiscal years will actually be $5 million and $15 million, rather than $20 million. Scotts and Monsanto have agreed to defer the difference between the $20 million nominal contribution payment and the actual contribution payment in the first three fiscal/program years under the marketing agreement. Beginning with the 2003 fiscal year and extending through Scotts' 2018 fiscal year, Scotts must make a contribution payment of $25 million per fiscal year until Monsanto recovers the $40 million deferred in the first three fiscal years plus interest of 8% per year. In addition, during the 2003 through 2008 fiscal year period, Scotts will apply 50% of the amount by which the net commission exceeds the specified levels toward the reimbursement of the $40 million deferral.

Specifically, Scotts will apply toward the deferral 50% of the amount by which Scotts' net commission exceeds the following levels:

YEAR	NET COMMISSION LEVEL
2001.....	$32,500,000
2002.....	$28,100,000
2003.....	$26,700,000
2004.....	$30,500,000
2005.....	$34,600,000
2006.....	$38,900,000
2007.....	$43,500,000
2008.....	$49,000,000

TERM

The marketing agreement has no definite term, except as it relates to European Union countries. However, as set forth below, for a period of 20 years Scotts may be entitled to receive a termination fee if Monsanto terminates the marketing agreement upon a change of control of Monsanto or the sale of the consumer Roundup business. With respect to the European Union countries, the initial term of the marketing agreement extends through September 30, 2005. After September 30, 2005, the parties may agree to renew the agreement with respect to the European Union countries for three successive terms ending on September 30, 2008, 2015 and 2018, respectively. However, if Monsanto does not agree to any of the extension periods with respect to the European Union countries, the first commission threshold set forth in the table outlining the commission structure above, will become $0.

TERMINATION

Monsanto has the right to terminate the marketing agreement upon a specified event of default by Scotts or upon a change of control of Monsanto or the sale of the consumer Roundup business, so long as the termination after a change of control of Monsanto or the sale of the Roundup business occurs later than September 30, 2003. The events of default by Scotts that could give rise to termination by Monsanto include:

- - - "Material Breach" which is not cured within 90 days after written notice from Monsanto and which is not remediable by the payment of damages or by specific performance;
- - - "Material Fraud" which was engaged in with the intent to deceive Monsanto and which is not cured, if curable, within 90 days after written notice from Monsanto;
- - - "Material Willful Misconduct" which is not cured, if curable, within 90 days after written notice from Monsanto;
- - - "Egregious Injury" to the Roundup(R) brand that is not cured, if curable, within 90 days after notice from Monsanto, unless the egregious injury resulted from the exercise by Monsanto of its tie-breaking right with respect to deadlocked actions by the Steering Committee or was caused primarily by an act or omission of Monsanto;

- - - Scotts' becoming insolvent;
- - - the acquisition of Scotts, by merger or asset purchase, or the acquisition of more than 25% of Scotts' voting securities, without Monsanto's prior written approval, by a competitor of Monsanto or by an entity that Monsanto reasonably believes will materially detract from or diminish Scotts' ability to fulfill Scotts' duties and obligations under the agreement; or
- - - the assignment by Scotts of all, or substantially all, of Scotts' rights or obligations under the agreement.

In addition, Monsanto may terminate the marketing agreement within the North America, U.K., France or "Rest of the World" regions for specified declines of the consumer Roundup business. For purposes of determining Monsanto's rights under the agreement, Scotts' performance is based on sales of Roundup(R) to the ultimate consumers of the product, rather than on sales to retailers or distributors. Scotts will measure sales to consumers by looking at point-of-sale unit movement at selected, top-20 Roundup customers in the affected region.

More specifically, Monsanto may terminate the marketing agreement within one of the regions if:

- - - sales to consumers decline cumulatively over a three fiscal year period cumulative basis in the region; or
- - - sales to consumers decline by more than five percent in two consecutive fiscal years within the region.

However, Monsanto may not exercise this termination right if Scotts can demonstrate that the decline was caused by a severe decline of general economic conditions or a severe decline in the lawn and garden market in the region rather than by Scotts' failure to perform its duties under the agreement. Monsanto would also not be able to terminate the agreement if the decline were caused by Monsanto's exercise of its right to break ties with respect to deadlocked decisions of the Steering Committee.

Scotts has rights similar to Monsanto's to terminate the agreement upon a material breach, material fraud or material misconduct by Monsanto. In addition, Scotts may terminate the marketing agreement upon Monsanto's sale of the consumer Roundup business, although then Scotts would lose the termination fee described below.

TERMINATION FEE

Except to the extent set forth below, if Monsanto terminates the marketing agreement upon a change of control of Monsanto or the sale of the consumer Roundup business, Scotts will be entitled to receive a significant termination fee. Scotts will also be entitled to receive a termination fee if it terminates the marketing agreement upon a material breach, material fraud or material willful misconduct by Monsanto.

The termination fee will be calculated in accordance with the following schedule:

IF TERMINATION OCCURS PRIOR TO SEPTEMBER 30,	THE TERMINATION FEE PAYABLE TO SCOTTS WILL BE EQUAL TO:
2003	$150,000,000 *
2004	$140,000,000
2005	$130,000,000
2006	$120,000,000
2007	$110,000,000
2008	$100,000,000

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* Neither Monsanto nor a successor to the consumer Roundup business may terminate the marketing agreement prior to September 30, 2003 upon a change of control or a sale of the consumer Roundup business. If Monsanto or a successor were to do so

despite such prohibition, the termination fee payable to Scotts would be $185 million.

Between October 1, 2009 and September 30, 2018, if Monsanto terminates the marketing agreement upon a sale of the consumer Roundup business or if a successor terminates the agreement following a change of control of Monsanto, the termination fee will be equal to the greater of (i) a percentage of the portion of the purchase price of the consumer Roundup business in excess of a specified amount and (ii) $16 million.

In addition, if Monsanto terminates the marketing agreement for any reason other than egregious injury, material fraud or material willful misconduct by Scotts, Monsanto will forfeit recovery of any unpaid portion of the $40 million deferral of contribution payments described above.

SALE OF ROUNDUP

Monsanto has agreed to provide Scotts with notice of any proposed sale of the consumer Roundup business, allow Scotts to participate in the sale process and negotiate in good faith with Scotts with respect to a sale. If the sale is run as an auction, Scotts will further be entitled to a 15-day exclusive negotiation period following the submission of all bids to Monsanto. During this period, Scotts may revise its original bid, but Scotts will not have the right to review the terms of any other bids.

In the event that Scotts acquires the consumer Roundup business in such a sale, it will receive credit against the purchase price in the amount of the termination fee that would otherwise have been paid to Scotts upon termination by Monsanto of the marketing agreement upon the sale.

If Monsanto decides to sell the consumer Roundup business to another party, Scotts must let Monsanto know within 30 days after receipt of notice of the purchaser whether Scotts intends to terminate the marketing agreement and forfeit any right to a termination fee or whether Scotts will agree to perform its obligations under the agreement on behalf of the purchaser, unless and until the purchaser terminates Scotts and pays the applicable termination fee.

MARKETING FEE

Upon execution of the marketing agreement, Scotts paid Monsanto a fee of $32 million in consideration for the rights obtained under the marketing agreement with respect to North America.

RESOLUTION OF ISSUES RELATED TO ORTHO ACQUISITION

On January 21, 1999, Scotts completed the acquisition of the Ortho business from Monsanto for $300 million, subject to adjustment depending on the level of normalized working capital as of the January 21 closing date. In accordance with the terms of the acquisition agreement, as of that date, Scotts received an estimate of normalized working capital of $125.9 million. This estimate resulted in Scotts making a transfer to Monsanto of $39.9 million on the closing date in addition to the $300 million purchase price. Following the closing, as provided by the acquisition agreement, Scotts gave Monsanto its estimate of normalized working capital, which was significantly lower than $125.9 million, while Monsanto provided Scotts with its revised estimate that was significantly higher than $125.9 million.

Scotts and Monsanto have resolved many of the items in dispute which comprise each party's working capital estimate. Scotts is in the process of resolving the remaining items in dispute through negotiation and/or arbitration, as contemplated by the acquisition agreement. Scotts expects that all remaining issues will be finally resolved during the 2000 fiscal year, but cannot currently estimate the final normalized working capital amount. To the extent that the amount differs from $125.9 million, Scotts will either make an additional payment to or receive a payment from Monsanto that will adjust the working capital assets on Scotts' opening balance sheet

for the Ortho business. In either case, Scotts does not believe that the final resolution of the items in dispute will have a material adverse effect on Scotts.

PATENTS, TRADEMARKS AND LICENSES

The "Scotts(R)", "Miracle-Gro(R)", "Hyponex(R)" and "Ortho(R)" brand names and logos, as well as a number of product trademarks, including "Turf Builder(R)", "Lawn Pro(R)", "ProTurf(R)", "Osmocote(R)" and "Peters(R)", are federally and internationally registered and are considered material to Scotts' business. Scotts regularly monitors its trademark registrations, which are generally effective for ten years, so that it can renew those nearing expiration. In 1989, Scotts assigned rights to selected Hyponex trademarks to Hyponex Japan Corporation, Ltd., an unaffiliated entity. In July 1995, Scotts-Sierra granted an exclusive license to use the Peters trademark in the U.S. consumer market, to Peters Acquisition Corporation, now owed by United Industries Corporation, for the life of the mark.

As of September 30, 1999, Scotts held over 230 U.S. and international patents on processes, compositions, grasses and application devices and has additional patent applications pending. Patent protection generally extends 20 years from the filing date, and many of Scotts' patents extend well into the next decade. Scotts also holds exclusive and non-exclusive patent licenses from various chemical suppliers permitting the use and sale of patented pesticides.

During fiscal 1999, Scotts secured several new U.S. patents. Scotts' newly-formed biotechnology group within Scotts Research Center, was granted its first patent, protecting a method for the genetic modification of grass plants, and specifically, St. Augustinegrasses. In addition, Scotts was granted separate U.S. patents for the Ortho "Lock 'n Spray(R)" applicator and a Kentucky Bluegrass variety with high turf performance characteristics. Scotts also secured seven international patents, one dealing with methylene-urea fertilizer technology, and six covering various coated fertilizer technologies. Scotts' methylene-urea technology was patented in Finland, and Poly-S technology was patented in Norway and New Zealand. In addition, use patents were granted in Australia, Indonesia and Africa, covering the use of controlled-release fertilizers as an improved nutrient source for aquaculture. Finally, a new (experimental) coated fertilizer technology was granted a patent in Mexico.

Scotts' methylene-urea product composition patent, which covers Scotts Turf Builder(R), Scotts Turf Builder(R) with Plus 2(R) Weed Control and Scotts Turf Builder(R) with Halts(R) Crabgrass Preventer, among other products, is deemed material by Scotts and is due to expire in July 2001. Scotts believes that the high entry costs of manufacturing needed to replicate this product and the value of the Scotts(R) brand should lessen the likelihood of product duplication by any competitor.

Glyphosate, the active ingredient in Roundup(R), is subject to a patent in the United States that expires in September 2000. Scotts cannot predict the success of Roundup(R) after glyphosate ceases to be patented. Substantial new competition in the United States could adversely affect Scotts. Glyphosate is no longer subject to patent in the European Union and is not subject to patent in Canada. While sales of Roundup(R) in such countries have continued to increase despite the lack of patent protection, sales in the United States may decline as a result of increased competition after the U.S. patent expires. Any such decline in sales would adversely affect Scotts' financial results through the calculations of the commission under the Roundup(R) marketing agreement.

RESEARCH AND DEVELOPMENT

Scotts has a long history of innovation dating from the 1928 introduction of Turf Builder(R), through the development, design and construction of its newest state of the art methylene-urea fertilizer production facility in Marysville, Ohio. Commissioned in 1999, this facility will produce the new and improved Turf Builder(R) with Micromax(R) micronutrients for fiscal 2000. Scotts' continued commitment to innovation has produced a portfolio of over 230 patents worldwide, covering most of its fertilizers and many of its grasses and application devices.

Scotts operates what it believes to be one of the premier research and development organizations in the lawn and garden industry. Headquartered in the Dwight G. Scott Research Center for North America in Marysville, Ohio ("Scotts R&D"), Scotts R&D's mission is to develop and enhance easy to use lawn and garden products for consumers. This is accomplished through a comprehensive and consolidated view of innovation including Scotts R&D divisions such as: product development (agronomic performance); process/formulation development (design of manufacture); packaging and durables development (new structures, forms, dispensing and application devices); and regulatory and environmental affairs (product registration, industry and government relations). Scotts R&D's consolidated effort harnesses the synergies between all Scotts technologies resulting in optimization for the lawn and garden consumer, from seed to soil, fertilizer to weed/pest control.

Scotts R&D operates six research field stations strategically located throughout the United States in Ohio, Florida, Texas, California, New Jersey and Oregon, covering 212 acres. These facilities allow for evaluation of regional product requirements (different soil, climatic and pest pressure) and flexibility for year-round testing. The facilities also provide regional technical support and training for sales personnel.

Scotts R&D underwent significant change in fiscal 1999 with the relocation of the durable goods/application device development group from Republic Tool's Carlsbad, California facility and the beginning of the relocation of the Ortho research and development group from San Ramon, California, which is scheduled to be completed in fiscal 2000. Product development efforts were also reorganized in 1999 for better alignment with the business group marketing departments.

Since 1992, Scotts' entire line of controlled-released fertilizers has been reformulated or upgraded with new technology. These include: patented Poly-S(R), ScottKote(R) and methylene-urea; and Osmocote(R) patterned release, polymer-encapsulated technology. These technologies service the turfgrass, garden, horticultural and specialty agricultural markets both domestically and internationally. Process development efforts continue to focus on process innovation, capacity increase, quality enhancement and cost reduction. The fiscal 2000 year impact of this work is expected to result in improvements ranging from Miracle-Gro(R) Tree Spikes (cost reduction and quality improvement) to controlled-release fertilizer for professional horticultural container-grown plants (improved performance, cost reduction and quality improvement).

In fiscal 1998, Scotts consumer lawn fertilizer packaging was converted to high quality plastic that has since become the industry standard. Scotts R&D applied learning gained in that conversion to subsequently convert the Professional Business Group's fertilizer line in fiscal years 1999 and 2000. The Consumer Ortho Business Group will convert packaging for granular control chemicals in fiscal 2000. Also new in fiscal 2000 is the sliding reclosure feature on Miracle-Gro(R) Potting Soil. Scotts R&D should benefit from the consolidation of resources from the relocation to Marysville, of the Ortho research and development functions. Continued efforts will include package/dispensing innovation, consumer ease of use and reduction of consumer exposure. Examples in fiscal 1999 include the successful introduction of Pull 'n Spray(TM) and Lock 'n Spray(R) in the Roundup(R) and Ortho(R) product lines, both unique combined packaging/application systems.

Scotts R&D maintains an aggressive active ingredient access and evaluation program, critical to the introduction of new and improved products. Over 100 new formulations are prepared and evaluated each year in over 1,000 tests. Combined with Scotts' brands and market/sales position, this capability has allowed Scotts to gain exclusive and semi-exclusive access to new active ingredients from major chemical suppliers. Examples in consumer products are: bifenthrin insecticide (FMC Corporation); halofenozide insecticide (RohMid LLC); and pendimethalin herbicide (American Cyanamid Company). Examples in professional products are: myclobutanil fungicide (Rohm & Haas Company); paclobutrazol turf growth regulator (Zeneca Professional Products); etridiazole fungicide (C&K Witco); and flutolanil fungicide, propamocarb fungicide, deltamethrin insecticide, bendiocarb insecticide, clofentezine miticide and buprofezin insecticide (AgrEvo Environmental Health).

Since 1997, Scotts has maintained a dedicated turfgrass genetic engineering laboratory in its existing Scotts R&D facility in Marysville, to develop turfgrass varieties with improved characteristics such as resistance to disease, insects and herbicides. In January 1998, Scotts acquired an 80.8% interest in Sanford Scientific, Inc., a research company in the rapidly growing field of genetic engineering of plants. Sanford Scientific has developed and licensed a broad portfolio of genes and genetic process technology. It holds the exclusive license to use biolistic ("gene gun") technology in the commercial development of genetically transformed turf grasses, flowers and woody ornamental plants. Biolistic technology involves the delivery of desirable genetic characteristics by high-velocity injection into cells. The technology is widely used in medical research and agricultural fields for applications ranging from immunization and cancer treatment to creation of new agricultural crop varieties, including corn and soybeans. The biolistic approach to genetic engineering of plants has important advantages over other transformation technologies. For some plant species, transformation using the gene gun is largely considered the only commercially viable method of inserting new gene traits into plants. In addition, Sanford Scientific has developed and licensed a broad portfolio of genes and genetic process technology with commercial potential.

Gene gun technology augments Scotts' genetic improvement program by allowing researchers to create desirable varieties of plants with value-added traits beyond the capabilities of conventional plant breeding techniques. Targets of Scotts' research effort include disease and insect resistance, herbicide tolerance and other consumer-relevant traits, such as turfgrasses that require less mowing and flowers with novel colors and fragrances. Scotts expects that it will commercialize selected genetically transformed plants within a few years.

Scotts acquired its interest from Sanford Scientific founder and president Dr. John Sanford, who retained a 19.2% interest and remains involved with Sanford Scientific, as a member of Sanford Scientific's Board of Directors. He also provides consulting services to Sanford Scientific, under an agreement that continues through January 31, 2000. Dr. Sanford led the team of Cornell University scientists who invented the gene gun technology in the 1980's, and he continues as a leading expert in the field. Sanford Scientific operates an advanced genetic research facility in upstate New York, and actively collaborates with other leading genetic scientists.

Exclusive access to this technology is a key element in Scotts' program to create value by combining Scotts' brands and Sanford Scientific's biolistic transformation process with proven genes licensed from technology partners. Consistent with this strategy, in August 1998, Scotts completed an agreement with Rutgers University, the State University of New Jersey. Under this agreement, Scotts will fund, through research support and future royalties, a combined effort by Rutgers' plant biotechnology and turfgrass breeding programs to develop improved transgenic bentgrass varieties. In return, Scotts will receive exclusive rights to market all Rutgers' patented transgenic bentgrass varieties developed through 2005, likely extending to 2015. Rutgers' development program will utilize the biolistic process and other enabling technologies under license to Sanford Scientific to insert and activate genes that are proprietary to Rutgers University. Any superior bentgrass varieties that result from the program are expected to be commercialized in the golf course market.

In December 1998, Scotts entered into an agreement with Monsanto to bring the benefits of biotechnology to the multi-billion dollar turfgrass and ornamental plants business. Under the terms of the agreement, Scotts and Monsanto agree to share technologies, including Monsanto's extensive genetic library of plant traits and Scotts' proprietary gene gun technology to produce improved transgenic turfgrasses and ornamental plants. Scotts and Monsanto will work with each other exclusively on a global basis to develop these biotechnology products in the professional and consumer markets. Each company will bring its leading brands, marketing skills and technological expertise to create new products. In addition to sales by Scotts, the companies plan to license the new products to other marketing partners in the turf and ornamental industry. The collaborative alliance will focus on providing professional and consumer benefits such as turfgrass that requires less mowing and water, ornamental plants that last longer and produce larger and more plentiful blooms, and plants that will allow for better weed control. Scotts has been working

since 1997 on Roundup Ready(R) turfgrass, which is tolerant to Monsanto's Roundup(R), under a research agreement with Monsanto. The current alliance expands that relationship to cover new applications for Roundup Ready(R) technology as well as other improvements to ornamental plants.

In addition to Scotts R&D for North America, the International Business Group conducts research and development in Levington, the United Kingdom; Lyon, France; Ingelheim, Germany; Heerlen, Netherlands; and Sydney, Australia. The Levington site supports consumer and professional formulation and testing of lawn and garden fertilizers, pesticides and growing media. The Lyon and Ingelheim sites support consumer household insecticide formulation and testing, as well as lawn and garden fertilizers, pesticides and growing media. The Heerlen facility supports professional formulation, testing and process development of turf and horticultural fertilizers, and testing of pesticide products. The Sydney site supports consumer and professional testing and technical service of fertilizer and pesticide products. The Scotts Company (U.K.) Ltd. leases a research facility and trial station in the United Kingdom for formulating plant protection products for the consumer and professional markets.

Company research and development expenses were approximately $21.7 million (1.3% of net sales) for fiscal 1999 including environmental and regulatory expenses. This compares to $14.8 million (1.3% of net sales) and $10.0 million (1.1% of net sales) for fiscal 1998 and 1997.

SEASONALITY

Scotts' business is highly seasonal with approximately 74% of sales occurring in the second and third fiscal quarters combined for fiscal 1999, and 72% for fiscal 1998. Please also see the discussion in "North American Consumer Business Group--Backlog" and "Professional Business Group--Backlog."

The products marketed by the Consumer Ortho Business Group are highly seasonal. However, they are not necessarily driven by the same weather variables as are the other products of Scotts. For example, insect populations (and corresponding control product sales) tend to thrive when wet springs yield to hot, humid summers. In contrast, fertilizer sells best in drier springs.

OPERATIONS

PRODUCTION FACILITIES

The manufacturing plant for consumer and professional fertilizer products marketed under the Scotts(R) label is located in Marysville, Ohio. Manufacturing for these products is also conducted by approximately 40 contract manufacturers. Demand for Turf Builder(R), Poly-S(R) and other products results in Scotts expanding operations (generally from October through May) of its fertilizer processing and packaging lines from five days per week, three-shift operations to seven days, three-shift operations when necessary to prepare for the peak demand periods. Scotts currently operates its three Turf Builder(R) lines seven days per week, year round, and began engineering of a fourth Turf(R) Builder production line, to meet capacity needs for those products. Scotts-Sierra controlled-release fertilizers are produced in Charleston, South Carolina; Milpitas, California; and Heerlen, Netherlands. Expansion at each facility has been completed to permit the blending of products which utilize both Scotts and Scotts-Sierra proprietary technology. Production schedules at Scotts-Sierra's facilities vary to meet demand. Seed blending and packaging are outsourced to various packaging companies located on the West Coast near seed growers. Growing media products are processed and packaged in 27 locations throughout the United States. Scotts operates two composting facilities where yard waste (grass clippings, leaves, and twigs) is converted to raw materials for Scotts' growing media products. Operations at these facilities have been integrated with Scotts' 27 growing media facilities. Scotts also utilizes approximately 30 contract production locations for growing media products. Scotts' lawn spreaders and specialty hose sprayers are produced at the Republic facility in Carlsbad, California. Republic Tool adjusts assembly capacity from time to time, to meet demand. Both Hyponex's and Republic Tool's operations vary production schedules to meet demand. The majority of

Miracle-Gro(R) water-soluble fertilizers is contract-manufactured in three facilities located in Ohio, Texas and Florida.

Granular and water-soluble fertilizers, liquid herbicides and pesticides and growing media for the U.K. market, are produced in East Yorkshire (Howden, Hatfield and Swinefleet) and Bramford (Suffolk), in the United Kingdom.

Bramford is the headquarters for U.K. operations and for the U.K. professional business. The site houses a modern fertilizer granulation plant with automated packing lines, liquid fertilizer production and bottling facilities. In addition, there are facilities for formulating and bottling a wide range of liquid plant protection products including herbicides, insecticides and fungicides. Bramford produces a wide range of products for both the consumer and professional businesses in Europe. These include the EverGreen(R) line of consumer lawn products and Greenmaster(R) products for the professional turf market. The Hatfield and Swinefleet factories contain modern facilities for the screening and blending of peat, together with various additives to produce a wide range of growing media. Peat to supply the facilities is harvested on both sites and brought in from satellite sites in Northwest England and Scotland. These facilities produce the Levington(R) brand of compost for both the consumer and professional businesses. Peat from Ireland is imported to produce the Shamrock(TM) range of growing media. Granular and water-soluble fertilizers and pesticides are produced at Howden and growing media is produced at Swinefleet and Hatfield.

At Hautmont, France, growing media and fertilizers for the consumer market are blended and bagged, and at Bourth, France, pesticide products for the consumer market are formulated, blended and packaged. Production schedules at Hautmont vary from one shift to two shifts to meet demand, while Bourth maintains two shifts year-round.

Liquid and granular ingredients made primarily for Ortho(R) and Roundup(R) products are manufactured at Scotts' Fort Madison, Iowa facility and at several contract facilities. The plants adjust to seasonal demands expanding from two shifts five days a week to three shifts five days a week during peak season.

Resin used for producing Osmocote(R) controlled-release fertilizer in the United States is manufactured by Sunpol Resins and Polymers, Inc. (formerly Sierra-Sunpol Resins, Inc.). In March 1999, Scotts-Sierra sold its majority stock interest in Sierra-Sunpol Resins, Inc., to the minority share owner and facility manager, which operates as Sunpol Resins and Polymers, Inc. In connection with the sale, Scotts entered into a five-year supply agreement for resin for domestic operations.

Management believes that each of its facilities is well-maintained and suitable for its purpose. However, due to the seasonal nature of Scotts' business, Scotts' plants operate at maximum capacity during the peak production periods. Therefore, an unplanned serious production interruption could have a substantial adverse affect on Scotts' sales of the affected product lines.

CAPITAL EXPENDITURES

Capital expenditures totaled $66.7 million and $41.3 million for fiscal 1999 and 1998. Of the major expenditures for fiscal 1999, approximately $21.0 million was spent on the implementation of the Enterprise Resource Planning information services program, $11.0 million for completion of the third Turf Builder(R) production line and associated packaging line additions, and over $2.0 million for facility expansions required for integration of Ortho operations. Engineering work has been initiated for the construction of a fourth Turf Builder(R) line, which with additional blending and packaging expansions, is expected to cost a total of $46.0 million for fiscal years 2000 and 2001. Thus, Scotts estimates that capital spending will approximate $70.0 million for fiscal 2000, which will include additional production capacity for Osmocote(R) products in Europe and expansion and automation of packaging capabilities in the Growing Media and Ortho facilities. Capital spending will approximate $60.0 to $70.0 million for fiscal 2001 and thereafter for the foreseeable future.

PURCHASING

The key ingredients in Scotts' fertilizer and control products are various commodity and specialty chemicals including vermiculite, phosphates, urea, potash, herbicides, insecticides and fungicides. Scotts obtains its raw materials from various sources, which Scotts presently considers to be adequate. No one source is considered to be essential to any of Scotts' North American Consumer, Professional or International Business Groups, or to its business as a whole. Scotts has never experienced a significant interruption of supply.

Raw materials for Scotts Miracle-Gro include phosphates, urea and potash. Scotts considers its sources of supply for these materials to be adequate. All of the products sold by Scotts Miracle-Gro in North America, are produced under contract by independent fertilizer blending and packaging companies.

Scotts-Sierra purchases granular, homogeneous fertilizer substrates to be coated and the resins for coating. These resins are primarily supplied domestically by Sunpol Resins and Polymers, Inc.

Sphagnum peat, bark, peat, humus, vermiculite and manure constitute Hyponex's most significant raw materials. At current production levels, Scotts estimates Hyponex's peat reserves to be sufficient for its near-term needs in all locations. Bark products are obtained from sawmills and other wood residue producers and manure is obtained from a variety of sources, such as feed lots and mushroom growers.

Raw materials for Republic Tool's operations include various engineered resins and metals, all of which are available from a variety of vendors.

The Consumer Ortho Business Group's primary raw materials are pesticides similar to those used by the agriculture industry. No single chemical is essential in this market segment and all materials or suitable substitutes are expected to remain readily available.

The International Business Group is comprised of Professional and Consumer subgroups, which offer products that are very similar to those marketed by the Professional and North American Consumer Business Groups. The raw materials are therefore similar to those used by the Professional and North American Consumer Business Groups. Scotts believes that its raw materials sources for the International Business Group are sufficiently varied and anticipates no significant raw material shortages. Both the North American and International Consumer Businesses contract with essentially the same major chemical and packaging companies, through short and long-term supply agreements, for the supply of specialty chemicals, fertilizers and packaging materials. The North American and International Professional Businesses contract with local major producers, through short and long-term supply agreements, for the supply of sphagnum peat, peat, humus and vermiculite, which constitute the most significant raw materials for these businesses. Long-term supply arrangements for peat, and owned peat reserves in the United Kingdom and Ireland, are expected to be sufficient for the International Group's near-term needs, at current production levels. Packaging materials are supplied by major packaging companies, through short and long-term supply arrangements, which Scotts considers adequate for its supply needs.

DISTRIBUTION

The primary distribution centers for Scotts(R) products are located near Scotts' North American headquarters in central Ohio. Scotts' expansion of its Marysville distribution facility was completed in December 1997. Scotts' products are shipped by rail and truck. While the majority of truck shipments is made by contract carriers, a portion is made by Scotts' own fleet of leased trucks. Inventories are also maintained in contract field or public warehouses located in major markets.

The products of Scotts Miracle-Gro are warehoused and shipped from three primary contract packagers located throughout the United States. These contract packagers ship Miracle-Gro(R) products via common carrier direct to customers, lawn and garden distributors and to two contract distribution centers located in Fresno, California and Jacksonville, Florida. Inventories of Scotts U.K. products for the European

market, which are produced at the East Yorkshire (Howden) and Bramford (Suffolk) facilities, are distributed through a public warehouse in Daventry, the United Kingdom. Professional products for the U.K. market are warehoused and shipped from the Daventry and Chasetown, U.K. locations.

Most growing media products have low sales value per unit of weight, making freight costs significant to profitability. Therefore, the Consumer Growing Media Business Group has located all of its 27 plant/distribution locations near large metropolitan areas in order to minimize shipping costs and to be near raw material sources. The Group uses its own fleet of approximately 70 trucks as well as contract haulers to transport its products from plant/distribution points to retail customers. Large-bag outdoor landscaping products and much of the indoor potting soil products are shipped directly to retail stores. A portion of Scotts' indoor potting soil and additive products is shipped to retailers' distribution centers for redistribution to their stores. In the United Kingdom, growing media is packaged at Hatfield and Swinefleet and shipped directly to customers in the United Kingdom. Growing media is also produced in Hautmont, France and Didam, the Netherlands, and shipped directly to customers.

Scotts' Ortho(R) and Roundup(R) products are produced and shipped from two primary manufacturing facilities, one owned by Scotts and located in Fort Madison, Iowa and another at a contract packager located in Sullivan, Missouri. These products are shipped via common carrier through a newly-created distribution network of five contract distribution centers located in Fresno, California; Jacksonville, Florida; Arlington, Texas; Parksburg, Pennsylvania; and Wentzville, Missouri. These distribution centers ship directly to customers and to various lawn and garden distributors across the United States.

Scotts-Sierra's products are produced at two fertilizer and two growing media manufacturing facilities located in the United States and one fertilizer manufacturing facility located in Heerlen, Netherlands. The majority of shipments is via common carriers through distributors in the United States and a network of public warehouses in Europe.

Republic Tool-produced, Scotts(R) branded spreaders are shipped via common carrier to regional warehouses serving Scotts' retail network. A portion of Republic Tool's spreader line and its private label lines is sold free-on-board (FOB) Carlsbad with transportation arranged by the customer.

Fertilizers and pesticide products manufactured in Bourth, France are shipped to customers via a central distribution center located in Blois, France.

SIGNIFICANT CUSTOMERS

Home Depot and Kmart Corporation represented approximately 17% and 9% of Scotts' sales in fiscal 1999. Wal*Mart sales represented 7% of Scotts' fiscal 1999 sales. After allocating buying groups' sales to that retail customer, Wal*Mart sales represented approximately 12% of Scotts' fiscal 1999 sales. All three customers hold significant positions in the retail lawn and garden market. There continues to be intense competition between and consolidation within the retail outlets selling Scotts products. The loss of any of these customers or a substantial decrease in the amount of their purchases could have a material adverse effect on Scotts' business.

EMPLOYEES

Scotts' corporate culture is a blend of the history, heritage and culture of Scotts and companies acquired over the past ten years. Scotts provides a comprehensive benefits program to all full-time associates. As of September 30, 1999, Scotts employed approximately 2,900 full-time workers in the United States (including all subsidiaries) and an additional 1,050 full-time employees located outside the United States. As of September 30, 1999, full-time workers averaged approximately eight years employment with Scotts or its predecessors. During peak production periods, Scotts engages as many as 1,600 temporary workers in the United States. In the United Kingdom, during peak periods, as many as 84 temporary workers are engaged and European operations engage an average of 53 temporary workers annually.

Scotts' U.S. employees are not members of a union, with the exception of 27 of Scotts-Sierra's employees at its Milpitas facility, who are represented by the International Chemical Workers Union Council/United Food and Commercial Workers

Union. Approximately 100 of Scotts' full-time U.K. employees at the Bramford (Suffolk), and East Yorkshire (Hatfield and Swinefleet) manufacturing sites are members of the Transport and General Workers Union. A number of Scotts' full-time employees at the headquarters office in Lyon, France are members of the Confederation Generale des Cadres (CGC), Confederation Francaise Democratique du Travail (CFDT) and Confederation Generale du Travail (CGT), which number is confidential under French law. The average rate of union membership among employees in France is approximately 15%. A number of union and non-union full-time employees are members of work councils at three sites in Bourth, Hautmont and Lyon, France, and a number of non-union employees are members in Ingelheim, Germany. Work councils represent employees on labor and employment matters and manage social benefits.

In connection with the Ortho acquisition, Scotts made offers of employment to all but a very limited number of employees who worked primarily in the Ortho business of Monsanto. While a majority of sales personnel accepted, most of the corporate staff declined relocation. Through September 30, 1999, Scotts paid severance, benefits and outplacement costs of $3.7 million for U.S. employees based on Monsanto's severance policy, with an additional $1.6 million expected to be paid during fiscal 2000. Scotts expects Monsanto to reimburse it for half of the costs of such termination payments, up to a maximum of $5.0 million.

ENVIRONMENTAL AND REGULATORY CONSIDERATIONS

Local, state, federal and foreign laws and regulations relating to environmental matters affect Scotts in several ways. In the United States, all products containing pesticides must be registered with the United States Environmental Protection Agency ("USEPA") (and in many cases, similar state and/or foreign agencies) before they can be sold. The inability to obtain or the cancellation of any such registration could have an adverse effect on Scotts' business. The severity of the effect would depend on which products were involved, whether another product could be substituted and whether Scotts' competitors were similarly affected. Scotts attempts to anticipate regulatory developments and maintain registrations of, and access to, substitute chemicals, but there can be no assurance that it will continue to be able to avoid or minimize these risks. Fertilizer and growing media products (including manures) are also subject to state and foreign labeling regulations. Grass seed is also subject to state, federal and foreign labeling regulations.

The Food Quality Protection Act, enacted by the U.S. Congress in August 1996, establishes a standard for food-use pesticides, which is that a reasonable certainty of no harm will result from the cumulative effect of pesticide exposures. Under this Act, the USEPA is evaluating the cumulative risks from dietary and non-dietary exposures to pesticides. The pesticides in Scotts' products, which are also used on foods, will be evaluated by the USEPA as part of this non-dietary exposure risk assessment. It is possible that the USEPA may decide that a pesticide Scotts uses in its products, would be limited or made unavailable to Scotts. Scotts cannot predict the outcome or the severity of the effect of the USEPA's evaluation. Management believes that Scotts should be able to obtain substitute ingredients if selected pesticides are limited or made unavailable, but there can be no assurance that it will be able to do so for all products.

In addition, the use of certain pesticide and fertilizer products is regulated by various local, state, federal and foreign environmental and public health agencies. These regulations may include requirements that only certified or professional users apply the product or that certain products be used only on certain types of locations (such as "not for use on sod farms or golf courses"), may require users to post notices on properties to which products have been or will be applied, may require notification of individuals in the vicinity that products will be applied in the future or may ban the use of certain ingredients. Scotts believes it is operating in substantial compliance with, or taking action aimed at ensuring compliance with, these laws and regulations. Compliance with these regulations and the obtaining of registrations does not assure, however, that Scotts' products will not cause injury to the environment or to people under all circumstances. 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 these environmental matters, taking into account established reserves, should not have a material adverse effect on Scotts' financial position; however, there can be no assurance that the resolution of these matters will not materially affect future quarterly or annual operating results.

State and federal authorities generally require Hyponex to obtain permits (sometimes on an annual basis) in order to harvest peat and to discharge storm water run-off or water pumped from peat deposits. The state permits typically specify the condition in which the property must be left after the peat is fully harvested, with the residual use typically being natural wetland habitats combined with open water areas. Hyponex is generally required by these permits to limit its harvesting and to restore the property consistent with the intended residual use. In some locations, Hyponex has been required to create water retention ponds to control the sediment content of discharged water.

Regulations and environmental concerns exist surrounding peat extraction in the United Kingdom. The Scotts Company (UK) Ltd. played a leading role in the development and implementation of legislation concerning peat extraction, and believes it complies with this legislation, regarding it as the minimum standard.

Local, state, federal and foreign agencies regulate the disposal, handling and storage of waste, air and water discharges from Scotts' facilities. During fiscal 1999, Scotts had approximately $1.1 million in environmental capital expenditures and $5.9 million in other environmental expenses, compared with approximately $0.7 million in environmental capital expenditures and $3.1 million in other environmental expenses in fiscal 1998. Management anticipates that environmental capital expenditures and other environmental expenses for fiscal 2000 will not differ significantly from those incurred in fiscal 1999.

OHIO ENVIRONMENTAL PROTECTION AGENCY

Scotts has assessed and addressed environmental issues regarding the wastewater treatment plants which had operated at the Marysville facility. Scotts decommissioned the old wastewater treatment plants and has connected the facility's wastewater system with the City of Marysville's municipal treatment system. Additionally, Scotts has been assessing, under Ohio's Voluntary Action Program ("VAP"), the possible remediation of several discontinued on-site waste disposal areas dating back to the early operations of its Marysville facility.

In February 1997, Scotts learned that the Ohio Environmental Protection Agency was referring certain matters relating to environmental conditions at Scotts' Marysville site, including the existing wastewater treatment plants and the discontinued on-site waste disposal areas, to the Ohio Attorney General's Office. Representatives from the Ohio EPA, the Ohio AG and Scotts continue to meet to discuss these issues.

In June 1997, Scotts received formal notice of an enforcement action and draft Findings and Orders from the Ohio EPA. The draft Findings and Orders elaborated on the subject of the referral to the Ohio AG alleging: potential surface water violations relating to possible historical sediment contamination possibly impacting water quality; inadequate treatment capabilities of Scotts' existing and currently permitted wastewater treatment plants; and that the Marysville site is subject to corrective action under the Resource Conservation Recovery Act ("RCRA"). In late July 1997, Scotts received a draft judicial consent order from the Ohio AG which covered many of the same issues contained in the draft Findings and Orders including RCRA corrective action. As a result of ongoing discussions, Scotts received a revised draft of a judicial consent order from the Ohio AG in late April 1999, which is the focus of current negotiations.

In accordance with Scotts' past efforts to enter into Ohio's VAP, Scotts submitted to the Ohio EPA a "Demonstration of Sufficient Evidence of VAP Eligibility Compliance" on July 8, 1997. Among other issues contained in the VAP submission, was a description of Scotts' ongoing efforts to assess potential environmental impacts of the discontinued on-site waste disposal areas as well as potential remediation efforts. Under the statutes covering VAP, an eligible participant in the program is not subject to State enforcement actions for those environmental matters

being addressed. On October 21, 1997, Scotts received a letter from the Director of the Ohio EPA denying VAP eligibility based upon the timeliness of and completeness of the submittal. Scotts has appealed the Director's action to the Environmental Review Appeals Commission. No hearing date has been set and the appeal remains pending.

Scotts is continuing to meet with the Ohio AG and the Ohio EPA in an effort to negotiate an amicable resolution of these issues but is unable at this stage to predict the outcome of the negotiations. While negotiations have narrowed the unresolved issues between Scotts and the Ohio AG/Ohio EPA, several critical issues remain the subject of ongoing discussions. Scotts believes that it has viable defenses to the State's enforcement action, including that it had been proceeding under VAP to address specified environmental issues, and will assert those defenses in any such action.

Since receiving the notice of enforcement action in June 1997, management has continually assessed the potential costs that may be incurred to satisfactorily remediate the Marysville site and to pay any penalties sought by the State. Because Scotts and the Ohio EPA have not agreed to the extent of any possible contamination and an appropriate remediation plan, Scotts has developed and initiated an action plan to remediate the site based on its own assessments and consideration of specific actions which the Ohio EPA will likely require. Because the extent of the ultimate remediation plan is uncertain, management is unable to predict with certainty the costs that will be incurred to remediate the site and to pay any penalties. As of September 30, 1999, management estimates that the range of possible loss that could be incurred in connection with this matter is $2 million to $10 million. Scotts has accrued for the amount it considers to be the most probable within that range and believes the outcome will not differ materially from the amount reserved. Many of the issues raised by the State are already being investigated and addressed by Scotts during the normal course of conducting business.

LAFAYETTE

In July 1990, the Philadelphia District of the U.S. Army Corps of Engineers ("Corps") directed that peat harvesting operations be discontinued at Hyponex's Lafayette, New Jersey facility, based on its contention that peat harvesting and related activities result in the "discharge of dredged or fill material into waters of the United States" and, therefore, require a permit under Section 404 of the Clean Water Act. In May 1992, the United States filed suit in the U.S. District Court for the District of New Jersey seeking a permanent injunction against such harvesting, and civil penalties in an unspecified amount. If the Corps' position is upheld, it is possible that further harvesting of peat from this facility would be prohibited. Scotts is defending this suit and is asserting a right to recover its economic losses resulting from the government's actions. The suit was placed in administrative suspense during fiscal 1996 in order to allow Scotts and the government an opportunity to negotiate a settlement, and it remains suspended while the parties develop, exchange and evaluate technical data. In July 1997, Scotts' wetlands consultant submitted to the government a draft remediation plan. Comments were received and a revised plan was submitted in early 1998. Further comments from the government were received during 1998 and 1999. Scotts believes agreement on the remediation plan has essentially been reached. Before this suit can be fully resolved, however, Scotts and the government must reach agreement on the government's civil penalty demand. Management does not believe that the outcome of this case will have a material adverse effect on Scotts' operations or its financial condition. Furthermore, management believes Scotts has sufficient raw material supplies available such that service to customers will not be materially adversely affected by continued closure of this peat harvesting operation.

HERSHBERGER

In September 1991, Scotts was identified by the Ohio EPA as a Potentially Responsible Party ("PRP") with respect to a site in Union County, Ohio (the "Hershberger site"), because Scotts allegedly arranged for the transportation, treatment or disposal of waste that allegedly contained hazardous substances, at the Hershberger site. Effective February 1998, Scotts and four other named PRPs executed an Administrative Order on Consent with the Ohio EPA, by which the named PRPs funded remedial action at the Hershberger site. Construction of the leachate collection system and reconstruction of the landfill cap were completed in August 1998. Scotts expects its future obligation will consist primarily of its share of annual operating and maintenance expenses. Management does not believe that its obligations under the Administrative Order will have a material adverse effect on Scotts' results of operations or financial condition.

BRAMFORD

In the United Kingdom, major discharges of waste to air, water and land are regulated by the Environment Agency. The Scotts (UK) Ltd. fertilizer facility in Bramford

(Suffolk), United Kingdom, is subject to environmental regulation by this Agency. Two manufacturing processes at this facility require process authorizations and previously required a waste management license (discharge to a licensed waste disposal lagoon having ceased in July 1999). Scotts expects to surrender the waste management license in consultation with the Environment Agency. In connection with the renewal of an authorization, the Environment Agency has identified the need for remediation of the lagoon, and the potential for remediation of a former landfill at the site. Scotts intends to comply with the reasonable remediation concerns of the Environment Agency. Scotts previously installed an environmental enhancement to the facility to the satisfaction of the Environment Agency and believes that it has adequately addressed the environmental concerns of the Environment Agency regarding emissions to air and groundwater. Scotts and the Environmental Agency have not agreed on a final plan for remediating the lagoon and the landfill. Management does not believe that its remedial obligations at this site will have a material adverse effect on the operations at the facility or on Scotts' results of operations or financial condition.

YEAR 2000 READINESS

Please see the information contained under the caption "Year 2000 Readiness" in "ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS."

ITEM 2. PROPERTIES

Scotts has fee or leasehold interests in approximately 60 facilities.

Scotts owns approximately 875 acres of land, with 719 acres at its Marysville, Ohio headquarters for the North American Consumer Lawns, Growing Media, and Ortho Business Groups, and the Professional Business Group and Operations functions. Scotts leases space in downtown Columbus for its World Headquarters office. Four research facilities in Apopka, Florida; Cleveland, Texas; Gervais, Oregon; and Moorestown, New Jersey, comprise 129 acres. The Ortho production facility encompasses 27 acres in Fort Madison, Iowa. Scotts leases warehouse space throughout the United States and continental Europe as needed. Republic Tool leases its 20-acre spreader facility in Carlsbad, California.

Scotts operates 27 growing media facilities located nationwide in 23 states. Twenty-four are owned by Scotts and three are leased. Most facilities include production lines, warehouses, offices and field processing areas.

As of December 1, 1999, Scotts had two-remaining compost facilities in Connecticut. One site is located at a bagging facility in Lebanon, Connecticut and the other is a stand-alone leased facility in Fairfield, Connecticut. During fiscal 1999, Scotts closed its other composting sites in the United States that collected yard and compost waste on behalf of municipalities.

Scotts owns two Scotts-Sierra manufacturing facilities in Fairfield, California and Heerlen, Netherlands. It leases two Scotts-Sierra manufacturing facilities in Milpitas, California and North Charleston, South Carolina.

Internationally, Scotts leases its: U.K. headquarters, located in Godalming (Surrey); French headquarters, located in Lyon, France; German headquarters, located in Ingleheim, Germany; and Professional Group headquarters, located in Waardenburg, Netherlands.

Scotts owns manufacturing facilities in East Yorkshire (Howden, Hatfield and Swinefleet) and Bramford (Suffolk) in the United Kingdom. Scotts also owns the Hautmont plant in France, a blending and bagging facility for growing media and fertilizers sold to the consumer market; and the Bourth plant, also in France, a facility for formulating, blending and packaging pesticide products for the consumer market. A sales and research and development facility is maintained at the Ingleheim, Germany site. Scotts leases sales offices and operates an organics bagging facility in Didam, the Netherlands. Sales offices are also leased in Saint Niklaas, Belgium.

Scotts leases property for ten lawn care service centers in Georgia, Illinois, Indiana, Maryland, Missouri and Ohio. Scotts also leases the land upon which Sanford Scientific is located in Waterloo, New York.

During fiscal 1999, Scotts leased the land upon which Scotts Miracle-Gro's (operating as the North American Consumer Gardens Business Group) headquarters was located in Port Washington, New York. For fiscal 2000, operations at this location will transfer to the North American headquarters in Marysville, Ohio.

As a result of the Ortho acquisition, Scotts acquired a plant in Fort Madison, Iowa and research stations in Moorestown, New Jersey, and Valley Center, California. The relocation of personnel from the San Ramon sales office to Marysville, Ohio was completed in September 1999, with the office space being subleased until lease termination. Foreign operations acquired as a result of the Ortho acquisition include a plant in Corwen, United Kingdom. Scotts also operates sales offices in Beaverton, Oregon; Rolling Meadows, Illinois, and Bentonville, Arkansas.

It is the opinion of Scotts' management that its facilities are adequate to serve their intended purposes at this time and that its property leasing arrangements are stable. Please also see the discussion of Scotts' production facilities in "ITEM 1. BUSINESS--Operations Group--Production Facilities" above.

ITEM 3. LEGAL PROCEEDINGS

As noted in the discussion of "Environmental and Regulatory Considerations" in "ITEM 1. BUSINESS", Scotts is involved in several pending environmental matters. 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 the final resolution of these matters will not materially affect Scotts' future quarterly or annual operating results.

Pending material legal proceedings are as follows:

AGREVO ENVIRONMENTAL HEALTH, INC. (New York District Court)

On June 3, 1999, a Complaint was filed in the United States District Court for the Southern District of New York, styled AgrEvo Environmental Health, Inc. v. Scotts Company (sic), Scotts Miracle-Gro Products, Inc. and Monsanto Company, in which AgrEvo seeks damages and injunctive relief for alleged antitrust violations and breach of contract by Scotts and Scotts Miracle-Gro, and alleged antitrust violations and tortious interference with contract by Monsanto. Scotts purchased a consumer herbicide business from AgrEvo in May 1998. AgrEvo claims in the suit that Scotts' subsequent agreement to become Monsanto's exclusive sales and marketing agent for Monsanto's consumer Roundup(R) business, violated the federal antitrust laws. AgrEvo contends that Monsanto attempted to or did monopolize the market for non-selective herbicides and conspired with Scotts to eliminate the herbicide Scotts previously purchased from AgrEvo, which competed with Monsanto's Roundup(R), in order to achieve or maintain a monopoly position in that market. AgrEvo also contends that Scotts' execution of various agreements with Monsanto, including the Roundup(R) marketing agreement, as well as Scotts' subsequent actions, violated the purchase agreements between AgrEvo and Scotts.

AgrEvo is requesting unspecified damages as well as affirmative injunctive relief, and is seeking to have the court invalidate the Roundup(R) marketing agreement as violative of the federal antitrust laws. On September 20, 1999, Scotts filed an answer denying liability and asserting counterclaims that it was fraudulently induced to enter into the agreement for purchase of the consumer herbicide business and the related agreements, and that AgrEvo breached the representations and warranties contained in these agreements. On October 1, 1999, Scotts moved to dismiss the antitrust allegations against it on the ground that the claims fail to state claims for which relief may be granted. On October 12, 1999, AgrEvo moved to dismiss Scotts' counterclaims. Scotts intends to vigorously defend against this action. Under the indemnification provisions of the Roundup(R) marketing agreement, Monsanto and Scotts each have requested that the other indemnify against any losses arising from this lawsuit. Scotts currently is unable to determine the potential impact of these proceedings on its future results of operations and financial condition.

AGREVO ENVIRONMENTAL HEALTH, INC. (Delaware)

On June 29, 1999, a Complaint was filed in the Superior Court of the State of Delaware in and for New Castle County, styled AgrEvo Environmental Health, Inc. v. Scotts Miracle-Gro Products, Inc. and OMS Investments, Inc., in which AgrEvo seeks damages for alleged breach of contract against Scotts Miracle-Gro and OMS. AgrEvo alleges that, under the contracts described above by which the herbicide business was purchased from AgrEvo in May 1998, Scotts Miracle-Gro and OMS have failed to pay

AgrEvo approximately $0.6 million. AgrEvo is requesting damages in this amount, as well as pre and post-judgment interest and attorneys' fees and costs. Scotts Miracle-Gro and OMS have moved to dismiss or stay this action on the ground that the claims asserted must be brought in the previously-described action in the Southern District of New York. Oral argument on this motion is set for late December 1999. Scotts Miracle-Gro and OMS intend to vigorously defend the asserted claims, whether they are ultimately litigated in state court in Delaware or the federal court in New York.

RHONE-POULENC, S.A., RHONE-POULENC AGRO S.A. AND HOECHST, A.G.

On October 15, 1999, Scotts began arbitration proceedings before the International Chamber of Commerce against Rhone-Poulenc S.A. and Rhone-Poulenc Agro S.A. (collectively, "Rhone-Poulenc") under arbitration provisions contained in contracts relating to the purchase by Scotts of Rhone-Poulenc's European lawn and garden business, Rhone-Poulenc Jardin, in 1998. Scotts alleges that the combination of Rhone-Poulenc and Hoechst Schering AgrEvo GmbH into a new entity, Aventis S.A., will result in the violation of non-compete and other provisions in the contracts mentioned above. In the arbitration proceedings, Scotts is seeking injunctive relief as well as an award of damages.

On November 25, 1999, the Tribunal suggested that the parties discuss an escrow arrangement to protect Scotts' interests during the pendency of the arbitration and denied Scotts' request for additional interim relief. Pursuant to the Tribunal's suggestion, the parties are presently negotiating a segregated Record Agreement and Order.

Also on October 15, 1999, Scotts filed a Complaint styled The Scotts Company, et al. v. Rhone-Poulenc, S.A., Rhone-Poulenc Agro S.A. and Hoechst, A.G. in the Court of Common Pleas for Union County, Ohio, seeking injunctive relief maintaining the status quo in aid of the arbitration proceedings as well as an award of damages against Hoechst for Hoechst's tortious interference with Scotts' contractual rights. On October 19, 1999, the defendants removed the Union County action to the United States District Court for the Southern District of Ohio. On December 8, 1999, Scotts requested that this action be stayed pending the outcome of the arbitration proceedings.

Scotts is involved in other lawsuits and claims which arise in the normal course of its business. In the opinion of management, these claims individually and in the aggregate are not expected to result in a material adverse effect on Scotts' financial position or operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of the security holders during the fourth quarter of the fiscal year covered by this Report.

EXECUTIVE OFFICERS OF REGISTRANT

The executive officers of The Scotts Company, their positions and, as of December 10, 1999, their ages and years with The Scotts Company (and its predecessors) are set forth below.

NAME	AGE	POSITION(S) HELD	YEARS WITH SCOTTS (AND ITS PREDECESSORS)
Charles M. Berger	63	Chairman of the Board, President and Chief Executive Officer	3
James Hagedorn	44	President, Scotts North America, and a Director	12
Jean H. Mordo	54	Group Executive Vice President, International	2
David D. Harrison	52	Executive Vice President and Chief Financial Officer	4 months
Michael P. Kelty, Ph.D.	49	Executive Vice President, Technology and Operations, Scotts North America	20
G. Robert Lucas	56	Executive Vice President, General Counsel and Secretary	2
Laurens J.M. de Kort	48	Senior Vice President, Zone 4, International	17
William A. Dittman	43	Senior Vice President, Consumer Growing Media Business Group	7
Michel J. Farkouh	43	Senior Vice President, Zone 3, International	1
John Kenlon	68	Senior Vice President, Consumer Gardens Group, and a Director	39
Nick G. Kirkbride	40	Senior Vice President, Zone 1, International	1
Hadia Lefavre	54	Senior Vice President, Human Resources Worldwide	9 months
Joseph M. Petite	49	Senior Vice President, Business Process Development	11
William R. Radon	40	Senior Vice President, Information Technology	2
Christian Ringuet	48	Senior Vice President, Zone 2, International	13
James L. Rogula	65	Senior Vice President, Consumer Ortho Business Group	4
L. Robert Stohler	58	Senior Vice President, Consumer Lawns Business Group	4
Scott C. Todd	38	Senior Vice President, Professional Business Group	18

Executive officers serve at the discretion of the Board of Directors and in the case of: Mr. Berger, Mr. Hagedorn, Mr. Mordo, Mr. Harrison, Mr. Lucas, Mr. de Kort, Mr. Kenlon, Mr. Kirkbride, Ms. Lefavre and Mr. Ringuet, pursuant to employment agreements.

The business experience of each of the persons listed above during the past five years is as follows:

Mr. Berger was elected Chairman of the Board, President and Chief Executive Officer of Scotts in August 1996. Mr. Berger came to Scotts from H. J. Heinz Company, where, from October 1994 to August 1996, he served as Chairman and Chief Executive Officer of Heinz India Pvt. Ltd. (Bombay). During his 32-year career at Heinz, he also held the positions of

Chairman, President and Chief Executive Officer of Weight Watchers International, a Heinz affiliate; Managing Director and Chief Executive Officer of Heinz-Italy (Milan), the largest Heinz profit center in Europe; General Manager, Marketing, for all Heinz U.S. grocery products; Marketing Director for Heinz UK (London) and Director of Corporate Planning at Heinz World Headquarters. He is also a former director of Stern's Miracle-Gro Products, Inc. ("Miracle-Gro Products"), now known as Scotts Miracle-Gro.

Mr. Hagedorn was named President, Scotts North America, in December 1998. He was previously Executive Vice President, U.S. Business Groups, of Scotts, since October 1996. From May 1995 to October 1996, he served as Senior Vice President, Consumer Gardens Group, of Scotts. He served as Executive Vice President of Scotts Miracle-Gro since May 1995, and Executive Vice President of Miracle-Gro Products from 1989 until May 1995. Mr. Hagedorn is the son of Horace Hagedorn, a director of Scotts.

Mr. Mordo was named Group Executive Vice President, International, of Scotts, in May 1999. He was previously Executive Vice President and Chief Financial Officer of Scotts since January 1997. From 1992 through December 1996, he served as Senior Vice President and Chief Financial Officer of Pratt and Whitney Aircraft, a division of United Technologies Corporation.

Mr. Harrison was named Executive Vice President and Chief Financial Officer of Scotts in August 1999. From August 1996 to August 1999, he was Executive Vice President and Chief Financial Officer for Coltec Industries, Inc., a diversified manufacturer of industrial and aerospace products. From August 1994 to August 1996, he served as Executive Vice President and Chief Financial Officer of Pentair, Inc., a diversified general industrial manufacturing company.

Dr. Kelty was named Executive Vice President, Technology and Operations, of Scotts, in February 1999. He was previously Senior Vice President, Professional Business Group, of Scotts, since July 1995. Dr. Kelty had been Senior Vice President, Technology and Operations, of Scotts from March 1994 to July 1995.

Mr. Lucas was named Executive Vice President, General Counsel and Secretary of Scotts in February 1999. He was previously Senior Vice President, General Counsel and Secretary of Scotts, since May 1997. From 1990 until the time he joined Scotts, Mr. Lucas was a partner with the law firm Vorys, Sater, Seymour and Pease LLP ("VSSP"). From 1993 to the time he joined Scotts, he was the lead outside counsel at VSSP representing Scotts. Mr. Lucas is a director of Bob Evans Farms, Inc.

Mr. de Kort was named Senior Vice President, Zone 4, International, of Scotts, in May 1999, having been Vice President, Scotts Europe, Middle East, Africa, since July 1994. Mr. de Kort is employed by Scotts Europe B.V., a wholly-owned subsidiary of Scotts.

Mr. Dittman was named Senior Vice President, Consumer Growing Media Business Group, of Scotts, in April 1998. From December 1996 to April 1998, he was Senior Vice President of Sales, Marketing and Advertising of the Consumer Gardens Group of Scotts. From 1992 to December 1996, he was Vice President of Sales, Miracle-Gro Products.

Mr. Farkouh was named Senior Vice President, Zone 3, International, of Scotts, in May 1999, having joined Scotts France SAS in January 1999. From January 1997 to the time he joined Scotts, he was Vice President, Worldwide Lawn and Garden Category Manager, of Monsanto. From 1991 to January 1997, he was General Manager, Lawn and Garden Europe, of Monsanto.

Mr. Kenlon was named Senior Vice President, Consumer Gardens Group, of Scotts, in May 1999, a change to make titles uniform within the Scotts' executive team. He was previously President, Consumer Gardens Group, of Scotts from December 1996 until May 1999. He was previously Chief Operating Officer and President of Scotts Miracle-Gro, since May 1995. Mr. Kenlon was the President of Miracle-Gro Products from 1985 until May 1995. Mr. Kenlon began his association with the Miracle-Gro companies in 1960. It is expected that Mr. Kenlon will resign from his offices with Scotts, effective December 31, 1999, but he will remain a member of the Board of Directors.

Mr. Kirkbride was named Senior Vice President, Zone 1, International, of Scotts, in May 1999, having joined The Scotts Company (UK) Ltd. in December 1998. From January 1995 to the time he joined Scotts, he was Managing Director of The Virgin Cola Company, a privately-held soft drink company.

Ms. Lefavre joined Scotts as Senior Vice President, Human Resources Worldwide, in March 1999. From October 1995 to October 1998, she served as Senior Vice President, Human Resources Worldwide, at Rhone-Poulenc Rorer Inc., a pharmaceutical company, based in Pennsylvania. From April 1994 to October 1995, she was Vice President, Executive Management, of Bull, a computer company based in Paris, France. She served as Vice President of Human Resources and Communications, Worldwide Manufacturing, of Bull, from April 1993 to April 1994.

Mr. Petite was named Senior Vice President, Business Process Development, of Scotts, in February 1998. He served as Senior Vice President, Consumer Growing Media Business Group, of Scotts from December 1996 to February 1998. From July 1996 to December 1996, he served as Vice President, Consumer Growing Media Business Group, of Scotts. From November 1995 to July 1996, Mr. Petite served as Vice President, Strategic Planning of Scotts. From 1989 to November 1995, he was Vice President of Marketing, Consumer Business Group, of Scotts.

Mr. Radon joined Scotts in February 1998, as Senior Vice President, Information Technology. From September 1995 to the time he joined Scotts, Mr. Radon was Vice President, Chief Information Officer at Lamson & Sessions, a manufacturer and distributor of plastic pipe, conduit and consumer electrical devices. From 1984 to September 1995, he was a management consultant at Ernst & Young.

Mr. Ringuet joined Scotts France SAS in October 1998 as Senior Vice President, Zone 2, International. He was Managing Director of Rhone-Poulenc Jardin, from March 1995 through September 1998. From 1986 to March 1995, he was Marketing and Sales Manager of Rhone-Poulenc Jardin.

Mr. Rogula was named Senior Vice President, Consumer Ortho Business Group, of Scotts, in October 1998. Prior thereto, he had been Senior Vice President, Consumer Lawns Group, of Scotts since October 1996. He served as Senior Vice President, Consumer Business Group, of Scotts from January 1995 to October 1996. From 1990 until the time he joined Scotts, he was President of The American Candy Company, a producer of non-chocolate candies. He is also a former director of Miracle-Gro Products.

Mr. Stohler was named Senior Vice President, Consumer Lawns Business Group, in October 1998. Prior thereto, he had been Senior Vice President, International Business Group, of Scotts since December 1996. From November 1995 to December 1996, he served as Vice President, International Business Group, of Scotts. From January 1994 to October 1995, he was President of Rubbermaid Europe S.A., a marketer of plastic housewares, toys, office supplies and janitorial and food service products.

Mr. Todd was named Senior Vice President, Professional Business Group, of Scotts, in February 1999. From November 1995 to January 1999, he was Vice President, Horticulture, of Scotts. From 1992 to October 1995, he was General Manager, Horticulture, of Scotts.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The common shares of The Scotts Company trade on the New York Stock Exchange under the symbol "SMG".

	SALES PRICES	
	HIGH	LOW
FISCAL 1998		
1st quarter	$31 1/16	$26 1/4
2nd quarter	35 1/2	29 7/16
3rd quarter	38	32 1/2
4th quarter	41 3/8	26 3/8
FISCAL 1999		
1st quarter	$36 3/16	$26 5/8
2nd quarter	39 3/4	32 3/8
3rd quarter	47 5/8	38 1/2
4th quarter	46 3/8	34 5/8

Scotts has not paid dividends on the common shares in the past and does not presently plan to pay dividends on the common shares. It is presently anticipated that earnings will be retained and reinvested to support the growth of Scotts' business. The payment of any future dividends on common shares will be determined by the Board of Directors of Scotts in light of conditions then existing, including Scotts' earnings, financial condition and capital requirements, restrictions in financing agreements, business conditions and other factors.

As of December 1, 1999, Scotts estimates there were approximately 8,500 shareholders including holders of record and Scotts' estimate of beneficial holders.

On April 27, 1999, John Kenlon converted 571 shares of Scotts' Class A Convertible Preferred Stock into 30,051 common shares in accordance with the terms of Section 6 of Article FOURTH of Scotts' Amended Articles of Incorporation. On August 30, 1999, Hagedorn Partnership, L.P. converted 3,135 shares of Class A Convertible Preferred Stock into 164,995 common shares.

Effective October 1, 1999, John Kenlon, Hagedorn Partnership, L.P. and Horace Hagedorn converted the remainder of their shares of Convertible Preferred Stock into 10,068,104 common shares. In exchange for this early conversion, those shareholders received an aggregate amount of approximately $6.4 million, representing the amount of the dividends on the Convertible Preferred Stock that would have otherwise been payable through May 2000.

The common shares issued upon conversion of the Convertible Preferred Stock were issued in reliance upon the exemption from registration provided by Section 3(a)(9) of the Securities Act of 1933.

ITEM 6. SELECTED FINANCIAL DATA

FIVE YEAR SUMMARY

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, (IN MILLIONS EXCEPT PER SHARE AMOUNTS)	1999(4)	1998(3)	1997(2)	1996	1995(1)
OPERATING RESULTS:					
Sales	$1,648.3	$1,113.0	$899.3	$750.4	$731.1
Gross profit	$ 659.2	$ 398.0	$325.7	$238.0	$232.3
Income from operations (5)	$ 196.1	$ 94.1	$ 94.8	$ 26.3	$ 60.9
Income (loss) before extraordinary items	$ 69.1	$ 37.0	$ 39.5	$ (2.5)	$ 22.4
Income (loss) applicable to common shareholders	$ 53.5	$ 26.5	$ 29.7	$(12.3)	$ 18.8
Depreciation and amortization	$ 60.2	$ 37.8	$ 30.4	$ 29.3	$ 25.7
FINANCIAL POSITION:					
Working capital (6)	$ 274.8	$ 135.3	$146.5	$181.1	$227.0
Investments in property, plant and equipment	$ 66.7	$ 41.3	$ 28.6	$ 18.2	$ 23.6
Property, plant and equipment, net	$ 259.4	$ 197.0	$146.1	$139.5	$148.8
Total assets	$1,769.6	$1,035.2	$787.6	$731.7	$809.0
Total debt	$ 950.0	$ 372.5	$221.3	$225.3	$272.5
Total shareholders' equity	$ 443.3	$ 403.9	$389.2	$364.3	$380.8
CASH FLOWS:					
Cash flows from operating activities	$ 78.2	$ 71.0	$121.1	$ 82.3	$ 4.5
Cash flows from investing activities	$ (571.6)	$ (192.1)	$(72.5)	$(17.4)	$ (6.7)
Cash flows from financing activities	$ 513.9	$ 118.4	$(46.2)	$(61.1)	$ (2.7)
RATIOS:					
Operating margin	11.9%	8.5%	10.5%	3.5%	8.3%
Current ratio	1.7	1.6	2.1	2.6	2.8
Total debt to total book capitalization	68.2%	48.0%	36.2%	38.2%	41.7%
Return on average shareholders' equity	14.9%	9.2%	10.5%	(0.7)%	8.2%
PER SHARE DATA:					
Basic earnings (loss) per common share before extraordinary items	$ 3.25	$ 1.46	$ 1.60	$ (0.65)	$ 1.01
Basic earnings (loss) per common share	$ 2.93	$ 1.42	$ 1.60	$ (0.65)	$ 0.99
Diluted earnings (loss) per common share before extraordinary items	$ 2.27	$ 1.22	$ 1.35	$ (0.65)	$ 0.99
Diluted earnings (loss) per common share	$ 2.08	$ 1.20	$ 1.35	$ (0.65)	$ 0.99
Shareholders' equity	$ 14.10	$ 12.82	$ 12.19	$ 11.44	$11.92
Price to diluted earnings per share, end of period	16.6	25.5	19.4	nm	22.4
Stock price at year-end	$ 34.63	$ 30.63	$ 26.25	$ 19.25	$22.13
Stock price range - High	$ 47.63	$ 41.38	$ 30.56	$ 21.88	$23.88
Low	$ 26.63	$ 26.25	$ 17.75	$ 16.13	$14.75
OTHER:					
EBITDA (7)	$ 256.3	$ 131.9	$125.2	$ 55.6	$ 86.6
EBITDA margin	15.5%	11.9%	13.9%	7.4%	11.8%
Interest coverage (EBITDA/interest expense)	3.2	4.1	5.0	2.2	3.5
Average common shares outstanding	18.3	18.7	18.6	18.8	18.7
Common shares used in diluted earnings (loss) per common share calculation	30.5	30.3	29.3	18.8	22.6
Preferred stock dividends	$ 9.7	$ 9.8	$ 9.8	$ 9.8	$ 3.6

NOTE: Prior year presentations have been changed to conform to fiscal 1999 presentation; these changes did not impact net income.

(1) Includes Scotts Miracle-Gro Products, Inc. from May 1995.

(2) Includes Miracle Holdings Limited (nka The Scotts Company (UK) Ltd.) from January 1997.

(3) Includes Levington Group Limited (nka The Scotts Company (UK) Ltd.) from December 1997 and EarthGro, Inc. from February 1998.

(4) Includes Rhone-Poulenc Jardin (nka Scotts France SAS) from October 1998, Asef Holdings BV from December 1998 and the non-Roundup ("Ortho") business from January 1999.

(5) Operating income for fiscal 1998 and 1996 includes $20.4 million and $17.7 million of restructuring and other charges, respectively.

(6) Working capital is defined as total current assets less total current liabilities.

(7) EBITDA is defined as income from operations, plus depreciation and amortization. We believe that EBITDA provides additional information for determining our ability to meet debt service requirements. EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations as determined by generally accepted accounting principles, and EBITDA does not necessarily indicate whether cash flow will be sufficient to meet cash requirements.

nm Not meaningful

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Scotts is a leading manufacturer and marketer of consumer branded products for lawn and garden care, professional turf care and professional horticulture businesses in the United States and Europe. Our operations are divided into three business segments: North American Consumer, Professional and International. The North American Consumer segment includes the Lawns, Gardens, Growing Media and Ortho business groups.

As a leading consumer branded lawn and garden company, we focus on our consumer marketing efforts, including advertising and consumer research, to create demand to pull product through the retail distribution channels. During fiscal 1999, we spent $189.0 million on advertising and promotional activities, which is a significant increase over fiscal 1998 spending levels. We have applied this consumer marketing focus over the past several years, and we believe that Scotts continues to receive a significant return on these increased marketing expenditures. For example, sales in our Consumer Lawns business group increased 24.9% from fiscal 1998 to fiscal 1999, after having increased 12.9% from fiscal 1997 to fiscal 1998. We believe that this dramatic sales growth resulted primarily from our increased consumer-oriented marketing efforts. We expect that we will continue to focus our marketing efforts toward the consumer and to increase consumer marketing expenditures in the future to drive market share and sales growth.

Scotts' sales are seasonal in nature and are susceptible to global weather conditions, primarily in North America and Europe. For instance, periods of wet weather can slow fertilizer sales but can create increased demand for pesticides. Periods of dry, hot weather can have the opposite effect on fertilizer and pesticide sales. We believe that our recent acquisitions diversify both our product line risk and geographic risk to weather conditions.

On September 30, 1998, Scotts entered into a long-term marketing agreement with Monsanto for its consumer Roundup(R) herbicide products. Under the marketing agreement, Scotts and Monsanto will jointly develop global consumer and trade-marketing programs for Roundup(R) and Scotts has assumed responsibility for sales support, merchandising, distribution, logistics and certain administrative functions. In addition, in January 1999 Scotts purchased from Monsanto the assets of its worldwide consumer lawn and garden businesses, exclusive of the Roundup(R) business, for $300 million plus an amount for normalized working capital. These transactions with Monsanto further our strategic objective of significantly enhancing our position in the pesticides segment of the consumer lawn and garden category. These businesses make up the Ortho business group within the North American Consumer segment.

We believe that these transactions provide us with several strategic benefits including immediate market penetration, geographic expansion, brand leveraging opportunities and the achievement of substantial cost savings. With the Ortho acquisition, we are currently a leader by market share in all five segments of the consumer lawn and garden category: lawn fertilizer, garden fertilizer, growing media, grass seeds and pesticides. We believe that we are now positioned as the only national company with a complete offering of consumer products.

The addition of strong pesticide brands completes our product portfolio of powerful branded consumer lawn and garden products that should provide Scotts with brand leveraging opportunities for revenue growth. For example, our strengthened market position should create category management opportunities to enhance shelf positioning, consumer communication, trade incentives and trade programs. In addition, significant synergies have been and should continue to be realized from the combined businesses, including reductions in general and administrative, sales, distribution, purchasing, research and development and corporate overhead costs. We have redirected, and expect to continue to redirect, a portion of these cost savings into increased consumer marketing spending to support the Ortho(R) brand.

Over the past several years, we have made several other acquisitions to strengthen our global market position in the lawn and garden category. In October 1998, we purchased Rhone-Poulenc Jardin, a leading European lawn and garden business, from Rhone-Poulenc for approximately $170 million. This acquisition provides a significant addition to our existing European platform and strengthens our foothold in the continental European consumer lawn and garden market. Through this acquisition, we have established a strong presence in France, Germany, Austria and the Benelux countries. This acquisition may also mitigate, to a certain extent, our susceptibility to weather conditions by expanding the regions in which we operate.

In December 1998, we acquired Asef Holdings B.V., a privately-held Netherlands-based lawn and garden products company. In February 1998, we acquired EarthGro, Inc., a Northeastern U.S. growing media producer. In December 1997, we acquired Levington Group Limited, a leading producer of consumer and professional lawn fertilizer and growing media in the United Kingdom. In January 1997, we acquired the approximate two-thirds interest in Miracle Holdings Limited 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. These acquisitions are consistent with our stated objective of becoming the world's foremost branded lawn and garden company.

The following discussion and analysis of our consolidated results of operations and financial position should be read in conjunction with our Consolidated Financial Statements included elsewhere in this report. Dollars are in millions except per share data.

RESULTS OF OPERATIONS

The following table sets forth the components of income and expense as a percentage of sales for the three years ended September 30, 1999:

	FISCAL YEAR ENDED SEPTEMBER 30,		
	1999	1998	1997
Sales	100.0%	100.0%	100.0%
Cost of sales	60.0	64.2	63.8
Gross profit	40.0	35.8	36.2
Commission earned from agency agreement	1.8	-	-
Advertising and promotion	11.5	9.4	9.3
Selling, general and administrative	17.1	15.2	14.6
Amortization of goodwill and other intangibles	1.5	1.2	1.1
Restructuring and other charges	-	1.4	-
Other (income) expense, net	(0.2)	0.1	0.6
Income from operations	11.9	8.5	10.5
Interest expense	4.8	2.9	2.8
Income before income taxes	7.1	5.6	7.7
Income taxes	2.9	2.2	3.3
Income before extraordinary items	4.2	3.4	4.4
Extraordinary loss on extinguishment of debt	0.4	0.1	-
Net income	3.8	3.3	4.4
Preferred stock dividends	0.6	0.9	1.1
Income applicable to common shareholders	3.2%	2.4%	3.3%

The following table sets forth sales by business segment for the three years ended September 30, 1999:

	1999	1998	1997
North American Consumer:			
Lawns	$ 461.0	$369.1	$309.6
Gardens	147.4	133.0	127.0
Growing Media	264.3	231.6	182.6
Ortho	224.3	-	-
Total	1,097.0	733.7	619.2
Professional	159.4	179.4	165.5
International	391.9	199.9	114.6
Consolidated	$1,648.3	$1,113.0	$899.3

FISCAL 1999 COMPARED TO FISCAL 1998

Sales for fiscal 1999 were $1.65 billion, an increase of 48.1% over fiscal 1998 sales of $1.1 billion. On a pro forma basis, assuming that the Ortho, Rhone-Poulenc Jardin, Levington and EarthGro acquisitions had occurred on October 1, 1997, pro forma sales for fiscal 1999 were $1.68 billion, an 11% increase over fiscal 1998 pro forma sales of $1.5 billion. As discussed below, the increase in sales on a pro forma basis was primarily driven by exceptional growth in the Consumer Lawns business group and strong revenue growth within the Consumer Gardens and Growing Media business groups.

North American Consumer segment sales were $1.1 billion in fiscal 1999, an increase of nearly 50% over fiscal 1998 sales of $734 million and an increase of 16% over fiscal 1998 on a pro forma basis. Sales in the Consumer Lawns business group within this segment were $461.0 million in fiscal 1999, a 25% increase over fiscal 1998 sales of $369.1 million. The continued dramatic revenue growth in the Consumer Lawns business group is being driven by increases in consumer-oriented marketing efforts such as advertising, consumer research and packaging improvements, which have increased category growth and market share. Sales in the Consumer Gardens business group increased 11% to $147.4 million in fiscal 1999 due to several successful new product introductions and the extension of the advertising season for All-Purpose Miracle Gro(R). Sales in the Growing Media business group increased 14% to $264.3 million, or 11% on a pro forma basis. Significantly higher levels of advertising and promotional spending drove this revenue growth which resulted in increased sales for value-added potting soils in particular. Sales in the Ortho business group were $224.3 million in fiscal 1999 which is an increase of 10% on a pro forma basis.

Professional segment sales were $159.4 million in fiscal 1999, a decrease of 11% from fiscal 1998. The Professional segment consists of two businesses: the ProTurf(R) business which provides turf care products to golf courses, athletic fields, and related facilities; and the Horticulture business which provides plant care products to professional nurseries and growers. The decrease in fiscal 1999 sales in this segment was reflected in the ProTurf(R) business, which changed its distribution model earlier in the year, electing to market and deliver products through distributors rather than directly to customers. Short-term interruptions associated with this change and the discontinuance of certain commodity products resulted in lower sales volumes in fiscal 1999.

International segment sales increased to $391.9 million in fiscal 1999 compared to $199.9 million in fiscal 1998, primarily the result of the Rhone-Poulenc Jardin and Asef acquisitions in fiscal 1999. The increase in sales on a pro forma basis was 9% which was primarily due to revenue growth in the European Professional and Rhone-Poulenc Jardin businesses, partially offset by sales declines in the U.K. consumer business caused by supply chain interruptions resulting from the integration of the recently acquired businesses. Excluding the effects of foreign currency

translation, pro forma sales in fiscal 1999 would have been 10% higher than fiscal 1998.

Selling price changes did not have a material impact on Scotts' results of operations for fiscal 1999.

Gross profit increased to $659.2 million in fiscal 1999 compared to $398.0 million in fiscal 1998. On a pro forma basis, gross profit in fiscal 1999 was $671.1 million, or 40% of sales, compared to $569.2 million in fiscal 1998, or 38% of sales. The increase in gross profit as a percentage of sales was driven by improved raw material costs and improved manufacturing efficiencies from higher volumes in fiscal 1999. Fiscal 1998 gross profit also reflected the following charges: restructuring and other charges of $2.9 million as discussed below; start-up costs of $1.4 million associated with the upgrade of certain domestic manufacturing facilities; demolition costs of $1.4 million associated with the removal of certain old manufacturing facilities; unplanned production outsourcing costs of $2.8 million; the loss of a composting contract of $1.0 million; and unfavorable inventory adjustments of $0.8 million.

The "commission earned from agency agreement" in fiscal 1999 of $30.3 million was generated from our marketing agreement with Monsanto for exclusive international marketing and agency rights to Monsanto's consumer Roundup(R) herbicide products. The commission earned under the agreement is based on EBIT (as defined by the agreement) generated annually, net of an annual fixed contribution payment, by the global Roundup(R) business.

Advertising and promotion expenses for fiscal 1999 were $189.0 million, an increase of $84.6 million over fiscal 1998 advertising and promotion expenses of $104.4 million. The recently acquired Ortho and Rhone-Poulenc Jardin businesses contributed $30.7 million and $20.5 million, respectively, to this increase. The remaining increase reflects continued emphasis on building consumer demand through consumer-oriented marketing efforts, and is highlighted by 28%, 26% and 64% increases in advertising and promotional spending in the Consumer Lawns, Consumer Gardens and Consumer Growing Media businesses, respectively. As a percentage of sales, advertising and promotion expenses increased to 11% in fiscal 1999 from 9% in fiscal 1998.

Selling, general and administrative expenses were $281.2 million in fiscal 1999, an increase of $111.3 million over fiscal 1998 selling, general and administrative expenses of $169.9 million. The recently acquired Ortho and Rhone-Poulenc Jardin businesses contributed $30.2 million and $37.3 million, respectively, to this increase. The significant components of the remaining $43.8 million increase in selling, general and administrative expenses are: additional information systems expenses of $0.5 million for year 2000 remediation and $5.6 million for enterprise system implementation efforts; increased bad debt expenses of $4.6 million, primarily resulting from the bankruptcy of Hechinger; increased marketing, selling and administrative costs within the Consumer Lawns, Consumer Gardens, and Consumer Growing Media businesses of $8.7 million to support higher sales volumes; costs of $2.5 million associated with changes in distribution arrangements in France; costs to integrate the Ortho business of $8.4 million; increased research and development spending of $6.9 million, largely in support of the acquired Ortho business; and increased legal and environmental charges of $2.7 million, primarily for costs associated with the environmental matter at our Marysville site.

Amortization of goodwill and other intangibles increased to $25.4 million in fiscal 1999 compared to $12.9 million in fiscal 1998 due to additional intangibles resulting from the Ortho, Rhone-Poulenc Jardin and Asef acquisitions.

Restructuring and other charges in fiscal 1999 were $1.4 million, which represents severance costs associated with the change in distribution methods within the ProTurf(R) business of the Professional segment. In connection with this

restructuring, approximately 60 in-house sales associates were terminated in fiscal 1999. Approximately $1.1 million of severance payments have been made to these former associates during fiscal 1999; the remaining $0.3 million is expected to be paid in fiscal 2000. Restructuring and other charges in fiscal 1998 were $20.4 million, $15.4 million of which is identified separately within operating expenses, $2.9 million of which is included in cost of sales and $2.1 million of which is included in selling, general and administrative expenses. See "Fiscal 1998 Compared to Fiscal 1997" below for further discussion of these restructuring and other charges.

Other income/expense for fiscal 1999 was income of $3.6 million compared to $1.3 million of expense for fiscal 1998. Other income in fiscal 1999 represents royalties received under license agreements for the use of some of our trademarks. Other expenses in fiscal 1998 represent losses on the sale of fixed assets and foreign currency, partially offset by royalty income described above. Legal and environmental provisions of $5.4 million and $2.7 million for fiscal 1999 and 1998, respectively, have been reclassified from other income/expense to selling, general and administrative expenses.

Income from operations for fiscal 1999 was $196.1 million compared to $94.1 million for fiscal 1998, primarily due to operating income realized from the Ortho and Rhone-Poulenc Jardin businesses and significant improvements in the Consumer Lawns and Growing Media businesses, partially offset by increased selling, general and administrative and amortization expenses described above.

Interest expense for fiscal 1999 was $79.1 million, an increase of $46.9 million over fiscal 1998 interest expense of $32.2 million. The increase in interest expense was due to increased borrowings to fund the Ortho, Rhone-Poulenc Jardin and Asef acquisitions and higher working capital levels to support the growth of the businesses.

Income tax expense for fiscal 1999 was $47.9 million compared to $24.9 million in fiscal 1998. Our effective tax rate was 41.0% in fiscal 1999 compared to 40.3% in fiscal 1998. The increase in the effective tax rate was primarily due to a reduction in foreign dividends remitted which provided excess foreign tax credits in fiscal 1998.

As discussed below in "Liquidity and Capital Resources", in conjunction with the Ortho acquisition, in January 1999 we completed an offering of $330 million of 8 5/8% Senior Subordinated Notes due 2009. The net proceeds from this offering, together with borrowings under our bank facility, were used to fund the Ortho acquisition and repurchase our outstanding $100 million 9 7/8% Senior Subordinated Notes due August 2004. We recorded an extraordinary loss on the extinguishment of the 9 7/8% notes of $9.3 million, including a call premium of $7.2 million and the write-off of unamortized issuance costs and discounts of $2.1 million.

We reported net income of $63.2 million for fiscal 1999, or $2.08 per share on a diluted basis, compared to $36.3 million for fiscal 1998, or $1.20 per share on a diluted basis. Excluding the impact of the extraordinary loss discussed above, earnings per share for fiscal 1999 were $2.27 on a diluted basis. Excluding the impact of restructuring and other charges taken in fiscal 1998 as well as an extraordinary loss on early extinguishment of debt, earnings per share for fiscal 1998 were $1.62 on a diluted basis. The significant increase in diluted earnings per share reflects the tremendous revenue growth being experienced by many of our consumer businesses, the commission earned under the Roundup(R) marketing agreement and the accretion of the Ortho and Rhone-Poulenc Jardin businesses to earnings.

FISCAL 1998 COMPARED TO FISCAL 1997

Sales in fiscal 1998 were $1.1 billion, an increase of 23.8% over fiscal 1997 sales of $899.3 million. On a pro forma basis, assuming that the Levington and EarthGro

acquisitions had occurred on October 1, 1996, fiscal 1998 sales would have been $1.1 billion, an increase of $100.1 million, or 9.7%, over fiscal 1997 pro forma sales of $1.0 billion. The increase in these pro forma sales was driven primarily by significant increases in sales in the Consumer Lawns business group and the Professional segment as discussed below.

North American Consumer segment sales were $733.7 million in fiscal 1998, an increase of $114.5 million, or 18.5%, over fiscal 1997 sales of $619.2 million. Sales in the Consumer Lawns business group within this segment increased $59.5 million, or 19.2%, from fiscal 1997 to fiscal 1998, reflecting significant volume growth year to year in our Turf Builder(R) line of products driven by increased consumer-oriented marketing efforts. Sales in the Consumer Gardens and Consumer Growing Media business groups increased $6.0 million, or 4.7%, and $49.0 million, or 26.8%, respectively, from fiscal 1997 to fiscal 1998. The increase in the Consumer Growing Media business group was primarily the result of the EarthGro acquisition made earlier in fiscal 1998. The increase in sales for the Consumer Gardens business group was driven primarily by strong volume, particularly in the Osmocote(R) and Miracle-Gro(R) product lines, which we believe was due to increased advertising. Increases were also due to the introduction of certain new products. On a pro forma basis, including the EarthGro acquisition, sales in the Consumer Growing Media business group increased 4.4% from fiscal 1997 to fiscal 1998. More importantly, we made a strategic decision to emphasize sales of higher margin, value-added products and to deemphasize sales of lower margin landscape products. Selling price changes did not have a material impact in the North American Consumer segment in fiscal 1998.

Professional segment sales were $179.4 million in fiscal 1998, an increase of $13.9 million, or 8.4%, over fiscal 1997 sales of $165.5 million. This increase in sales was primarily reflected in the ProTurf(R) business and resulted from increased volumes as a result of emphasizing more technological support for customers and new product introductions.

International segment sales were $199.9 million in fiscal 1998, an increase of $85.3 million, or 74.4%, over fiscal 1997 sales of $114.6 million. After considering the Levington acquisition, on a pro forma basis, sales in the International segment increased 11.4% from fiscal 1997 to fiscal 1998, primarily in the European professional business.

Gross profit increased to $398.0 million in fiscal 1998, an increase of 22.2% over fiscal 1997 gross profit of $325.7 million. As a percentage of sales, gross profit was 35.7% of sales for fiscal 1998, compared to 36.2% of sales for fiscal 1997. Fiscal 1998 gross profit reflects a charge of $2.9 million, or 0.3% of fiscal 1998 sales, for restructuring and other charges as discussed below. Also impacting fiscal 1998 gross margins were start-up costs of $1.1 million associated with the upgrade of certain domestic manufacturing facilities, demolition costs of $1.4 million associated with the removal of certain old manufacturing facilities, unplanned production outsourcing costs of $2.7 million, the loss of a composting contract of $0.6 million and unfavorable inventory adjustments of $0.8 million. The aggregate impact of these items, approximately $8.0 million, was offset by favorable raw material pricing of approximately $8.0 million.

Advertising and promotion expenses in fiscal 1998 were $104.4 million, an increase of $20.5 million, or 24.4%, over fiscal 1997 advertising and promotion expenses of $83.9 million. On a pro forma basis, including the Levington and EarthGro acquisitions, advertising and promotion expenses increased 17.3% from fiscal 1997 to fiscal 1998. This increase reflects continued emphasis on building consumer demand through consumer-oriented marketing efforts, and is highlighted by 18.5% and 58.9% increases in advertising and promotion expenses in the Consumer Lawns business group and International segment (excluding the Levington acquisition), respectively. As a percentage of sales, advertising and promotion increased slightly to 9.4%, compared to 9.3% for the prior year.

Selling, general and administrative expenses in fiscal 1998 were $167.2 million, an increase of $36.7 million, or 28.1%, over selling, general and administrative expenses in fiscal 1997 of $130.5 million. As a percentage of sales, selling, general and administrative expenses were 15.0% for fiscal 1998, compared to 14.5% for fiscal

1997. On a pro forma basis, including the Levington and EarthGro acquisitions, selling, general and administration expenses increased 13.1% from fiscal 1997 to fiscal 1998. The increase in selling, general and administrative expenses was due to several factors: the assumption of selling, marketing, research and development and administrative functions related to acquired businesses; information systems expenses of $1.9 million for Year 2000 compliance and $1.2 million for the enterprise system implementation efforts, as well as an increase in information systems spending to support the new initiatives and additional businesses; a $2.1 million charge for costs to integrate the acquired Levington business as discussed below; and increased legal and environmental charges of $1.6 million, primarily for additions to the reserve for environmental matters.

Amortization of goodwill and other intangibles increased to $12.9 million in fiscal 1998, compared to $10.2 million in fiscal 1997, as a result of the Levington and EarthGro acquisitions during the year.

Restructuring and other charges in fiscal 1998 were $20.4 million, $15.4 million of which is identified separately within operating expenses, $2.9 million of which is included in cost of sales and $2.1 million of which is included in selling, general and administrative expenses. These charges were primarily associated with three restructuring activities: (1) the consolidation of our two U.K. operations into one lower-cost business; (2) the closure of nine composting operations in the U.S. that collect yard and compost waste for certain municipalities; and (3) the sale or closure of certain other U.S. plants or businesses.

The charge for consolidation of our U.K. operations was $6.0 million and consisted of:

- - - $0.9 million to write-off the remaining carrying value of certain property and equipment. In connection with the integration of the Miracle Garden Care and Levington businesses, management elected to move certain production lines from a Miracle Garden Care facility in Howden to a Levington facility in Bramford. As a result, certain production equipment at the Howden facility will no longer be utilized. In addition, certain computer hardware and software equipment previously used by the Miracle Garden Care business would no longer be utilized as a result of electing to use acquired information systems of the Levington business. We ceased utilization of the production and computer equipment in the fourth quarter of 1998. The assets written-off had nominal value and were scrapped or abandoned.

- - - $2.1 million to write-off packaging materials rendered obsolete as a result of new packaging design and to provide for costs incurred in 1998 to relaunch products under a single branding strategy. The charges associated with these actions were $0.8 million and $1.3 million, respectively.

- - - $1.4 million of severance costs associated with the termination of 25 employees made redundant by the integration of the two U.K. businesses. As of September 30, 1998, six employees had been terminated. The remaining employees were terminated in fiscal 1999. All severance costs accrued at September 30, 1998 have been paid (except for an adjustment of $0.3 million for over accrual).

- - - $0.6 million write-off of inventory rendered obsolete by the integration activities and $0.8 million costs incurred in fiscal 1998 for other integration-related costs.

The charge for closure of nine of our composting operations was $9.3 million and consisted of:

- - - $4.5 million for costs to be incurred under contractual commitments for which no future revenues will be realized. These costs are associated with the final processing of remaining compost materials, as required, through the end of the operating contract with the applicable municipality but after the time which revenue-producing activities cease. Six of the composting sites have operating contracts that ended in fiscal 1999 for which $2.9 million was accrued; the

operating contracts for the three remaining sites will expire in fiscal 2000 for which $1.6 million was accrued.

- - - $3.2 million to write-down to estimated fair value certain machinery and equipment in accordance with SFAS No. 121 for assets held for use. Depreciation continues to be recognized during the revenue-producing periods. Fixed assets at facilities that have ceased operations have been abandoned or scrapped.

- - - $1.1 million to write-off inventory which must be disposed of as a result of closing the various composting sites. Such inventory must be removed from the applicable sites and has only nominal value.

- - - $0.5 million for remaining lease obligations after revenue-producing activities cease on certain machinery and equipment at the sites.

The composting facilities being closed as part of these restructuring initiatives incurred losses of approximately $3.0 million and $2.0 million during fiscal 1998 and fiscal 1997, respectively, which were included in our consolidated results of operations for those years.

The charge for sale or closure of certain other U.S. plants or businesses was $5.1 million and consisted of:

- - - $4.5 million to write-down to estimated net realizable value the assets associated with our AgrEvo pesticides business acquired in fiscal 1998. We elected to divest these assets in order to avoid potential trade conflicts associated with our purchase of the Ortho business and the signing of the marketing agreement for consumer Roundup(R) products. The AgrEvo business incurred an operating loss of $0.8 million in 1998 and $0.5 million in 1999 before being sold in February 1999.

- - - $0.6 million to write-off and close a single growing media production facility that was deemed to be redundant after the purchase of the EarthGro business in February 1998. The closure of the facility was completed in September 1998.

Other expenses for fiscal 1998 were $4.0 million, compared to $6.3 million in fiscal 1997. The decrease was primarily due to a reduction in charges provided for the disposal of assets and an increase in royalty income from licensing arrangements for some of our brand names, partially offset by increased foreign currency losses and legal and environmental provisions.

During fiscal 1997, we recorded charges of $6.0 million to write-down certain long-lived assets to their estimated fair value. The components of these charges were as follows:

- - - A charge of $2.2 million to write-down the carrying value of our peat harvesting facility in Lafayette, New Jersey. Operations at this facility were discontinued at the order of the Philadelphia District of the U.S. Army Corps of Engineers in July 1990. While proceedings with the government are on-going, we do not expect to resume operations at this site. The charge reduced the carrying amount for this facility to its estimated fair value based on appraisal.

- - - A charge of $1.6 million to write-off the carrying value of certain paper packaging equipment that was rendered obsolete by management's decision to convert to plastic packaging. The equipment was considered to have only nominal value and has subsequently been abandoned or scrapped.

- - - A charge of $0.9 million to write-down the carrying value of our water-soluble fertilizer plant in Allentown, Pennsylvania. In fiscal 1997, management determined that the production capacity at this plant was unnecessary after completing the merger with Miracle-Gro in fiscal 1995. The Allentown facility was sold in July 1997.

- - - A charge of $0.7 million to write-off certain spreader molding equipment that was considered obsolete. In fiscal 1997, management elected to upgrade the production line at its spreader manufacturing facility in Carlsbad, California. In connection with this change, certain production equipment was unusable and was scrapped.

- - - A charge of $0.6 million to write-off software costs that had been deferred under an enterprise-wide applications systems implementation project. In fiscal 1997, management elected to change the software platform that would be used for this project. Costs that had been deferred while configuring and installing the previous software were determined to have no future benefit and were written-off.

Income from operations for fiscal 1998 was $94.1 million, compared to $94.8 million for fiscal 1997. Excluding the restructuring and other charges of $20.4 million discussed above, income from operations in fiscal 1998 was $114.5 million, or 10.3% of sales, which was just slightly below income from operations as a percentage of sales for fiscal 1997 of 10.5%.

Interest expense for fiscal 1998 was $32.2 million, an increase of 27.8% over fiscal 1997 interest expense of $25.2 million. The increase in interest expense was due to increased borrowings to fund the Levington, EarthGro and Miracle Garden acquisitions, partially offset by lower average debt levels excluding the acquisition borrowings.

Income tax expense was $24.9 million for fiscal 1998, a 17.3% decrease from income tax expense for fiscal 1997. Our effective tax rate decreased to 40.3% in fiscal 1998 from 43.2% in fiscal 1997 as a result of favorable tax planning strategies.

In February 1998, we secured a new revolving credit facility to replace our then existing credit facility. Write-off of deferred financing costs associated with the then existing credit facility resulted in an extraordinary loss, net of income taxes, on the early extinguishment of debt of $0.7 million.

We reported net income of $36.3 million for fiscal 1998, or $1.20 per common share on a diluted basis, compared to net income of $39.5 million for fiscal 1997, or $1.35 per common share on a diluted basis. Excluding the impact of the restructuring and other charges and extraordinary loss discussed above, we earned net income of $1.62 per share on a diluted basis, a 20% increase over fiscal 1997. This increase reflects the impact of strong sales volumes during fiscal 1998 as discussed above.

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operating activities was $78.2 million, $71.0 million and $121.1 million in fiscal 1999, 1998 and 1997, respectively. The decrease in cash provided from operations for fiscal 1999 and fiscal 1998 compared to fiscal 1997 was primarily due to increased working capital levels in fiscal 1999 and fiscal 1998 to support increased sales revenues. The fiscal 1997 improvement compared to fiscal 1996 was driven by higher earnings and improved working capital management. The seasonal nature of our sales results in a significant increase in working capital (primarily accounts receivable and inventory) during the first half of the fiscal year, with the third quarter being a significant cash collection period.

Cash used in investing activities was $571.6 million, $192.1 million and $72.5 million in fiscal 1999, 1998 and 1997, respectively. The increase in cash used in investing activities in fiscal 1999 and fiscal 1998 was due to the cost of businesses acquired during those years and increases in capital expenditures to install our new enterprise-wide applications information system (see discussion below) and to upgrade some of our manufacturing facilities to more technologically advanced production capabilities. Our new credit facilities restrict annual capital investments to $70.0 million.

Financing activities generated cash of $513.9 million and $118.4 million in fiscal 1999 and 1998, respectively, and used cash of $46.2 million in fiscal 1997. Cash generated in fiscal 1999 was generally used to fund our acquisitions during fiscal 1999, to repay our then existing credit facility and Senior Subordinated Notes, and to fund increased working capital levels. Cash generated in fiscal 1998 was generally provided by our credit facilities in order to provide funds for the acquisitions during the year. The lower level of debt repayment in fiscal 1997 reflects the usage of higher operating cash flows to support the additional investment in Miracle Garden and higher net capital investments.

Total debt as of September 30, 1999 was $950.0 million compared to $372.5 million at September 30, 1998. The increase in debt year to year was primarily due to borrowings to fund the Ortho, Rhone-Poulenc Jardin and Asef acquisitions and higher working capital levels to support the growth of the business.

Shareholders' equity as of September 30, 1999 was $443.3 million, a $39.4 million increase compared to September 30, 1998. This increase was primarily attributable to net income of $63.2 million, offset by convertible preferred stock dividends of $9.7 million and net treasury stock purchases of $10.0 million.

The primary sources of our liquidity are funds generated by operations and borrowings under our credit facilities. On December 4, 1998, we and most of our subsidiaries entered into new credit facilities which provide for borrowings in the aggregate principal amount of $1.025 billion and consist of term loan facilities in the aggregate amount of $525 million and a revolving credit facility in the amount of $500 million.

We funded the Rhone-Poulenc Jardin and Asef acquisitions with borrowings under the new credit facilities. Proceeds from the private debt offering of the 8 5/8% Senior Subordinated Notes and borrowings under the new credit facilities were used to fund the Ortho acquisition and to repurchase our then outstanding 9 7/8% Senior Subordinated Notes.

Capital expenditures were $66.7 million in fiscal 1999. We estimate that capital expenditures will approximate $70 million in fiscal 2000 and 2001 and $60 million to $70 million for each of the next several years. Included in these estimates are amounts to be spent on our information systems initiative in fiscal 2000 and fiscal 2001.

In July 1998, our Board of Directors of authorized the repurchase of up to $100 million of our common shares on the open market or in privately negotiated transactions on or prior to September 30, 2001. As of September 30, 1999, 494,195 common shares, or $16.7 million, have been repurchased under the new repurchase program limit. The timing and amount of any purchases under the new repurchase program will be at our discretion and will depend upon market conditions and our operating performance and liquidity. Any repurchase will also be subject to the covenants contained in our new credit facilities as well as our other debt instruments. The repurchased shares will be held in treasury and will thereafter be used for the exercise of employee stock options and for other valid corporate purposes. We anticipate that all repurchases will be made in the open market or in privately negotiated transactions, and that Hagedorn Partnership, L.P. will sell its pro rata share (41%) of such repurchased shares in the open market.

Gains and losses on foreign currency transaction hedges are recognized in income and offset the foreign exchange gains and losses on the underlying transactions. Gains and losses on foreign currency firm commitment hedges are deferred and included in the basis of the transactions underlying the commitments.

In our opinion, cash flows from operations and capital resources will be sufficient to meet debt service and working capital needs during fiscal 2000 and thereafter for the foreseeable future. However, we cannot ensure that our business groups will generate sufficient cash flow from operations, that currently anticipated cost savings and operating improvements will be realized on schedule or at all, or that future borrowings will be available under the new credit facilities in amounts sufficient to pay indebtedness or fund other liquidity needs. Actual results of operations will depend on numerous factors, many of which are beyond our control. We cannot ensure that we will be able to refinance any indebtedness, including the new credit facilities, on commercially reasonable terms, or at all.

ENVIRONMENTAL MATTERS

We are subject to local, state, federal and foreign environmental protection laws and regulations with respect to our business operations and believe we are operating in substantial compliance with, or taking action aimed at ensuring compliance with, such laws and regulations. We are involved in several 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 our financial position; however, there can be no assurance that the resolution of these matters will not materially affect our future quarterly or annual operating results. Additional information on environmental matters affecting us is provided in Note 15 to our Consolidated Financial Statements and in this Annual Report on Form 10-K under "ITEM 1. BUSINESS--Environmental and Regulatory Considerations" and "ITEM 3. LEGAL PROCEEDINGS."

YEAR 2000 READINESS

GENERAL

We may be impacted by the inability of our computer software applications and other business systems (e.g., embedded microchips) to properly identify the Year 2000 due to a commonly used programming convention of using only two digits to identify a year. Unless modified or replaced, these systems could fail or create erroneous results when referencing the Year 2000.

Management has assessed the extent and impact of this issue and has implemented a readiness program to mitigate the possibility of business interruption or other risks. The readiness program includes all of our operations. Management believes that all significant business systems are compliant. Progress is being made on a limited number of open items, primarily relating to contingency planning, that will be completed before year-end.

We have established a Year 2000 Program Office to oversee the readiness program. The Program Office functions include regular communication with Year 2000 project managers and site visits to our various businesses to monitor remediation efforts and verify progress toward stated compliance goals. The Program Office reports to senior management, who in turn reports regularly to Scotts' Board of Directors regarding our progress toward Year 2000 readiness.

INFORMATION TECHNOLOGY SYSTEMS

Currently, computer operations at our Marysville, Ohio North American headquarters support all U.S. business groups with the exception of the Republic Tool (spreaders) manufacturing operations. Our foreign operations generally do not electronically interface with the U.S. headquarters.

The North American headquarters mainframe operations consist primarily of internally developed systems that have been remediated. Other domestic and international operations utilize commercial packaged software which has been upgraded or replaced. Remediation of North American headquarters mainframe applications, which was our most complex and costly effort, was completed in April 1999.

Personal computers are being made Year 2000 compliant by systematic upgrade through lease renewals and as part of the implementation of a company-wide enterprise resource planning project. Many other hardware/software upgrades have been executed under ongoing maintenance and support agreements with vendors. Testing of upgrades is being performed internally.

In support of our long-range strategic plans, an enterprise-wide application systems project is under way to link all business groups. This enterprise-wide system is being implemented in stages starting in July 1999. The primary software provider for the enterprise-wide system has represented that its software is Year 2000 compliant. Our Year 2000 compliance efforts are concentrated on the currently existing systems to ensure there is adequate information systems support until implementation of the enterprise-wide system is completed.

NON-INFORMATION TECHNOLOGY SYSTEMS

Non-information technology systems, consisting mainly of equipment and machinery operating and control systems, telecommunication systems, building air management systems, security and fire control systems, electrical and natural gas systems, have been assessed by each business group with advice from the suppliers of these systems/services. Upgrades or replacements have been made as necessary.

THIRD PARTY SUPPLIERS
We rely on third party suppliers for finished goods, raw materials, water, other utilities, transportation and a variety of other key services. Interruption of supplier operation due to Year 2000 issues could affect our operations. We continue to evaluate the status of suppliers' efforts through confirmation and follow-up procedures, including selected site assessments, to determine contingency planning where necessary.

STATE OF READINESS

Each business group has completed an internal inventory and assessment to identify information technology and non-information technology systems that are susceptible to system failure or processing errors as a result of Year 2000 issues.

The headquarters mainframe remediation project is complete, including testing. The upgrade or replacement and testing of information technology systems at other North American operations is substantially complete. Non-information technology efforts were performed concurrently and replacement and testing are substantially complete. Site visits have been conducted by the Program Office to verify year-to-date progress against plans.

Year 2000 readiness plans are being executed within the International segment. Upgrades of packaged software for the primary systems are complete. Site visits have been conducted by the Program Office to verify year-to-date progress against plans.

A confirmation process with respect to third party suppliers continues. Additionally, site visits were conducted with critical suppliers as necessary, to determine whether alternative sources are needed.

COSTS

We have been tracking incremental Year 2000 costs which exclude the costs of internally dedicated resources. The current estimate of incremental costs for the Year 2000 efforts (excluding those related to the enterprise-wide resource planning project) is approximately $5.7 million. Of this amount, $4.8 million has been incurred through September 30, 1999. These costs, with the exception of relatively small capital expenditures, are being expensed as incurred and are being funded through operating cash flows or from borrowings under our credit facility. A summary of the cost components follows ($ in millions):

LOCATION	FISCAL 1999 (ACTUAL)	FISCAL 2000 (ESTIMATE)	TOTAL
Headquarters mainframe	$3.0	$0.0	$3.0
Other U. S. operations	0.8	0.5	1.3
International operations	1.0	0.4	1.4
Total	$4.8	$0.9	$5.7

RISKS

Our principal business risks relating to completion of Year 2000 efforts are:

- Reliance on key business partners to not have disruption in their ability to provide goods and services as a result of Year 2000 issues.

- Unforeseen issues arising in connection with recent and future acquisitions/business partnerships.

- Forecasting unreliability due to customers' departures from expected buying patterns.

- The ability to continue to focus on Year 2000 issues by internal and external resources.

Because our Year 2000 readiness is dependent upon key business partners also being Year 2000 ready, there can be no guarantee that our efforts will prevent a material adverse impact on our results of operations, financial condition and cash flows. The possible consequences to us of our key business partners' inability to provide goods and services as a result of Year 2000 issue include temporary plant closings; delays in delivery of finished products; delays in receipt of key raw materials, containers and packaging supplies; invoice and collection errors; and inventory and supply obsolescence. We believe that our readiness efforts with critical partners, which include confirmation, site visits and contingency planning, should reduce the likelihood of such disruptions.

We cannot identify all possible worst-case scenarios; however, the most reasonable worst-case scenario would be the failure of utilities and/or transportation systems that are critical to our operations and that could not quickly be replaced by other suppliers or through internal resources. In these situations, operations at the affected facility or facilities would be interrupted with adverse effects on our financial results. We are developing contingency plans; however, these plans do not contemplate extended disruptions by third-party suppliers of products or services to Scotts.

CONTINGENCY PLANS

A formal contingency planning process continues. We will continue to assess where alternative courses of action are needed as the information technology and non-information technology readiness plans are executed. Plans are in place to alleviate internal issues and minimize customer impact of the most likely and critical potential risks. Due to the nature of contingency planning, assessment and planning efforts will continue through the end of 1999.

ONGOING PROCESS

Our readiness program is an ongoing process and the estimates of costs and completion dates for various components of the program described above are subject to change.

ENTERPRISE RESOURCE PLANNING

In July 1998, we announced a project designed to bring our information system resources in line with our current strategic objectives. The project will include the redesign of many key business processes in connection with the installation of new software on a world-wide basis over the course of the next several fiscal years. We anticipate that the North American businesses will be operating under the new information systems by the end of fiscal 2000. Our international businesses should be operational within the next two years thereafter. We estimate that the project will cost $53.2 million, approximately 75% of which will be capitalized over a period of four to eight years. SAP has been selected as the primary software provider for this project.

EURO

A new currency called the "euro" has been introduced in certain Economic and Monetary Union countries. During 2002, all EMU countries are expected to be operating with the euro as their single currency. Uncertainty exists as to the effects the euro currency will have on the marketplace. We are still assessing the impact the EMU formation and euro implementation will have on our internal systems and the sale of our products. We expect to take appropriate actions based on the results of this assessment. We have not yet determined the cost related to addressing this issue and there can be no assurance that this issue and its related costs will not have a materially adverse effect on our business, operating results and financial condition.

MANAGEMENT'S OUTLOOK

Fiscal 1999 was a very significant year for Scotts, as we reported record sales of $1.65 billion, achieved market share growth in every one of our major U. S. categories, and established a number one market share position in most of the significant lawn and garden categories across the world. The strategic acquisitions during fiscal 1999, most notably the Ortho and Rhone-Poulenc Jardin businesses, were critical in providing us with dominant market positions in the pesticides category as well as continental European lawn and garden markets. The year's performance reflected the successful continuation of our primary growth drivers: to emphasize consumer-oriented marketing efforts to pull demand through its distribution channels, and to make strategic acquisitions to increase market share in global markets and within segments of the lawn and garden category.

Looking forward to fiscal 2000, the timing of the Ortho acquisition in fiscal 1999 must be considered. Because the Ortho business was acquired in January 1999, fiscal 1999 earnings did not reflect the loss that is traditionally incurred by the Ortho business during the October through December period, as well as the amortization of goodwill and interest charges associated with the acquisition. Management estimates that this one-time benefit was approximately 28 cents per share, which, when subtracted from fiscal 1999 reported earnings per share, more accurately reflects Scotts' current year performance.

Looking forward, we maintain the following broad tenets to our strategic plan:

(1) Promote and capitalize on the strengths of the Scotts(R), Miracle-Gro(R), Hyponex(R) and Ortho(R) industry-leading brands, as well as our portfolio of powerful brands in our international markets. This involves a commitment to investors and retail partners that we will support these brands through advertising and promotion unequaled in the lawn and garden consumables market. In the Professional categories, it signifies a commitment to customers to provide value as an integral element in their long-term success;

(2) Commit to continuously study and improve knowledge of the market, the consumer and the competition;

(3) Simplify product lines and business processes, to focus on those that deliver value, evaluate marginal ones and eliminate those that lack future prospects; and

(4) Achieve world leadership in operations, leveraging technology and know-how to deliver outstanding customer service and quality.

As part of our ongoing strategic plans, management has established challenging, but realistic, financial goals, including:

(1) Sales growth of 6% to 8% in core businesses;

(2) An aggregate operating margin improvement of at least 2% over the next four years; and

(3) Minimum compounded annual earnings per share growth of 15% to 20%.

FORWARD-LOOKING STATEMENTS

We have has made and will make "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 in our Annual Report, Form 10-K and in other contexts relating to future growth and profitability targets and strategies designed to increase total shareholder value. Forward-looking statements also include, but are not limited to, information regarding our future economic and financial condition, the plans and objectives of our management and our assumptions regarding our performance and these plans and objectives.

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

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

- ADVERSE WEATHER CONDITIONS COULD ADVERSELY IMPACT FINANCIAL RESULTS.

  Weather conditions in North America and Europe have a significant impact on the timing of sales in the spring selling season and overall annual sales. Periods of wet weather can slow fertilizer sales, while periods of dry, hot weather can decrease

pesticide sales. In addition, an abnormally cold spring throughout North America and/or Europe could adversely affect both fertilizer and pesticides sales and therefore our financial results.

- OUR HISTORICAL SEASONALITY COULD IMPAIR OUR ABILITY TO MAKE INTEREST PAYMENTS ON INDEBTEDNESS.

  Because our products are used primarily in the spring and summer, our business is highly seasonal. For the past two fiscal years, approximately 70% to 75% of our sales have occurred in the second and third fiscal quarters combined. Our working capital needs and our borrowings peak near the end of our first fiscal quarter because we are generating fewer revenues while incurring expenditures in preparation for the spring selling season. If cash on hand is insufficient to cover interest payments due on our indebtedness at a time when we are unable to draw on our credit facilities, this seasonality could adversely affect our ability to make interest payments as required by our indebtedness. Adverse weather conditions could heighten this risk.

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

  We manufacture and market a number of complex chemical products, such as fertilizers, herbicides and pesticides, bearing one of our brands. On occasion, customers allege that some of these products fail to perform up to expectations or cause damage or injury to individuals or property. Public perception that our products are not safe, whether justified or not, could impair our reputation, damage our brand names and materially adversely affect our business.

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

  Our substantial indebtedness could:

  - make it more difficult for us to satisfy our obligations;

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

  - limit our ability to fund future working capital, capital expenditures, research and development costs and other general corporate requirements;

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

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

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

  - limit our ability to borrow additional funds.

  If we fail to comply with any of the financial or other restrictive covenants of our indebtedness, our indebtedness could become due and payable in full prior to its stated due date. We cannot be sure that our lenders would waive a default or that we could pay the indebtedness in full if it were accelerated.

- TO SERVICE OUR INDEBTEDNESS, WE WILL REQUIRE A SIGNIFICANT AMOUNT OF CASH, WHICH WE MAY NOT BE ABLE TO GENERATE.

  Our ability to make payments on and to refinance our indebtedness and to fund planned capital expenditures and research and development efforts will depend on our ability to generate cash in the future. This, to some extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We cannot assure that our business will generate sufficient cash flow from operations or that currently anticipated cost savings and operating improvements will be realized on schedule or at all. We also cannot assure that future borrowings will be available to us under our credit facility in amounts sufficient to enable us to pay our indebtedness or to fund other liquidity needs. We may need to refinance all or a portion of our indebtedness, on or before maturity. We cannot assure that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all.

- WE MIGHT NOT BE ABLE TO INTEGRATE OUR RECENT ACQUISITIONS INTO OUR BUSINESS OPERATIONS SUCCESSFULLY.

  We have made several substantial acquisitions in the past four years. The acquisition of the Ortho business represents the largest acquisition we have ever made. The success of any completed acquisition depends, and the success of the Ortho acquisition will depend, on our ability to effectively integrate the acquired business. We believe that our recent acquisitions provide us with significant cost saving opportunities. However, if we are not able to successfully integrate Ortho, Rhone-Poulenc Jardin or our other acquired businesses, we will not be able to maximize such cost saving opportunities. Rather, the failure to integrate these acquired businesses, because of difficulties in the assimilation of operations and products, the diversion of management's attention from other business concerns, the loss of key employees or other factors, could materially adversely affect our financial results.

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

  Our top 10 North American retail customers together accounted for approximately 52% of our fiscal 1999 sales and 41% of our outstanding accounts receivable as of September 30, 1999. Our top three customers, Home Depot, Wal*Mart and Kmart represented approximately 17%, 12% and 9% of our fiscal 1999 sales. These customers hold significant positions in the retail lawn and garden market. The loss of, or reduction in orders from, Home Depot, Wal*Mart, Kmart or any other significant customer could have a material adverse effect on our business and our financial results, as could customer disputes regarding shipments, fees, merchandise condition or related matters. Our inability to collect accounts receivable from any of these customers could also have a material adverse affect.

- IF MONSANTO WERE TO TERMINATE THE MARKETING AGREEMENT FOR CONSUMER ROUNDUP(R) PRODUCTS, WE WOULD LOSE A SUBSTANTIAL SOURCE OF FUTURE EARNINGS.

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

  - Over a cumulative three year fiscal year period; or

  - By more than 5% for each of two consecutive fiscal years. Monsanto may not terminate the marketing agreement, however, if we can demonstrate that the sales decline was caused by a severe decline of general economic conditions or a severe decline in the lawn and garden market in the region rather than by our failure to perform our duties under the agreement.

- THE EXPIRATION OF PATENTS RELATING TO ROUNDUP(R) AND THE SCOTTS TURF BUILDER(R) LINE OF PRODUCTS COULD SUBSTANTIALLY INCREASE OUR COMPETITION IN THE UNITED STATES.

  Glyphosate, the active ingredient in Roundup(R), is covered by a patent in the United States that expires in September 2000. Sales in the United States may decline as a result of increased competition after the U.S. patent expires. Any decline in sales would adversely affect our net commission under the marketing agreement for consumer Roundup(R) products and, therefore, our financial results. A sales decline could also trigger Monsanto's regional termination right under the marketing agreement.

  Our methylene-urea product composition patent, which covers Scotts Turf Builder(R), Scotts Turf Builder(R) with Plus 2(TM) with Weed Control and Scotts Turf Builder(R) with Halts(R) Crabgrass Preventer, is due to expire in July 2001 and could also result in increased competition. Any decline in sales of Turf Builder(R) products after the expiration of the methylene-urea product composition patent could adversely affect our financial results.

- THE INTERESTS OF THE FORMER MIRACLE-GRO SHAREHOLDERS COULD CONFLICT WITH THOSE OF OUR OTHER SHAREHOLDERS.

  The former shareholders of Stern's Miracle-Gro Products, Inc., through Hagedorn Partnership, L.P., beneficially own approximately 42% of the outstanding common shares of Scotts on a fully diluted basis. The former Miracle-Gro shareholders have sufficient voting power to significantly control the election of directors and the approval of other actions requiring the approval of our shareholders. The interests of the former Miracle-Gro shareholders could conflict with those of our other shareholders.

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

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

  The Food Quality Protection Act, enacted by the U.S. Congress in August 1996, establishes a standard for food-use pesticides, which is that a reasonable certainty of no harm will result from the cumulative effect of pesticide exposures. Under this Act, the U.S. Environmental Protection Agency is evaluating the cumulative risks from dietary and non-dietary exposures to pesticides. The pesticides in our products, which are also used on foods, will be evaluated by the U.S. Environmental Protection Agency as part of this non-dietary exposure risk assessment. It is possible that the U.S. Environmental Protection Agency may decide that a pesticide we use in our products, would be limited or made unavailable. We cannot predict the outcome or the severity of the effect of the U.S. Environmental Protection Agency's evaluation. We believe that we should be able to obtain substitute ingredients if selected pesticides are limited or made unavailable, but there can be no assurance that we will be able to do so for all products.

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

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

1990, we have been involved in litigation with the Philadelphia District of the U.S. Army Corps of Engineers involving our peat harvesting operations at Hyponex's Lafayette, New Jersey facility. The Corps of Engineers is seeking a permanent

injunction against harvesting and civil penalties in an unspecified amount.

In addition to the regulations already described, local, state, federal, and foreign agencies regulate the disposal, handling and storage of waste, air and water discharges from our facilities. In June 1997, the Ohio Environmental Protection Agency gave us formal notice of an enforcement action concerning our old, decommissioned wastewater treatment plants that had once operated at our Marysville facility. The Ohio EPA action alleges surface water violations relating to possible historical sediment contamination, inadequate treatment capabilities at our existing and currently permitted wastewater treatment plants and the need for corrective action under the Resource Conservation Recovery Act. We are continuing to meet with the Ohio EPA and the Ohio Attorney General's office to negotiate an amicable resolution of these issues. We are currently unable to predict the ultimate outcome of this matter.

During fiscal 1999, we made approximately $1.1 million in environmental capital expenditures and $5.9 million in other environmental expenses, compared with approximately $0.7 million in environmental capital expenditures and $3.1 million in other environmental expenses in fiscal 1998. Management anticipates that environmental capital expenditures and other environmental expenses for fiscal 2000 will not differ significantly from those incurred in fiscal 1999. If we are required to significantly increase our actual environmental capital expenditures and other environmental expenses, it could adversely affect our financial results.

- OUR FAILURE, OR THE FAILURE OF OUR SUPPLIERS OR CUSTOMERS, TO ADDRESS INFORMATION TECHNOLOGY ISSUES RELATED TO THE YEAR 2000 COULD ADVERSELY AFFECT OUR OPERATIONS.

  Like other business entities, we must address the inability of our computer software applications and other business systems to properly identify the year 2000 due to a commonly used programming convention of using only two digits to identify a year. Unless modified or replaced, these systems could fail or create erroneous results when referencing the year 2000.

  We rely on third party suppliers for finished goods, raw materials, water, other utilities, transportation and a variety of other key services. If one or more of our suppliers fail to address the year 2000 problem adequately, their operations could be interrupted. This interruption, in turn, could adversely affect our operations. In addition, the failure of our retailer customers adequately to address the year 2000 problem could adversely affect our financial results.

- THE IMPLEMENTATION OF THE EURO CURRENCY IN SOME EUROPEAN COUNTRIES BETWEEN 1999 AND 2002 COULD ADVERSELY AFFECT US.

  In January 1999, the "euro" was introduced in some Economic and Monetary Union countries and by 2002, all EMU countries are expected to be operating with the euro as their single currency. Uncertainty exists as to the effects the euro currency will have on the marketplace. Additionally, the European Commission has not yet defined and finalized all of the rules and regulations with regard to the euro currency. We are still assessing the impact the EMU formation and euro implementation will have on our internal systems and the sale of our products. We expect to take appropriate actions based on the results of our assessment. However, we have not yet determined the cost related to addressing this issue and there can be no assurance that this issue and its related costs will not have a materially adverse effect on us or our operating results and financial condition.

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

  We currently operate manufacturing, sales and service facilities outside of North America, particularly in the United Kingdom, Germany and France.

Our international operations have increased with the acquisitions of Levington, Miracle Garden, Ortho and Rhone-Poulenc Jardin and with the marketing agreement for consumer Roundup(R) products. In fiscal 1999, international sales accounted for approximately 24% of our total sales. Accordingly, we are subject to risks associated with operations in foreign countries, including:

- fluctuations in currency exchange rates;

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

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

- additional costs of compliance with local regulations; and

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

The costs related to our international operations could adversely affect our operations and financial results in the future.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As part of our ongoing business, we are exposed to certain market risks, including fluctuations in interest rates, foreign currency exchange rates and commodity prices. We use derivative financial and other instruments, where appropriate, to manage these risks. We do not enter into transactions designed to mitigate our market risks for trading or speculative purposes.

INTEREST RATE RISK

We have various debt instruments outstanding at September 30, 1999 that are impacted by changes in interest rates. As a means of managing our interest rate risk on these debt instruments, we have entered into the following interest rate swap agreements to effectively convert certain variable rate debt obligations to fixed rates:

- A 20 million British Pounds Sterling notional amount swap to convert variable-rate debt obligations denominated in British Pounds Sterling to a fixed rate. The exchange rate used to convert British Pounds Sterling to U.S. dollars at September 30, 1999 was $1.65: 1 Pound Sterling.

- Four interest rate swaps with a total notional amount of $105.0 million which are used to hedge certain variable-rate obligations under our credit facility. The credit facility requires that we enter into hedge agreements to the extent necessary to provide that at least 50% of the aggregate principal amount of the 8 5/8% Senior Subordinated Notes due 2009 and term loan facilities is subject to a fixed rate.

The following table summarizes information about our derivative financial instruments and debt instruments that are sensitive to changes in interest rates as of September 30, 1999. For debt instruments, the table presents principal cash flows and related weighted-average interest rates by expected maturity dates. For interest rate swaps, the table presents expected cash flows based on notional amounts and weighted-average interest rates by contractual maturity dates. Weighted-average variable rates are based on implied forward rates in the yield curve at September 30, 1999. The information is presented in U.S. dollars (in millions):

	EXPECTED MATURITY DATE							
	2000	2001	2002	2003	2004	THEREAFTER	TOTAL	FAIR VALUE
Long-term debt:								
Fixed rate debt						$330.0	$330.0	$316.0
Average rate						8.625%	8.625%	
Variable rate debt	$ 26.2	$ 33.3	$ 44.3	$ 48.4	$48.4	$372.7	$573.3	$573.3
Average rate	6.77%	6.74%	6.71%	6.70%	6.70%	8.28%	7.73%	
Interest rate derivatives:								
Interest rate swap								
on GBP LIBOR	$ (0.4)	$ (0.1)	$ (0.1)				$ (0.6)	$ (0.5)
Average rate	7.62%	7.62%	7.62%				7.62%	
Interest rate swaps								
on USD LIBOR	$ 0.9	$ 1.4	$ 1.1	$ 0.6	$ 0.2		$ 4.2	$ 3.3
Average rate	5.10%	5.10%	5.11%	5.16%	5.18%		5.11%	

OTHER MARKET RISKS

Our market risk associated with foreign currency rates is not considered to be material. Through fiscal 1999, we had only minor amounts of transactions that were denominated in foreign currencies. We are subject to market risk from fluctuating market prices of certain raw materials, including urea and other chemicals and paper and plastic products. Our objectives surrounding the procurement of these materials are to ensure continuous supply and to minimize costs. We seek to achieve these objectives through negotiation of contracts with favorable terms directly with vendors. We do not enter into forward contracts or other market instruments as a means of achieving our objectives or minimizing our risk exposures on these materials.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and other information required by this Item are contained in the financial statements, footnotes thereto and schedules listed in the Index to Consolidated Financial Statements and Financial Statement Schedules on page 68 herein.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

In accordance with General Instruction G(3), the information contained under the captions "BENEFICIAL OWNERSHIP OF SECURITIES OF THE COMPANY --Section 16(a) Beneficial Ownership Reporting Compliance" and "PROPOSAL NO. 1 - ELECTION OF DIRECTORS" in Scotts' definitive Proxy Statement for the 2000 Annual Meeting of Shareholders to be held on February 15, 2000 to be filed with the Securities and Exchange Commission pursuant to Regulation 14A promulgated under the Securities Exchange Act of 1934 (the "Proxy Statement"), is incorporated herein by reference. The information regarding executive officers required by Item 401 of Regulation S-K is included in Part I hereof under the caption "Executive Officers of Registrant."

ITEM 11. EXECUTIVE COMPENSATION

In accordance with General Instruction G(3), the information contained under the captions "EXECUTIVE COMPENSATION" and "ELECTION OF DIRECTORS--Compensation of Directors" in Scotts' Proxy Statement, is incorporated herein by reference. Neither the report of the Compensation and Organization Committee of the Registrant's Board of Directors on executive compensation nor the performance graph included in Scotts' Proxy Statement shall be deemed to be incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

In accordance with General Instruction G(3), the information contained under the caption "BENEFICIAL OWNERSHIP OF SECURITIES OF THE COMPANY" in Scotts' Proxy Statement, is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In accordance with General Instruction G(3), the information contained under the captions "BENEFICIAL OWNERSHIP OF SECURITIES OF THE COMPANY" and "CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS" in Scotts' Proxy Statement, is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) DOCUMENTS FILED AS PART OF THIS REPORT

1 and 2. Financial Statements and Financial Statement Schedules:

The response to this portion of Item 14 is submitted as a separate section of this Annual Report on Form 10-K. Reference is made to "Index to Consolidated Financial Statements and Financial Statement Schedules" on page 68 herein.

3. Exhibits:

Exhibits filed with this Annual Report on Form 10-K are attached hereto. For a list of such exhibits, see "Index to Exhibits" beginning at page E-1. The following table provides certain information concerning executive compensation plans and arrangements required to be filed as exhibits to this Annual Report on Form 10-K.

EXECUTIVE COMPENSATORY PLANS AND ARRANGEMENTS

EXHIBIT NO.	DESCRIPTION	LOCATION
10(a)	The O.M. Scott & Sons Company Excess Benefit Plan, effective October 1, 1993	Incorporated herein by reference to the Annual Report on Form 10-K for the fiscal year ended September 30, 1993, of The Scotts Company, a Delaware corporation ("Scotts Delaware") (File No. 0-19768) [Exhibit 10(h)]
10(b)	The Scotts Company 1992 Long Term Incentive Plan	Incorporated herein by reference to Scotts Delaware's Registration Statement on Form S-8 filed on March 26, 1993 (Registration No. 33-60056) [Exhibit 4(f)]
10(c)	The Scotts Company 1999 Executive and Management Incentive Plan	*
10(d)	The Scotts Company 1996 Stock Option Plan (as amended through December 8, 1999)	*
10(e)	The Scotts Company Executive Retirement Plan	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1998 (File No. 1-11593) [Exhibit 10(j)]

EXHIBIT NO.	DESCRIPTION	LOCATION
10(f)	Employment Agreement, dated as of May 19, 1995, between the Registrant and James Hagedorn	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1995 (File No. 1-11593) [Exhibit 10(p)]
10(g)	Consulting Agreement, dated July 9, 1997, among Scotts Miracle-Gro Products, Inc., the Registrant and Horace Hagedorn	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1997 (File No. 1-11593) [Exhibit 10(1)]
10(h)	Employment Agreement, dated as of May 19, 1995, among Stern's Miracle-Gro Products, Inc. (nka Scotts Miracle-Gro Products, Inc.), the Registrant and John Kenlon	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1996 (File No. 1-11593) [Exhibit 10(k)]
10(i)	Employment Agreement, dated as of August 7, 1998, between the Registrant and Charles M. Berger, and three attached Stock Option Agreements with the following effective dates: September 23, 1998; October 21, 1998 and September 24, 1999	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1998 (File No. 1-11593) [Exhibit 10(n)]
10(j)	Stock Option Agreement, dated as of August 7, 1996, between the Registrant and Charles M. Berger	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1996 (File No. 1-11593) [Exhibit 10(m)]
10(k)	Letter Agreement, dated December 23, 1996, between the Registrant and Jean H. Mordo	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1997 (File No. 1-11593) [Exhibit 10(p)]
10(l)	Specimen form of Stock Option Agreement for Non-Qualified Stock Options	*

EXHIBIT NO.	DESCRIPTION	LOCATION
10(m)	Letter Agreement, dated April 10, 1997, between the Registrant and G. Robert Lucas	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1997 (File No. 1-11593) [Exhibit 10(r)]
10(n)	Letter Agreement, dated December 17, 1997, between the Registrant and William R. Radon	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1998 (File No. 1-11593) [Exhibit 10(s)]
10(o)	Letter Agreement, dated March 30, 1998, between the Registrant and William A. Dittman	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1998 (File No. 1-11593) [Exhibit 10(t)]
10(p)	Letter Agreement, dated March 16, 1999, between the Registrant and Hadia Lefavre	*
10(q)	Letter Agreement, dated July 21, 1999, between the Registrant and David D. Harrison	*
10(r)	Contract of Employment dated February 28, 1996, between Rhodic (assumed by Scotts France SAS) and Christian Ringuet	*
10(s)	Employment Agreement, dated August 17, 1995, between Scotts Europe B.V. and Laurens J.M. de Kort	*
10(t)	Service Agreement, dated September 9, 1998, between Levington Horticulture Limited (nka The Scotts Company (UK) Ltd.) and Nicholas Kirkbride	*

* Filed herewith.

(b) REPORTS ON FORM 8-K

The Registrant filed no Current Reports on Form 8-K during the last quarter of the period covered by this Report.

(c) EXHIBITS

See Item 14(a)(3) above.

(d) FINANCIAL STATEMENT SCHEDULES

The response to this portion of Item 14 is submitted as a separate section of this Annual Report on Form 10-K. See Item 14(a)(2) above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

Dated: December 22, 1999

By: /s/ CHARLES M. BERGER
Charles M. Berger, Chairman of the Board, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons in the capacities and on the dates indicated.

SIGNATURES	TITLE	DATE
/s/ JAMES B BEARD, PH.D. James B Beard, Ph.D.	Director	December 22, 1999
/s/ CHARLES M. BERGER Charles M. Berger	Chairman of the Board/President/ Chief Executive Officer	December 22, 1999
/s/ JOSEPH P. FLANNERY Joseph P. Flannery	Director	December 22, 1999
/s/ HORACE HAGEDORN Horace Hagedorn	Vice Chairman/Director	December 22, 1999
/s/ JAMES HAGEDORN James Hagedorn	President, Scotts North America/ Director	December 22, 1999
/s/ ALBERT E. HARRIS Albert E. Harris	Director	December 22, 1999
/s/ JOHN KENLON John Kenlon	Director	December 22, 1999
/s/ KAREN GORDON MILLS Karen Gordon Mills	Director	December 22, 1999
/s/ DAVID D. HARRISON David D. Harrison	Executive Vice President/Chief Financial Officer/Principal Accounting Officer	December 22, 1999
/s/ PATRICK J. NORTON Patrick J. Norton	Director	December 22, 1999
/s/ JOHN M. SULLIVAN John M. Sullivan	Director	December 22, 1999
/s/ L. JACK VAN FOSSEN L. Jack Van Fossen	Director	December 22, 1999
/s/ JOHN WALKER, PH.D. John Walker, Ph.D.	Director	December 22, 1999

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND FINANCIAL STATEMENT SCHEDULES

FORM 10-K
ANNUAL REPORT

Schedules other than those listed above are omitted since they are not required or are not applicable, or the required information is shown in the Consolidated Financial Statements or Notes thereto.

REPORT OF MANAGEMENT

Management of The Scotts Company is responsible for the preparation, integrity and objectivity of the financial information presented in this Form 10-K. The accompanying financial statements have been prepared in conformity with generally accepted accounting principles appropriate in the circumstances and, accordingly, include some amounts that are based on management's best judgments and estimates.

Management is responsible for maintaining a system of accounting and internal controls which it believes is adequate to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that the financial records are reliable for preparing financial statements. The selection and training of qualified personnel, the establishment and communication of accounting and administrative policies and procedures, and a program of internal audits are important objectives of these control systems.

The financial statements have been audited by PricewaterhouseCoopers LLP, independent accountants, selected by the Board of Directors. The independent accountants conduct a review of internal accounting controls to the extent required by generally accepted auditing standards and perform such tests and related procedures as they deem necessary to arrive at an opinion on the fairness of the financial statements in accordance with generally accepted accounting principles.

The Board of Directors, through its Audit Committee consisting solely of non-management directors, meets periodically with management, internal audit personnel and the independent accountants to discuss internal accounting controls and auditing and financial reporting matters. The Audit Committee reviews with the independent accountants the scope and results of the audit effort. Both internal audit personnel and the independent accountants have access to the Audit Committee with or without the presence of management.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of
The Scotts Company

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, cash flows and changes in shareholders' equity present fairly, in all material respects, the financial position of The Scotts Company at September 30, 1999 and 1998, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 1999, in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP
Columbus, Ohio

October 21, 1999

Consolidated Statements of Operations

For the fiscal years ended September 30, 1999, 1998 and 1997 (in millions except per share amounts)	1999	1998	1997
Sales	$1,648.3	$1,113.0	$ 899.3
Cost of sales	989.1	715.0	573.6
Gross profit	659.2	398.0	325.7
Commission earned from agency agreement	30.3	--	--
Operating expenses:			
Advertising and promotion	189.0	104.4	83.9
Selling, general and administrative	281.2	169.9	131.6
Amortization of goodwill and other intangibles	25.4	12.9	10.2
Restructuring and other charges	1.4	15.4	--
Other (income) expense, net	(3.6)	1.3	5.2
Income from operations	196.1	94.1	94.8
Interest expense	79.1	32.2	25.2
Income before income taxes	117.0	61.9	69.6
Income taxes	47.9	24.9	30.1
Income before extraordinary item	69.1	37.0	39.5
Extraordinary loss on early extinguishment of debt, net of income tax benefit	5.9	0.7	--
Net income	63.2	36.3	39.5
Preferred stock dividends	9.7	9.8	9.8
Income applicable to common shareholders	$ 53.5	$ 26.5	$ 29.7
Basic earnings per share:			
Before extraordinary loss	$ 3.25	$ 1.46	$ 1.60
Extraordinary loss, net of tax	(0.32)	(0.04)	--
	$ 2.93	$ 1.42	$ 1.60
Diluted earnings per share:			
Before extraordinary loss	$ 2.27	$ 1.22	$ 1.35
Extraordinary loss, net of tax	(0.19)	(0.02)	--
	$ 2.08	$ 1.20	$ 1.35
Common shares used in basic earnings per share calculation	18.3	18.7	18.6
Common shares and potential common shares used in diluted earnings per share calculation	30.5	30.3	29.3

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

For the fiscal years ended September 30, 1999, 1998 and 1997 (in millions)	1999	1998	1997
Cash Flows From Operating Activities			
Net income	$ 63.2	$ 36.3	$ 39.5
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	29.0	21.6	16.6
Amortization	31.2	16.2	13.8
Extraordinary loss	5.9	0.7	-
Restructuring and other charges	-	19.3	-
Loss on sale of fixed assets	1.8	2.3	5.6
Deferred income taxes	0.5	(2.4)	(1.5)
Changes in assets and liabilities, net of acquired businesses:			
Accounts receivable	23.7	(8.6)	18.3
Inventories	(21.6)	(5.7)	17.3
Prepaid and other current assets	(25.2)	(2.1)	0.4
Accounts payable	10.7	8.8	1.1
Accrued taxes and liabilities	(10.2)	(14.4)	12.7
Other assets	(35.9)	0.3	1.3
Other liabilities	1.7	2.3	(0.1)
Other, net	3.4	(3.6)	(3.9)
Net cash provided by operating activities	78.2	71.0	121.1
Cash Flows From Investing Activities			
Investment in property, plant and equipment	(66.7)	(41.3)	(28.6)
Proceeds from sale of equipment	1.5	0.6	2.7
Investments in acquired businesses, net of cash acquired	(506.2)	(151.4)	(46.6)
Other, net	(0.2)	-	-
Net cash used in investing activities	(571.6)	(192.1)	(72.5)
Cash Flows From Financing Activities			
Net borrowings under revolving and bank lines of credit	65.3	140.0	(37.3)
Gross borrowings under term loans	525.0	-	-
Gross repayments under term loans	(3.0)	-	-
Repayment of outstanding balance on previous credit facility	(241.0)	-	-
Issuance of 8 5/8% senior subordinated notes	330.0	-	-
Extinguishment of 9 7/8% senior subordinated notes	(107.1)	-	-
Settlement of interest rate locks	(12.9)	-	-
Financing and issuance fees	(24.1)	-	-
Dividends on Class A Convertible Preferred Stock	(12.1)	(7.3)	(9.8)
Repurchase of treasury shares	(10.0)	(15.3)	-
Cash received from exercise of stock options	3.8	1.7	1.5
Other, net	-	(0.7)	(0.6)
Net cash provided by (used in) financing activities	513.9	118.4	(46.2)
Effect of exchange rate changes on cash	(0.8)	0.3	-
Net increase (decrease) in cash	19.7	(2.4)	2.4
Cash and cash equivalents, beginning of period	10.6	13.0	10.6
Cash and cash equivalents, end of period	$ 30.3	$ 10.6	$ 13.0

See Notes to Consolidated Financial Statements.

Consolidated Balance Sheets

September 30, 1999 and 1998 (in millions)	1999	1998
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 30.3	$ 10.6
Accounts receivable, less allowance for uncollectible accounts of $16.4 in 1999 and $6.3 in 1998	201.4	146.6
Inventories, net	313.2	177.7
Current deferred tax asset	29.3	20.8
Prepaid and other assets	67.5	11.5
Total current assets	641.7	367.2
Property, plant and equipment, net	259.4	197.0
Intangible assets, net	794.1	435.1
Other assets	74.4	35.9
Total assets	$1,769.6	$1,035.2
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Short-term debt	$ 56.4	$ 13.3
Accounts payable	133.5	77.8
Accrued liabilities	157.7	124.9
Accrued taxes	19.3	15.9
Total current liabilities	366.9	231.9
Long-term debt	893.6	359.2
Other liabilities	65.8	40.2
Total liabilities	1,326.3	631.3
Commitments and Contingencies		
Shareholders' Equity:		
Class A Convertible Preferred Stock, no par value	173.9	177.3
Common shares, no par value per share, $.01 stated value per share, 21.3 shares issued in 1999, 21.1 shares issued in 1998	0.2	0.2
Capital in excess of par value	213.9	208.9
Retained earnings	130.1	76.6
Treasury stock, 2.9 shares in 1999 and 2.8 shares in 1998, at cost	(61.9)	(55.9)
Accumulated other comprehensive income	(12.9)	(3.2)
Total shareholders' equity	443.3	403.9
Total liabilities and shareholders' equity	$1,769.6	$1,035.2

See Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Shareholders' Equity

For the fiscal years ended September 30, 1999, 1998 and 1997 (in millions)	CLASS A CONVERTIBLE PREFERRED STOCK SHARES	CLASS A CONVERTIBLE PREFERRED STOCK AMOUNT	COMMON SHARES SHARES	COMMON SHARES AMOUNT	CAPITAL IN EXCESS OF PAR VALUE	RETAINED EARNINGS	TREASURY STOCK SHARES	TREASURY STOCK AMOUNT
Balance, September 30, 1996	0.2	$177.3	21.1	$0.2	$207.6	$ 20.4	(2.5)	$(43.4)
Net income						39.5		
Foreign currency translation								
Comprehensive income								
Issuance of common shares held in treasury					0.2		0.1	1.5
Preferred Stock dividends						(9.8)		
Balance, September 30, 1997	0.2	$177.3	21.1	$0.2	$207.8	$ 50.1	(2.4)	$(41.9)
Net income						36.3		
Foreign currency translation								
Minimum pension liability								
Comprehensive income								
Issuance of common shares held in treasury					1.1		0.1	1.7
Purchase of common shares							(0.5)	(15.7)
Preferred Stock dividends						(9.8)		
Balance, September 30, 1998	0.2	$177.3	21.1	$0.2	$208.9	$ 76.6	(2.8)	$(55.9)
Net income						63.2		
Foreign currency translation								
Minimum pension liability								
Comprehensive income								
Issuance of common shares held in treasury					1.6		0.2	4.0
Purchase of common shares							(0.3)	(10.0)
Preferred Stock dividends						(9.7)		
Conversion of Preferred Stock		(3.4)	0.2		3.4			
	0.2	$173.9	21.3	$0.2	$213.9	$130.1	(2.9)	$(61.9)

For the fiscal years ended September 30, 1999, 1998 and 1997 (in millions)	ACCUMULATED OTHER COMPREHENSIVE INCOME: MINIMUM PENSION LIABILITY ADJUSTMENT	ACCUMULATED OTHER COMPREHENSIVE INCOME: FOREIGN CURRENCY TRANSLATION	TOTAL
Balance, September 30, 1996	$ 0.0	2.2	$364.3
Net income			39.5
Foreign currency translation		(6.5)	(6.5)
Comprehensive income			33.0
Issuance of common shares held in treasury			1.7
Preferred Stock dividends			(9.8)
Balance, September 30, 1997	$ 0.0	$(4.3)	$389.2
Net income			36.3
Foreign currency translation		1.3	1.3
Minimum pension liability	(0.2) (a)		(0.2)
Comprehensive income			37.4
Issuance of common shares held in treasury			2.8
Purchase of common shares			(15.7)
Preferred Stock dividends			(9.8)
Balance, September 30, 1998	$(0.2)	$(3.0)	$403.9
Net income			63.2
Foreign currency translation		(5.7)	(5.7)
Minimum pension liability	(4.0) (a)		(4.0)
Comprehensive income			53.5
Issuance of common shares held in treasury			5.6
Purchase of common shares			(10.0)
Preferred Stock dividends			(9.7)
Conversion of Preferred Stock			-
	$(4.2)	$(8.7)	$443.3

(a) Net of tax benefits of $2.9 million and $0.1 million for fiscal 1999 and 1998, respectively.

See Notes to Consolidated Financial Statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 European Union, the Caribbean, South America, Southeast Asia, the Middle East, Africa, Australia, New Zealand, Mexico, Japan, and several Latin American Countries.

ORGANIZATION AND BASIS OF PRESENTATION

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

REVENUE RECOGNITION

Revenue is recognized when products are shipped and when title and risk of loss transfer to the customer. For certain large multi-location customers, products may be shipped to third-party warehousing locations. Revenue is not recognized until the customer places orders against that inventory and acknowledges in writing ownership of the goods. Provisions for estimated returns and allowances are recorded at the time of shipment.

RESEARCH AND DEVELOPMENT

All costs associated with research and development are charged to expense as incurred. Expense for fiscal 1999, 1998 and 1997 was $21.7 million, $14.8 million and $10.0 million, respectively.

ADVERTISING AND PROMOTION

The Company advertises its branded products through national and regional media, and through cooperative advertising programs with retailers. Retailers are also offered pre-season stocking and in-store promotional allowances. Certain products are also promoted with direct consumer rebate programs. Advertising and promotion costs (including allowances and rebates) incurred during the year are expensed ratably to interim periods in relation to revenues. All advertising and promotions costs, except for production costs, are expensed within the fiscal year in which such costs are incurred. Production costs for advertising programs are deferred until the period in which the advertising is first aired.

EARNINGS PER COMMON SHARE

Basic earnings per common share is based on the weighted-average number of common shares outstanding each period. Diluted earnings per common share is based on the weighted-average number of common shares and dilutive potential common shares (stock options, convertible preferred stock and warrants) outstanding each period.

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, expected useful lives assigned to property, plant and equipment and goodwill and other intangible assets, legal and environmental accruals, post-retirement benefits, promotional and consumer rebate liabilities, income taxes and contingencies. Although these estimates are based on

management's best knowledge of current events and actions which the Company may undertake in the future, actual results ultimately may differ from the estimates.

INVENTORIES

Inventories are principally stated at the lower of cost or market, determined by the FIFO method; however, certain growing media inventories are accounted for by the LIFO method. At September 30, 1999 and 1998, approximately 8% and 12% of inventories, respectively, are valued at the lower of LIFO cost or market. Inventories include the cost of raw materials, labor and manufacturing overhead. The Company makes provisions for obsolete or slow-moving inventories as necessary to properly reflect inventory value.

LONG-LIVED ASSETS

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

Depletion of applicable land is computed on the units-of-production method. Depreciation of other property, plant and equipment is provided on the straight-line method and is based on the estimated useful economic lives of the assets as follows:

Land improvements	10-25 years
Buildings	10-40 years
Machinery and equipment	3-15 years
Furniture and fixtures	6-10 years
Software	3-8 years

Interest is capitalized on all significant capital projects. The Company capitalized $1.8 million and $0.8 million of interest costs during fiscal 1999 and 1998, respectively.

Goodwill arising from business acquisitions is amortized over its useful life, which is generally 40 years, on a straight-line basis. Intangible assets include patents and trademarks which are valued at acquisition through independent appraisals. Debt issuance costs are being amortized over the terms of the various agreements. Patents and trademarks are being amortized on a straight-line basis over periods varying from 7 to 40 years. Accumulated amortization at September 30, 1999 and 1998 was $96.2 million and $71.7 million, respectively.

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

INTERNAL USE SOFTWARE

In July of fiscal 1998, the Company announced an initiative designed to enhance its information system resources. The project includes re-design of certain key business processes and the installation of new software on a world-wide basis over the next several years. SAP has been chosen as the primary software provider for this project. The Company is accounting for the costs of the project in accordance with Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use". Accordingly, costs other than reengineering are expensed or capitalized depending on whether they are incurred in the preliminary project stage, application development stage, or the post-implementation/operation stage. All reengineering costs are expensed as incurred.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid financial instruments with original maturities of three months or less to be cash equivalents.

FOREIGN EXCHANGE INSTRUMENTS

Gains and losses on foreign currency transaction hedges are recognized in income and offset the foreign exchange gains and losses on the underlying transactions. Gains and losses on foreign currency firm commitment hedges are deferred and included in the basis of the transactions underlying the commitments.

All assets and liabilities in the balance sheets of foreign subsidiaries whose functional currency is other than the U.S. dollar are translated into U.S. dollar equivalents at year-end exchange rates. Translation gains and losses are accumulated as a separate component of other comprehensive income and included in shareholders' equity. Income and expense items are translated at average monthly exchange rates. Foreign currency transaction gains and losses are included in the determination of net income.

ENVIRONMENTAL COSTS

The Company recognizes environmental liabilities when conditions requiring remediation are identified. The Company determines its liability on a site by site basis and records a liability at the time when it is probable and can be reasonably estimated. Expenditures which extend the life of the related property or mitigate or prevent future environmental contamination are capitalized. Environmental liabilities are not discounted or reduced for possible recoveries from insurance carriers.

RECLASSIFICATIONS

Certain reclassifications have been made to the prior years' financial statements to conform to fiscal 1999 classifications.

NOTE 2. DETAIL OF CERTAIN FINANCIAL STATEMENT ACCOUNTS

(in millions)	1999	1998
INVENTORIES, NET:		
Finished Goods	$ 206.4	$ 121.0
Raw Materials	106.5	55.8
FIFO Cost	312.9	176.8
LIFO Reserve	0.3	0.9
Total	$ 313.2	$ 177.7

Inventory balances are shown net of provisions for slow moving and obsolete inventory of $30.5 million and $12.0 million as of September 30, 1999 and 1998, respectively.

(in millions)	1999	1998
PROPERTY, PLANT AND EQUIPMENT, NET:		
Land and improvements	$ 41.4	$ 41.1
Buildings	88.2	70.9
Machinery and equipment	213.7	169.7
Furniture and fixtures	19.8	17.0
Software	32.6	3.7
Construction in progress	26.3	28.8
Less: accumulated depreciation	(162.6)	(134.2)
Total	$ 259.4	$ 197.0

(in millions)	1999	1998
INTANGIBLE ASSETS, NET:		
Goodwill	$ 508.6	$ 268.1
Trademarks	207.9	144.0
Other	77.6	23.0
Total	$ 794.1	$ 435.1

(in millions)	1999	1998
ACCRUED LIABILITIES:		
Payroll and other compensation accruals	$ 42.5	$ 20.4
Advertising and promotional accruals	56.4	26.5
Other	58.8	78.0
Total	$ 157.7	$ 124.9

(in millions)	1999	1998
OTHER NON-CURRENT LIABILITIES:		
Accrued pension and postretirement liabilities	$ 50.4	$ 26.0
Environmental reserves	11.5	6.2
Other	3.9	8.0
Total	$ 65.8	$ 40.2

NOTE 3. AGENCY AGREEMENT

Effective September 30, 1998, the Company entered into an agreement with

Monsanto Company ("Monsanto") for exclusive international marketing and agency rights to Monsanto's consumer Roundup(R) herbicide products. In connection with the agreement, the Company paid a $32.0 million deferred marketing fee that is being amortized over 20 years. The agreement covers most major consumer lawn and garden markets in the world, including the U.S., Canada, Germany, France, other parts of continental Europe, and Australia.

The agreement provides for the Company to earn a commission based on the EBIT (as defined by the agreement) generated annually by the global consumer Roundup(R) business. The Company records its estimated commission based upon the actual EBIT of the Roundup(R) business for the periods presented, net of annual fixed contribution payments to Monsanto.

NOTE 4. RESTRUCTURING AND OTHER CHARGES

1999 Charges

During fiscal 1999, the Company recorded $1.4 million of restructuring charges associated with management's decision to reorganize the North American Professional Business Group to strengthen distribution and technical sales support, integrate brand management across market segments and reduce annual operating expenses. These charges represent costs to sever approximately 60 in-house sales associates that were terminated in fiscal 1999. Approximately $1.1 million of severance payments were made to these former associates during fiscal 1999; the remaining $0.3 million is expected to be paid in fiscal 2000.

1998 Charges

During fiscal 1998, the Company recorded $20.4 million of restructuring and other charges, $15.4 million of which is identified separately within operating expenses, $2.9 million of which is included in cost of sales and $2.1 million of which is included in selling, general and administrative expenses. These charges were primarily associated with three restructuring activities: (1) the consolidation of the Company's two U.K. operations into one lower-cost business; (2) the closure of nine composting operations in the U.S. that collect yard and compost waste for certain municipalities; and (3) the sale or closure of certain other U.S. plants and businesses. Most of these restructuring efforts were completed during fiscal 1999, except as noted otherwise below.

Consolidation of UK Operations

In connection with management's decision in the second quarter of fiscal 1998 to consolidate the Company's two U.K. operations (Miracle Garden Care and Levington, into The Scotts Company (UK) Ltd.), the Company recorded charges of $6.0 million which consisted of:

1. $0.9 million to write-off the remaining carrying value of certain property and equipment. In connection with the integration of the U.K. businesses, management elected to move certain production lines from a Miracle Garden care facility in Howden to the newly acquired Levington facility in Bramford. As a result, certain production equipment at the Howden facility will no longer be utilized. In addition, certain computer hardware and software equipment previously used by the Miracle Garden Care business will no longer be utilized as a result of electing to use acquired information systems of the Levington business. The Company ceased utilization of the production and computer equipment in the fourth quarter of fiscal 1998. The assets written-off had nominal value and were scrapped or abandoned.

2. $2.1 million to write-off packaging materials rendered obsolete as a result of new packaging design and to provide for costs incurred in 1998 to relaunch products under a single, integrated branding strategy. The charges associated with these actions were $0.8 million and $1.3 million, respectively.

3. $1.4 million of severance costs associated with the termination of 25 employees of the Company's Miracle Garden Care operation that were made redundant by the integration of the two U.K. businesses. As of September 30, 1998, six employees had been terminated. The remaining employees were terminated in fiscal 1999. All severance costs accrued at September 30, 1998 have been paid (except for an adjustment of $0.3 million for overaccrual).

4. $0.6 million to write-off inventory rendered obsolete by the integration activities and $0.8 million for costs incurred in fiscal 1998 for other integration-related costs.

Closure of Compost Sites

In connection with management's decision in the fourth quarter of fiscal 1998 to close nine composting sites, the Company recorded charges of $9.3 million which consisted of:

1. $4.5 million for costs to be incurred under contractual commitments for which no future revenues will be realized. These costs are associated with the final processing of remaining compost materials, as required, through the end of the operating contract with the applicable municipality but after the time when revenue-producing activities cease. Six of the composting sites have operating contracts that ended in fiscal 1999 for which $2.9 million was accrued; the operating contracts for the three remaining sites will expire in fiscal 2000 for which $1.6 million was accrued.

2. $3.2 million to write-down to estimated fair value certain machinery and equipment in accordance with SFAS No. 121 for assets held for use. Depreciation will continue to be recognized during revenue- producing periods. Fixed assets at facilities that have ceased operations have been abandoned or scrapped.

3. $1.1 million to write-off inventory which must be disposed of as a result of closing the various composting sites. Such inventory must be removed from the applicable sites and has only nominal value.

4. $0.5 million for remaining lease obligations after revenue-producing activities cease on certain machinery and equipment at the sites.

The composting facilities being closed as part of these restructuring initiatives recorded losses included in the Company's consolidated results of operations of approximately $3.0 and $2.0 for the fiscal years ended September 30, 1998 and 1997, respectively.

Sale and Closure of Certain U.S. Plants and Businesses:

The charge for sale or closure of certain other U.S. plants or businesses was $5.1 million and consisted of:

1. $4.5 million to write-down to net realizable value the assets associated with the Company's AgrEvo pesticides business. The Company elected to divest these assets in order to avoid potential trade conflicts associated with the Company's purchase of the Ortho business and the signing of the Roundup(R) marketing agreement. The AgrEvo business incurred an operating loss of $0.8 million in fiscal 1998 and $0.5 million in fiscal 1999 before being sold in February 1999.

2. $0.6 million to write-off and close a single Growing Media production facility in New York that was deemed to be redundant after the purchase of the EarthGro business in February 1998. The closure of this facility was completed in September 1998.

The following is a rollforward of the Company's 1998 restructuring charges:

			Fiscal 1998 activity			Fiscal 1999 activity		
	Type	Classification	Charge	Payments	Balance	Payments	Adjustments	Balance
Consolidation of UK operations								
Property and equipment demolition	Cash	Restructuring	$ 0.2	$ --	$ 0.2	$ (0.2)	$ --	--
Product relaunch costs	Cash	SG&A	1.3	(0.4)	0.9	(0.9)	--	--
Severance costs	Cash	Restructuring	1.4	(0.3)	1.1	(0.8)	(0.3)	--
Other integration costs	Cash	SG&A	0.8	(0.4)	0.4	(0.4)	--	--
			3.7					
Property and equipment write-offs	Non-cash	Restructuring	0.9					
Obsolete packaging write-offs	Non-cash	Cost of sales	0.8					
Other inventory write-offs	Non-cash	Cost of sales	0.6					
			2.3					
Closure of compost sites								
Costs under contractual commitments	Cash	Restructuring	4.5	--	4.5	(4.1)	--	0.4
Lease obligations	Cash	Restructuring	0.5	--	0.5	--	--	0.5
			5.0					
Property and equipment write-offs	Non-cash	Restructuring	3.2					
Inventory write-offs	Non-cash	Cost of sales	1.1					
			4.3					
Other businesses/plants								
Sale of Agrevo business	Non-cash	Restructuring	4.5					
Property and equipment write-offs	Non-cash	Restructuring	0.2					
Inventory write-offs	Non-cash	Cost of sales	0.4					
			$ 5.1					

During fiscal 1999, the restructuring reserve established to integrate the U.K. businesses was reduced by $0.3 for overestimates of severance costs. The reserves remaining at September 30, 1999 associated with the closure of certain compost sites are expected to be paid in fiscal 2000.

NOTE 5. ACQUISITIONS

In January 1999, the Company acquired the assets of Monsanto's consumer lawn and garden businesses, exclusive of the Roundup(R) business ("Ortho"), for approximately $300 million, subject to adjustment based on working capital as of the closing date and as defined in the purchase agreement. Based on the estimate of working capital received from Monsanto, the Company made an additional payment of $39.9 million at the closing date. The Company has subsequently provided Monsanto with its estimate of working capital, which would result in a substantial reduction in the total purchase price. Monsanto has subsequently provided the Company with a revised assessment of working capital which would increase the final purchase price. The Company and Monsanto have resolved many of the items in dispute and are currently in negotiations to resolve the remaining disputed items.

In October 1998, the Company acquired Rhone-Poulenc Jardin, continental Europe's largest consumer lawn and garden products company. Management's initial estimate of the purchase price for Rhone-Poulenc Jardin was $216 million, however subsequent adjustments for reductions in acquired working capital have resulted in a final purchase price of approximately $170 million.

In February 1998, the Company acquired all the shares of EarthGro, Inc. ("EarthGro"), a regional growing media company located in Glastonbury, Connecticut, for approximately $47.0 million, including deal costs and refinancing of certain assumed debt.

In December 1997, the Company acquired all the shares of Levington Group Limited ("Levington"), a leading producer of consumer and professional lawn fertilizer and growing media in the United Kingdom, for approximately $94.0 million, including deal costs and refinancing of certain assumed debt.

During fiscal 1999 and 1998, the Company also invested in or acquired other entities consistent with its long-term strategic plan. These investments include Asef Holdings BV, Scotts Lawn Service, Sanford Scientific, Inc. and certain intangible assets acquired in Ireland.

Each of the above acquisitions was made in exchange for cash or notes due to seller and was accounted for under the purchase method of accounting. Accordingly, the purchase prices have been allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. Intangible assets associated with the purchase of Rhone-Poulenc Jardin, EarthGro and Levington were $137.3 million, $23.3 million and $62.8 million, respectively. Final determination of the purchase price of the Ortho business, as well as the allocation of the purchase price to the net assets acquired, is not complete as of September 30, 1999. The excess of the estimated purchase price over the value of tangible assets acquired is currently recorded as an intangible asset and is being amortized over a period of 35 years. Intangible assets associated with the other acquisitions described above are approximately $37.0 million on a combined basis.

The following unaudited pro forma results of operations give effect to the Ortho, Rhone-Poulenc Jardin, EarthGro and Levington acquisitions and the Roundup(R) marketing agreement as if they had occurred on October 1, 1997.

(in millions)	1999	1998
Net sales	$ 1,681.3	$ 1,513.8
Income before extraordinary loss	60.7	46.4
Net income	54.8	45.7
Basic earnings per share:		
Before extraordinary loss	$ 2.79	$ 1.96
After extraordinary loss	2.47	1.92
Diluted earnings per share:		
Before extraordinary loss	$ 1.99	$ 1.53
After extraordinary loss	1.80	1.51

The pro forma information provided does not purport to be indicative of actual results of operations if the Ortho, Rhone-Poulenc Jardin, EarthGro and Levington acquisitions and the Roundup(R) marketing agreement had occurred as of October 1, 1997 and is not intended to be indicative of future results or trends.

NOTE 6. RETIREMENT PLANS

In September 1997, in conjunction with the decision to offer a new defined contribution retirement savings plan to domestic Company associates, management decided to suspend benefits under its Scotts and Sierra defined benefit pension plans. The suspension of benefits under the defined benefit plans was accounted for as a curtailment under SFAS No. 88 ("Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits"). The gain resulting from the curtailment of the qualified plans, as well as the curtailment of the non-qualified plan discussed below, was less than $0.1 million.

The curtailed pension plans covered substantially all full-time U.S. associates who had completed one year of eligible service and reached the age of 21. The benefits under these plans are based on years of service and the associates' average final compensation for the Scotts plan employees and for Sierra salaried employees and on stated amounts for Sierra hourly employees. The Company's funding policy, consistent with statutory requirements and tax considerations, is based on actuarial computations using the Projected Unit Credit method.

The following table sets forth the changes in the projected benefit obligations for the curtailed pension plans for fiscal 1999 and 1998:

(in millions)	1999	1998
Beginning balance	$ 56.9	$ 49.9
Service cost	--	--
Interest cost	4.2	3.6
Actuarial losses	1.2	6.2
Benefits paid	(3.3)	(2.8)
Ending balance	$ 59.0	$ 56.9

The following table sets forth the changes in the fair value of the net assets of the curtailed pension plans for fiscal 1999 and 1998:

(in millions)	1999	1998
Beginning balance	$ 58.0	$ 53.9
Actual return on plan assets	2.1	6.3

Employer contributions	--	0.6
Benefits paid	(3.3)	(2.8)
Ending Balance	$ 56.8	$ 58.0

The following table sets forth the plans' funded status and the related amounts recognized in the Consolidated Balance Sheets:

(in millions)	SEPTEMBER 30, 1999	1998
Actuarial present value of projected benefit obligations:		
Vested benefits	$ (58.6)	$ (49.3)
Nonvested benefits	(0.4)	(7.6)
	(59.0)	(56.9)
Plan assets at fair value, primarily corporate bonds, U.S. Government bonds and cash equivalents	56.8	58.0
Plan assets (less) greater than projected benefit obligations	(2.2)	1.1
Unrecognized losses	6.9	3.7
Prepaid pension costs	$ 4.7	$ 4.8
Prepaid benefit costs	$ --	$ 4.8
Accrued benefit liability	(2.2)	--
Accumulated other comprehensive income	6.9	--
Prepaid pension costs	$ 4.7	$ 4.8

Pension cost includes the following components:

(in millions)	FISCAL YEAR ENDED SEPTEMBER 30, 1999	1998	1997
Service cost	$ --	$ --	$ 1.9
Interest cost	4.2	3.6	4.1
Expected return on plan assets	(4.5)	(3.7)	(7.0)
Net amortization and deferral	0.4	--	2.8
Net pension cost	$ 0.1	$ (0.1)	$ 1.8

The weighted-average settlement rate used in determining the actuarial present value of the projected benefit obligation was 7.75% and 6.75% as of September 30, 1999 and 1998, respectively. Future compensation was assumed to increase 4% annually for fiscal 1997. The expected long-term rate of return on plan assets was 8.0% and 7.0% for fiscal 1999 and 1998, respectively.

The Company also sponsors the following pension plans associated with the international businesses it has acquired: Scotts Europe BV, The Scotts Company (UK) Ltd., Miracle Garden Care, Scotts France SAS, Scotts Celaflor GmbH (Germany) and Scotts Celaflor HG (Austria). These plans generally cover all associates of the respective businesses and retirement benefits are generally based on years of service and compensation levels. The pension plans for Scotts Europe BV, The Scotts Company UK and Miracle Garden Care are funded plans. The remaining international pension plans are not funded by separately held plan assets.

The following table sets forth the changes in the projected benefit obligations for the international plans on a combined basis for fiscal 1999 and 1998:

(in millions)	1999	1998
Beginning balance	$ 61.7	$ 47.0
Service cost	2.8	2.9
Interest cost	3.6	3.2
Participant contributions	0.5	0.3
Actuarial (gains) losses	7.6	(0.2)
Benefits paid	(3.0)	(1.2)
Ending balance	$ 73.2	$ 52.0

The following table sets forth the changes in the fair value of the net assets of the international plans on a combined basis for fiscal 1999 and 1998:

(in millions)	1999	1998
Beginning balance	$ 49.1	$ 49.2
Return on plan assets	10.3	1.4
Employer contributions	2.7	1.2
Participant contributions	0.6	0.3
Benefits paid	(2.8)	(1.2)
Ending balance	$ 59.9	$ 50.9

The following table sets forth the funded status and net amount recognized in the Consolidated Balance Sheets for the Company's international plans on a combined basis at September 30, 1999 and 1998:

	SEPTEMBER 30,	
(in millions)	1999	1998
Projected benefit obligations	(73.2)	(52.0)
Plan assets at fair value	59.9	50.9
Projected benefit obligations in excess of plan assets	(13.3)	(1.1)
Unrecognized items	(0.5)	(0.3)
Accrued benefit costs	$ (13.8)	$ (1.4)

	SEPTEMBER 30,	
(in millions)	1999	1998
Plans with benefit obligations in excess of plan assets:		
Aggregate projected benefit obligations	$ 33.7	$ 20.0
Aggregate fair value of plan assets	20.0	17.4

Plans with plan assets in excess of benefit obligations:

Aggregate projected benefit obligations	$ 39.5	$ 32.0
Aggregate fair value of plan assets	39.9	33.5

Pension costs for the international plans on a combined basis consisted of the following components for fiscal 1999 and 1998:

	FISCAL YEAR ENDED SEPTEMBER 30,	
(in millions)	1999	1998
Service cost	$ 3.2	$ 2.8
Interest cost	3.6	3.1
Expected return on plan assets	(3.7)	0.4
Net amortization	0.3	(3.2)
Net pension cost	$ 3.4	$ 3.1

The range of actuarial assumptions used for the various international plans for the years presented were:

Settlement rates	4.5% - 6.3%
Compensation increases	2.0% - 4.0%
Rates of return on plan assets	4.0% - 8.0%

At September 30, 1997, the Company also curtailed its non-qualified supplemental pension plan which provides for incremental pension payments from the Company so that total pension payments equal amounts that would have been payable from the Company's pension plans if it were not for limitations imposed by income tax regulations.

The following table sets forth the changes in the projected benefit obligations for the non-qualified plan for fiscal 1999 and 1998:

(in millions)	1999	1998
Beginning balance	$ 1.8	$ 1.5
Service cost	--	--
Interest cost	0.1	0.1
Actuarial losses	0.1	0.3
Benefits paid	(0.1)	(0.1)
Ending balance	$ 1.9	$ 1.8

The following table sets forth the funded status of the non-qualified plan at September 30, 1999 and 1998:

(in millions)	1999	1998
Actuarial present value of benefit obligations:		
Vested benefits	$ (1.8)	$ (1.6)
Nonvested benefits	(0.1)	(0.2)
Projected benefit obligations	(1.9)	(1.8)
Plan assets at fair value	--	--
Plan assets less than projected benefit obligations	(1.9)	(1.8)
Unrecognized losses	0.4	0.3
Net pension liability	$ (1.5)	$ (1.5)
Accrued benefit liability	$ (1.9)	$ (1.8)
Accumulated other comprehensive income	0.4	0.3
Net pension liability	$ (1.5)	$ (1.5)

Pension expense for the plan was $0.2 million, $0.1 million and $0.2 million in fiscal 1999, 1998 and 1997, respectively, consisting primarily of interest costs on the projected benefit obligations.

The actuarial assumptions used for the non-qualified supplemental pension plan were the same as those used for the curtailed qualified plans as described above.

NOTE 7. ASSOCIATE BENEFITS

The Company provides comprehensive major medical benefits to certain of its

retired associates and their dependents. Substantially all of the Company's domestic associates become eligible for these benefits if they retire at age 55 or older with more than ten years of service. The plan requires certain minimum contributions from retired associates and includes provisions to limit the overall cost increases the Company is required to cover. The Company funds its portion of retiree medical benefits on a pay-as-you-go basis.

Prior to October 1, 1993, the Company effected several changes in plan provisions, primarily related to current and ultimate levels of retiree and dependent contributions. Retirees as of October 1, 1993 are entitled to benefits existing prior to these plan changes. These plan changes resulted in a reduction in unrecognized prior service cost, which is being amortized over future years.

The following table sets forth the changes in the accumulated post retirement benefit obligation for the retiree medical plan for fiscal 1999 and 1998:

(in millions)	1999	1998
Beginning balance	$ 15.2	$ 13.6
Service cost	0.4	0.4
Interest cost	1.1	1.0
Contribution by participants	0.2	0.2
Actuarial loss	0.1	0.9
Benefits paid	(1.2)	(0.9)
Ending balance	$ 15.8	$ 15.2

The following table sets forth the changes in the fair value of the assets of the retiree medical plan for fiscal 1999 and 1998:

(in millions)	1999	1998
Beginning balance	$ -	$ -
Company contributions	0.9	0.7
Contributions by participants	0.3	0.2
Benefits paid	(1.2)	(0.9)
	$ -	$ -

The following table sets forth the retiree medical plan status reconciled to the amounts included in the Consolidated Balance Sheets, as of September 30, 1999 and 1998.

(in millions)	1999	1998
Accumulated postretirement benefit obligation:		
Retirees	$ 8.9	$ 7.3
Fully eligible active plan participants	0.5	0.4
Other active plan participants	6.4	7.4
Total accumulated postretirement benefit obligation	15.8	15.1
Unrecognized prior service costs	5.0	5.0
Unrecognized net gains	5.6	5.9
Accrued postretirement liability	$ 26.4	$ 26.0

Net periodic postretirement benefit cost includes the following components:

	FISCAL YEAR ENDED SEPTEMBER 30,		
(in millions)	1999	1998	1997
Service cost	$ 0.4	$ 0.4	$ 0.3
Interest cost	1.1	1.0	1.1
Net amortization	(1.0)	(1.3)	(1.2)

Net periodic postretirement benefit cost	$ 0.5	$ 0.1	$ 0.2

The discount rates used in determining the accumulated postretirement benefit obligation were 7.5% and 6.75% in fiscal 1999 and 1998, respectively. For measurement purposes, annual rates of increase in per capita cost of covered retiree medical benefits assumed for fiscal 1999 and 1998 were 7.25% and 7.75% respectively. The rate was assumed to decrease gradually to 5.5% through the year 2003 and remain at that level thereafter. A 1% increase in the health care cost trend rate assumptions would increase the accumulated postretirement benefit obligation (APBO) as of September 30, 1999 and 1998 by $0.5 million and $0.7 million, respectively. A 1% increase or decrease in the same rate would not have a material effect on service or interest costs.

Effective January 1, 1998, the Scotts, Hyponex and Sierra defined contribution profit sharing and 401(k) plans were merged and the surviving plan was expanded and amended to serve as the sole, active retirement savings plan for substantially all U.S. employees. Full-time employees may participate in the plan on the first day of the month after being hired. Temporary employees may participate after working at least 1,000 hours in their first twelve months of employment and after reaching the age of 21. The plan allows participants to contribute up to 15% of their compensation in the form of pre-tax or post-tax contributions. The Company provides a matching contribution equivalent to 100% of participants' initial 3% contribution and 50% of the participants' remaining contribution up to 5%. Participants are immediately vested in employee contributions, the Company's matching contributions and the investment return on those monies. The Company also provides a 2% automatic base contribution to employees' accounts regardless of whether employees are active in the plan. Participants become vested in the Company's 2% base contribution after three years of service. The Company recorded charges of $8.4 million and $4.7 million under the new plan in fiscal 1999 and 1998, respectively. Under the terminated profit sharing and 401(k) plans, the Company recorded charges of $2.3 million in fiscal 1997.

The Company is self-insured for certain health benefits up to $0.2 million per occurrence per individual. The cost of such benefits is recognized as expense in the period the claim is incurred. This cost was $11.0 million, $8.6 million and $7.9 million in fiscal 1999, 1998 and 1997, respectively. The Company is self-insured for State of Ohio workers compensation up to $0.5 million per claim. Claims in excess of stated limits of liability and claims for workers compensation outside of the State of Ohio are insured with commercial carriers.

NOTE 8. DEBT

(in millions)	SEPTEMBER 30, 1999	1998
Revolving loans under credit facility	$ 64.2	$ 253.5
Term loans under credit facility	509.0	--
Senior subordinated notes	318.0	99.5
Notes due to sellers	37.0	5.6
Foreign bank borrowings and term loans	17.6	9.0
Capital lease obligations and other	4.2	4.9
	950.0	372.5
Less current portions	56.4	13.3
	$ 893.6	$ 359.2

Maturities of short and long-term debt, including capital leases for the next five fiscal years and thereafter are as follows:

(in millions)	CAPITAL Leases	OTHER Debt
2000	$ 1.5	$ 54.6
2001	1.2	44.5
2002	0.1	57.0
2003	-	58.1
2004	-	48.4
Thereafter	-	702.7
	$ 2.8	$965.3
Less: amounts representing interest	(0.2)	(17.9)
	$ 2.6	$947.4

On December 4, 1998, Scotts and certain of its subsidiaries entered into a new credit facility which provides for borrowings in the aggregate principal amount of $1.025 billion and consists of term loan facilities in the aggregate amount

of $525 million and a revolving credit facility in the amount of $500 million. Proceeds from borrowings under the new credit facility of approximately $241.0 million were used to repay amounts outstanding under the then existing credit facility. The Company recorded a $0.4 million extraordinary loss, net of tax, in connection with the retirement of the previous facility.

In February 1998, the Company had entered into a credit facility to replace its then existing credit facility, which resulted in an extraordinary loss of $0.7 million, net of tax, for the write-off of unamortized deferred financing costs. The term loan facilities consist of three tranches.

The Tranche A Term Loan Facility consists of three sub-tranches of French Francs, German Deutschemarks and British Pounds Sterling in an aggregate principal amount of $265 million which are to be repaid quarterly over a 6-1/2 year period. The Tranche B Term Loan Facility is a 7-1/2 year term loan facility in an aggregate principal amount of $140 million, which is to be repaid in nominal quarterly installments for the first 6-1/2 years and in substantial quarterly installments in the final year. The Tranche C Term Loan Facility is a 8-1/2 year term loan facility in an aggregate principal amount of $120 million, which is to be repaid in nominal quarterly installments for the first 7-1/2 years and in substantial quarterly installments in the final year.

The revolving credit facility provides for borrowings up to $500 million, which are available on a revolving basis over a term of 6-1/2 years. A portion of the revolving credit facility not to exceed $100 million is available for the issuance of letters of credit. A portion of the facility not to exceed $225 million is available for borrowings in optional currencies, including German Deutschemarks, British Pounds Sterling, French Francs, Belgian Francs, Italian Lira and other specified currencies, provided that the outstanding revolving loans in optional currencies other than British Pounds Sterling does not exceed $120 million. The outstanding principal amount of all revolving credit loans may not exceed $150 million for at least 30 consecutive days during any calendar year.

Interest rates and commitment fees pursuant to the new credit facility vary according to the Company's leverage ratios and also within tranches. The weighted-average interest rate on the Company's variable rate borrowings at September 30, 1999 was 7.68%. In addition, the new credit facility requires that the Company enter into hedge agreements to the extent necessary to provide that at least 50% of the aggregate principal amount of the 8 5/8% Senior Subordinated Notes due 2009 and term loan facilities is subject to a fixed interest rate. Financial covenants include minimum net worth, interest coverage and net leverage ratios. Other covenants include limitations on indebtedness, liens, mergers, consolidations, liquidations and dissolutions, sale of assets, leases, dividends, capital expenditures, and investments, among others. The Company and all of its domestic subsidiaries pledged substantially all of their personal, real and intellectual property assets as collateral on the borrowings under the credit facility. The Company and its subsidiaries also pledged the stock in foreign subsidiaries that borrow under the credit facility.

Approximately $12.6 million of financing costs associated with the new credit facility have been deferred as of September 30, 1999 and are being amortized over a period of approximately 7 years.

In January 1999, the Company completed an offering of $330 million of 8 5/8% Senior Subordinated Notes ("the Notes") due 2009. The net proceeds from the offering, together with borrowings under the Company's credit facility, were used to fund the Ortho acquisition and to repurchase approximately 97% of Scotts $100.0 million outstanding 9 7/8% Senior Subordinated Notes due August 2004. The Company recorded an extraordinary loss before tax on the extinguishment of the 9 7/8% notes of approximately $9.3 million, including a call premium of $7.2 million and the write-off of unamortized issuance costs and discounts of $2.1 million. Approximately $11.4 million of issuance costs associated with the Notes have been deferred as of September 30, 1999 and are being amortized over the term of the Notes.

In August 1999, the Company repurchased the remaining $2.9 million of the 9 7/8% Senior Subordinated Notes, resulting in an extraordinary loss, net of tax, of $0.1 million.

The Company entered into two interest rate locks in fiscal 1998 to hedge its anticipated interest rate exposure on the Notes offering. The total amount paid under the interest rate locks of $12.9 million has been recorded as a reduction of the Notes' carrying value and is being amortized over the life of the Notes as interest expense.

In conjunction with the acquisitions of Rhone-Poulenc Jardin and Sanford Scientific, notes were issued for certain portions of the total purchase price that are to be paid in annual installments over a four-year period. The present value of remaining note payments is $32.2 million and $4.8 million, respectively. The Company is imputing interest on the non-interest bearing notes using an interest rate prevalent for similar instruments at the time of acquisition.

The foreign term loans of $6.0 million issued on December 12, 1997, have an 8-year term and bear interest at 1% below LIBOR. The loans are denominated in Pounds Sterling and can be redeemed, on demand, by the note holder. The foreign bank borrowings of $11.6 million at September 30, 1999 represent lines of credit for foreign operations and are denominated in French Francs, Australian Dollars and Dutch Gilders.

NOTE 9. SHAREHOLDERS' EQUITY

(in millions)	1999	1998
STOCK		
Class A Convertible Preferred Stock, no par value:		
Authorized	0.2 shares	0.2 shares
Issued	0.2 shares	0.2 shares
Common shares, no par value		
Authorized	50.0 shares	50.0 shares
Issued	21.3 shares	21.1 shares

Class A Convertible Preferred Stock ("Preferred Shares") with a face amount of $195.0 million was issued in conjunction with the 1995 Miracle-Gro merger transactions. These Preferred Shares had a 5% dividend yield and were convertible upon shareholder demand into common shares at any time and at Scotts' option after May 2000 at $19.00 per common share. Additionally, warrants to purchase 3.0 million common shares of Scotts were issued as part of the purchase price. The warrants are exercisable upon shareholder demand for 1.0 million common shares at $21.00 per share, 1.0 million common shares at $25.00 per share and 1.0 million common shares at $29.00 per share. The exercise term for the warrants expires September 2003. The fair value of the warrants at issuance has been included in capital in excess of par value in the Company's Consolidated Balance Sheets.

In October 1999, all of the then outstanding Preferred Shares were converted into 10.1 million common shares. In exchange for the early conversion, Scotts paid the holders of the Preferred Shares $6.4 million. The amount represents the dividends on the Preferred Shares that otherwise would have been payable through May 2000, the month during which the Preferred Shares could first be redeemed by Scotts. In addition, Scotts agreed to accelerate the termination of many of the standstill provisions in the Miracle-Gro merger agreement that would otherwise have terminated in May 2000. These standstill provisions include the provisions related to the Board of Directors and voting restrictions, as well as restrictions on transfer. Therefore, the former shareholders of Stern's Miracle-Gro Products, Inc., including Hagedorn Partnership, L.P., may vote their common shares freely in the election of directors and generally on all matters brought before Scotts' shareholders. Following the conversion and the termination of the standstill provisions described above, the former shareholders of Miracle-Gro own approximately 41% of Scotts' outstanding common shares and have the ability to significantly control the election of directors and approval of other actions requiring the approval of Scotts' shareholders. In fiscal 1999, certain of the Preferred Shares were converted into 0.2 million common shares at the holders' option.

Under The Scotts Company 1992 Long Term Incentive Plan (the "1992 Plan"), stock options, stock appreciation rights and performance share awards were granted to officers and other key employees of the Company. The 1992 Plan also provided for the grant of stock options to non-employee directors of the Company. The maximum number of common shares that may be issued upon the exercise of options granted under the Plan is 1.7 million, plus the number of shares surrendered to exercise options (other than director options) granted under the 1992 Plan, up to a maximum of 1.0 million surrendered shares. Vesting periods under the 1992 Plan vary and are determined by the Compensation and Organization Committee of the Company's Board of Directors.

Under The Scotts Company 1996 Stock Option Plan (the "1996 Plan"), stock options may be granted to officers, other key employees and non-employee directors of the Company. The maximum number of common shares that may be issued under the 1996 Plan is 5.5 million. Vesting periods under the 1996 Plan vary and are determined by the Compensation and Organization Committee of the Company's Board of Directors.

Aggregate stock option activity consists of the following:

	Fiscal year ended September 30,					
	1999		1998		1997	
(in millions)	NUMBER OF SHARES	WTD. AVG. PRICE	NUMBER OF SHARES	WTD. AVG. PRICE	NUMBER OF SHARES	WTD. AVG. PRICE
Beginning balance	3.8	$ 20.70	2.6	$ 18.35	1.6	$ 16.73
Options granted	1.4	35.70	1.4	29.43	1.1	20.18
Options exercised	(0.2)	16.51	(0.1)	16.60	(0.1)	12.72
Options canceled	(0.1)	30.94	(0.1)	29.63	0.0	19.27
Ending balance	4.9	26.33	3.8	20.70	2.6	18.35
Exercisable at September 30	1.9	19.77	1.8	18.17	1.5	17.30

The following summarizes certain information pertaining to stock options outstanding and exercisable at September 30, 1999:

(in millions)

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	NO. OF OPTIONS	WTD. AVG. REMAINING LIFE	WTD. AVG. EXERCISE PRICE	NO. OF OPTIONS	WTD. AVG. EXERCISE PRICE
$9.90	0.1	2.05	$ 9.90	0.1	$ 9.90
$15.00-$20.00	1.7	6.01	17.82	1.2	17.12
$20.00-$25.00	0.4	6.79	21.32	0.3	21.01
$25.00-$30.00	0.7	8.18	27.08	0.1	26.64
$30.00-$35.00	1.0	9.03	31.77	0.2	32.67
$35.00-$40.00	0.9	9.81	35.96	-	-
$40.00-$46.38	0.1	9.85	42.11	-	-
	4.9		$26.33	1.9	$19.77

In October 1995, the Financial Accounting Standards Board issued SFAS No. 123, "Accounting for Stock-Based Compensation," which changes the measurement, recognition and disclosure standards for stock-based compensation. The Company, as allowable, has adopted SFAS No. 123 for disclosure purposes only.

The fair value of each option granted has been estimated on the grant date using the Black-Scholes option-pricing model based on the following assumptions for those granted in fiscal 1999, 1998 and 1997: (1) expected market-price volatility of 24.44 %, 23.23% and 22.48%, respectively; (2) risk-free interest rates of 6.0%, 4.3% and 6.6%, respectively; and (3) expected life of options of 6 years. The estimated weighted-average fair value per share of options granted during fiscal 1999, 1998 and 1997 was $13.64, $9.28 and $8.00, respectively.

Had compensation expense been recognized for fiscal 1999, 1998 and 1997 in accordance with provisions of SFAS No. 123, the Company would have recorded net income and earnings per share as follows:

(in millions)	1999	1998	1997
Net income used in per share calculation	$ 55.3	$ 31.3	$ 37.3
Earnings per share:			
Basic	$ 2.50	$ 1.15	$ 1.48
Diluted	$ 1.82	$ 1.03	$ 1.27

The pro forma amounts shown above are not necessarily representative of the impact on net income in future years as additional option grants may be made each year.

In fiscal 1998, the Company sold 0.3 million put options which give the holder the option to sell the Company's common shares to the Company at a strike price of $35.32. The options could only be exercised on their expiration date in May 1999 and expired unused. The premium received on the sale of the put options was considered additional paid-in capital. The put options did not impact the Company's earnings per share calculation during fiscal 1999 since they would have been anti-dilutive. The impact of the put options on the fiscal 1998 earnings per share calculation was less than $0.01 per share.

NOTE 10. EARNINGS PER COMMON SHARE

The following table presents information necessary to calculate basic and diluted earnings per common share.

(in millions)	YEAR ENDED SEPTEMBER 30, 1999	1998	1997
BASIC EARNINGS PER COMMON SHARE:			
Net income before extraordinary loss	$ 69.1	$ 37.0	$ 39.5
Net income	63.2	36.3	39.5
Class A Convertible Preferred Stock dividend	(9.7)	(9.8)	(9.8)
Income available to common shareholders	53.5	26.5	29.7
Weighted-average common shares outstanding during the period	18.3	18.7	18.6
Basic earnings per common share			
Before extraordinary item	$ 3.25	$ 1.46	$ 1.60
After extraordinary item	$ 2.93	$ 1.42	$ 1.60
DILUTED EARNINGS PER COMMON SHARE:			
Net income used in diluted earnings per common share calculation	$ 63.2	$ 36.3	$ 39.5
Weighted-average common shares outstanding during the period	18.3	18.7	18.6
Potential common shares:			
Assuming conversion of Class A Convertible Preferred Stock	10.2	10.3	10.3
Assuming exercise of options	1.0	0.7	0.3
Assuming exercise of warrants	1.0	0.6	0.1
Weighted-average number of common shares outstanding and dilutive potential common shares	30.5	30.3	29.3
Diluted earnings per common share			
Before extraordinary item	$ 2.27	$ 1.22	$ 1.35
After extraordinary item	$ 2.08	$ 1.20	$ 1.35

Basic earnings per common share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period.

Diluted earnings per share is computed by dividing net income by the weighted-average number of common shares and dilutive potential common shares (stock options, Class A Convertible Preferred Stock and warrants) outstanding during each period.

NOTE 11. INCOME TAXES

The provision for income taxes, net of tax benefits associated with the 1999 and 1998 extraordinary losses of $4.1 million and $0.5 million, respectively, consists of the following:

(in millions)	YEAR ENDED SEPTEMBER 30, 1999	1998	1997
Currently payable:			
Federal	$ 34.5	$ 22.1	$ 21.6
State	4.4	3.9	3.4
Foreign	4.4	2.7	6.6
Deferred:			
Federal	0.5	(4.0)	(1.3)
State	0.0	(0.3)	(0.2)
Income tax expense	$ 43.8	$ 24.4	$ 30.1

The domestic and foreign components of income before taxes are as follows:

(in millions)	YEAR ENDED SEPTEMBER 30, 1999	1998	1997
Domestic	$100.0	$ 57.1	$ 58.7
Foreign	6.9	3.5	10.9
Income before taxes	$106.9	$ 60.6	$ 69.6

A reconciliation of the federal corporate income tax rate and the effective tax rate on income before income taxes is summarized below:

	YEAR ENDED SEPTEMBER 30, 1999	1998	1997
Statutory income tax rate	35.0%	35.0%	35.0%
Effect of foreign operations	(0.7)	(1.6)	
Goodwill amortization and other effects resulting from purchase accounting	3.0	4.6	4.2
State taxes, net of federal benefit	2.6	3.8	3.0
Other	1.1	(1.5)	1.0
Effective income tax rate	41.0%	40.3%	43.2%

The net current and non-current components of deferred income taxes recognized in the Consolidated Balance Sheets at September 30 are:

(in millions)	1999	1998
Net current asset	$32.3	$20.8
Net non-current asset (liability)	11.3	(1.2)
Net asset	$43.6	$19.6

The components of the net deferred tax asset are as follows:

(in millions)	SEPTEMBER 30, 1999	1998
ASSETS		
Inventories	$ 6.1	$ 5.9
Accrued liabilities	35.5	11.7
Postretirement benefits	9.6	9.8
Foreign net operating losses	1.9	6.0
Other	14.1	12.6
Gross deferred tax assets	67.2	46.0
Valuation allowance	(1.1)	(6.0)
Net deferred tax assets	66.1	40.0
LIABILITIES		
Property, plant and equipment	(22.5)	(20.4)
Net asset	$ 43.6	$ 19.6

Net operating loss carryforwards in foreign jurisdictions were $1.9 million and $6.0 million at September 30, 1999 and 1998, respectively. The use of these acquired carryforwards is subject to limitations imposed by the tax laws of each applicable country.

As a result of tax planning strategies developed and implemented in fiscal 1999, the Company realized $0.8 million of certain net operating losses during fiscal 1999. As a result of acquisitions and reorganizations during fiscal 1999, $4.1 million of foreign net operating losses are no longer available. These amounts and the corresponding valuation allowance have been removed from the accounts. The valuation allowance of $1.1 million at September 30, 1999 is to provide for operating losses for which the benefits are not expected to be realized. The foreign net operating losses of $1.9 million can be carried forward indefinitely.

NOTE 12. FINANCIAL INSTRUMENTS

A description of the Company's financial instruments and the methods and assumptions used to estimate their fair values are as follows:

LONG-TERM DEBT

At September 30, 1999, the Company had $330 million outstanding of 8 5/8% Senior Subordinated Notes due 2009 that were issued through a private offering. The fair value of these notes was estimated based on recent trading information. Variable rate debt outstanding at September 30, 1999 consists of revolving borrowings and term loans under the Company's credit facility and local bank borrowings for certain of the Company's foreign operations. The carrying amounts of these borrowings are considered to approximate their fair values.

At September 30, 1998, the Company had outstanding $100.0 million in principal amount of 9 7/8% Senior Subordinated Notes due 2004. The fair value of these notes was based on the quoted market prices for the same or similar issues. Borrowings at September 30, 1998 under the credit facility were at variable rates. The carrying amounts of these borrowings were considered to approximate their fair values.

INTEREST RATE SWAP AGREEMENTS

At September 30, 1999, the Company had outstanding five interest rate swaps with major financial institutions that effectively convert variable-rate debt to a fixed rate. One swap has a notional amount of 20.0 million British Pounds Sterling under a five-year term expiring in April 2002 whereby the Company pays 7.6% and receives three-month LIBOR. The remaining four swaps have notional amounts between $20 million and $35 million ($105 million in total) with three, four or five year terms commencing in January 1999. Under the terms of these swaps, the Company pays rates ranging from 5.05% to 5.18% and receives three-month LIBOR.

At September 30, 1998, the Company had outstanding the interest rate swap agreement with a notional amount of 20.0 million British Pounds Sterling.

The Company enters into interest rate swap agreements as a means to hedge its interest rate exposure on debt instruments. In addition, the Company's credit facility requires that the Company enter into hedge agreements to the extent necessary to provide that at least 50% of the aggregate principal amount of the Senior Subordinated Notes and term loans is subject to a fixed rate. Since the interest rate swaps have been designated as hedging instruments, their fair values are not reflected in the Company's Consolidated Balance Sheets. Net amounts to be received or paid under the swap agreements are reflected as adjustments to interest expense. The fair value of the swap agreements was determined based on the present value of the estimated future net cash flows using implied rates in the applicable yield curve as of the valuation date.

INTEREST RATE LOCKS

In fiscal 1998, the Company entered into two contracts, each with notional amounts of $100.0 million to lock the treasury rate component of the Company's anticipated offering of debt securities in the first quarter of fiscal 1999. One of the interest rate locks expired in October 1998 and was rolled over into a new rate lock that expired in February 1999. The other rate lock expired in February 1999.

The Company entered into the interest rate locks to hedge its interest rate exposure on the offering of the 9 7/8% Senior Subordinated Notes. Since the interest rate locks were designated as hedging instruments, their fair value was not reflected in the Company's Consolidated Balance Sheets; net amounts to be received or paid under the interest rate locks will be reflected as an adjustment to the carrying amount of the future debt offering. The fair value of the interest rate locks was estimated based on the difference between the contracted interest rates and the yield on treasury notes at September 30, 1998.

The estimated fair values of the Company's financial instruments are as follows for the fiscal years ended September 30:

	1999		1998	
(in millions)	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Long-term debt	$ 903.3	$ 889.3	$ 99.5	$ 106.8
Interest rate swap agreement	--	2.8	--	(1.5)
Interest rate locks	--	--	--	(16.7)

NOTE 13. OPERATING LEASES

The Company leases buildings, land and equipment under various noncancellable lease agreements for periods of two to six years. The lease agreements generally provide that the Company pay taxes, insurance and maintenance expenses related to the leased assets. Certain lease agreements contain purchase options. At September 30, 1999, future minimum lease payments were as follows:

(in millions)	
2000	$18.6
2001	15.1
2002	8.9
2003	5.2
2004	2.9
Thereafter	2.8
Total minimum lease payments	$53.5

The Company also leases transportation and production equipment under various one-year operating leases, which provide for the extension of the initial term on a monthly or annual basis. Total rental expenses for operating leases were $18.5 million, $13.5 million and $12.3 million for fiscal 1999, 1998 and 1997, respectively. The total to be received from sublease rentals in place at September 30, 1999 is $4.1 million.

NOTE 14. COMMITMENTS

The Company has entered into the following purchase commitments:

SEED: The Company is obligated to make future purchases based on estimated yields. At September 30, 1999, estimated annual seed purchase commitments were as follows:

(in millions)	
2000	18.7
2001	16.4
2002	4.8
2003	4.1
2004	1.3

The Company made purchases of $13.2 million and $13.1 million under this obligation in fiscal 1999 and 1998, respectively.

UREA: The Company is obligated to purchase 100,000 tons of urea annually. The value to the Company based on current market prices of urea is approximately $12.0 million. The purchase commitments expire December 31, 2001. The Company purchased 172,000 tons and 104,000 tons under this obligation in fiscal 1999 and 1998, respectively.

GLUFOSINATE AMMONIUM: Under the terms of the agreement to acquire the AgrEvo pesticides business, the Company is obligated to purchase glufosinate ammonium valued at $12.6 million (approximately 315,000 pounds) through September 2001. If the Company does not purchase product with a value of $12.6 million, the Company is required to provide cash settlement in an amount equal to 50% of the shortfall. In connection with the sale of this business in February 1999, the purchaser agreed to purchase a minimum of 50,000 pounds of glufosinate ammonium through September 2001. The Company has not purchased any glufosinate ammonium under this commitment through September 30, 1999.

PEAT: The Company is obligated to purchase 470,000 cubic meters annually (approximately $6.8 million based on average prices) for ten years. The arrangement can be extended another ten years at the Company's option. If the Company does not purchase required amounts, the Company will be required to provide cash settlement equal to 50% of the quantity shortfall multiplied by the average product price. The Company purchased 517,650 cubic meters of peat under this contract in fiscal 1999.

NOTE 15. CONTINGENCIES

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

OHIO ENVIRONMENTAL PROTECTION AGENCY

The Company has assessed and addressed environmental issues regarding the wastewater treatment plants which had operated at the Marysville facility. The Company decommissioned the old wastewater treatment plants and has connected the facility's wastewater system with the City of Marysville's municipal treatment system. Additionally, the Company has been assessing, under Ohio's new Voluntary Action Program ("VAP"), the possible remediation of several discontinued on-site waste disposal areas dating back to the early operations of its Marysville facility.

In February 1997, the Company learned that the Ohio Environmental Protection Agency was referring certain matters relating to environmental conditions at the Company's

Marysville site, including the existing wastewater treatment plants and the discontinued on-site waste disposal areas, to the Ohio Attorney General's Office. Representatives from the Ohio Environmental Protection Agency, the Ohio Attorney General and the Company continue to meet to discuss these issues.

In June 1997, the Company received formal notice of an enforcement action and draft Findings and Orders from the Ohio Environmental Protection Agency. The draft Findings and Orders elaborated on the subject of the referral to the Ohio Attorney General alleging: potential surface water violations relating to possible historical sediment contamination possibly impacting water quality; inadequate treatment capabilities of the Company's existing and currently permitted wastewater treatment plants; and that the Marysville site is subject to corrective action under the Resource Conservation Recovery Act ("RCRA"). In late July 1997, the Company received a draft judicial consent order from the Ohio Attorney General which covered many of the same issues contained in the draft Findings and Orders including RCRA corrective action. As a result of on-going discussions, the Company received a revised draft of a judicial consent order from the Ohio Attorney General in late April 1999, which is the focus of the current negotiations.

In accordance with the Company's past efforts to enter into Ohio's VAP, the Company submitted to the Ohio Environmental Protection Agency a "Demonstration of Sufficient Evidence of VAP Eligibility Compliance" on July 8, 1997. Among other issues contained in the VAP submission, was a description of the Company's ongoing efforts to assess potential environmental impacts of the discontinued on-site waste disposal areas as well as potential remediation efforts. Under the statutes covering VAP, an eligible participant in the program is not subject to State enforcement actions for those environmental matters being addressed. On October 21, 1997, the Company received a letter from the Director of the Ohio Environmental Protection Agency denying VAP eligibility based upon the timeliness of and completeness of the submittal. The Company has appealed the Director's action to the Environmental Review Appeals Commission. No hearing date has been set and the appeal remains pending.

The Company is continuing to meet with the Ohio Attorney General and the Ohio Environmental Protection Agency in an effort to negotiate an amicable resolution of these issues but is unable at this stage to predict the outcome of the negotiations. While negotiations have narrowed the unresolved issues between the Company and the Ohio Attorney General/Ohio Environmental Protection Agency, several critical issues remain the subject of ongoing discussions. The Company believes that it has viable defenses to the State's enforcement action, including that it had been proceeding under VAP to address specified environmental issues, and will assert those defenses in any such action.

Since receiving the notice of enforcement action in June 1997, management has continually assessed the potential costs that may be incurred to satisfactorily remediate the Marysville site and to pay any penalties sought by the State. Because the Company and the Ohio Environmental Protection Agency have not agreed as to the extent of any possible contamination and an appropriate remediation plan, the Company has developed and initiated an action plan to remediate the site based on its own assessments and consideration of specific actions which the Ohio Environmental Protection Agency will likely require. Because the extent of the ultimate remediation plan is uncertain, management is unable to predict with certainty the costs that will be incurred to remediate the site and to pay any penalties. As of September 30, 1999, management estimates that the range of possible loss that could be incurred in connection with this matter is $2 million to $10 million. The Company has accrued for the amount it considers to be the most probable within that range and believes the outcome will not differ materially from the amount reserved. Many of the issues raised by the State are already being investigated and addressed by the Company during the normal course of conducting business.

LAFAYETTE

In July 1990, the Philadelphia District of the U.S. Army Corps of Engineers ("Corps") directed that peat harvesting operations be discontinued at Hyponex's Lafayette, New Jersey facility, based on its contention that peat harvesting and related activities result in the "discharge of dredged or fill material into waters of the United States" and, therefore, require a permit under Section 404 of the Clean Water Act. In May 1992, the United States filed suit in the U.S. District Court for the District of New Jersey seeking a permanent injunction against such harvesting, and civil penalties in an unspecified amount. 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. The suit was placed in administrative suspense during fiscal 1996 in order to allow the Company and the government an opportunity to negotiate a settlement, and it remains suspended while the parties develop, exchange and evaluate technical data. In July 1997, the Company's wetlands consultant submitted to the government a draft remediation plan. Comments were received and a revised plan was submitted in early 1998. Further comments from the government were received during 1998 and 1999. The Company believes agreement on the remediation plan has essentially been reached. Before this suit can be fully resolved, however, the Company and the government must reach agreement on the government's civil penalty demand. The Company has reserved for its estimate of the probable loss to be incurred under this proceeding as of September 30, 1999. Furthermore, management believes the Company has sufficient raw material supplies available such that service to customers will not be materially adversely affected by continued closure of this peat harvesting operation.

HERSHBERGER

In September 1991, the Company was identified by the Ohio Environmental Protection Agency as a Potentially Responsible Party ("PRP") with respect to a site in Union County, Ohio (the "Hershberger site"), because the Company allegedly arranged for the transportation, treatment or disposal of waste that allegedly contained hazardous substances, at the Hershberger site. Effective February 1998, the Company and four other named PRPs executed an Administrative Order on Consent with the Ohio Environmental Protection Agency, by which the named PRPs funded remedial action at the Hershberger site. Construction of the leachate collection system and reconstruction of the landfill cap was completed in August 1998. The Company expects its future obligation will consist primarily of its share of annual operating and maintenance expenses. Management does not believe that its obligations under the Administrative Order will have a material adverse effect on the Company's results of operations or financial condition.

AGREVO ENVIRONMENTAL HEALTH, INC.

On June 3, 1999, AgrEvo Environmental Health, Inc. ("AgrEvo") filed a complaint against the Company, a subsidiary of the Company and Monsanto seeking damages and injunctive relief for alleged antitrust violations and breach of contract by the Company and its subsidiary and antitrust violations and tortious interference with contact by Monsanto. The Company purchased a consumer herbicide business from AgrEvo in May 1998. AgrEvo claims in the suit that the Company's subsequent agreement to become Monsanto's exclusive sales and marketing agent for Monsanto's consumer Roundup(R) business violated the federal antitrust laws. AgrEvo contends that Monsanto attempted to or did monopolize the market for non-selective herbicides and conspired with the Company to eliminate the herbicide the Company previously purchased from AgrEvo, which competed with Monsanto's Roundup(R), in order to achieve or maintain a monopoly position in that market. AgrEvo also contends that the Company's execution of various agreements with Monsanto, including the Roundup(R) marketing agreement, as well as the Company's subsequent actions, violated the purchase agreements between AgrEvo and the Company.

AgrEvo is requesting unspecified damages as well as affirmative injunctive relief, and seeking to have the court invalidate the Roundup(R) marketing agreement as violative of the federal antitrust laws. On September 20, 1999, the Company filed an answer denying liability and asserting counterclaims that it was fraudulently induced to enter into the agreement for purchase of the consumer herbicide business and the related agreements, and that AgrEvo breached the representations and warranties contained in these agreements. On October 1, 1999, the Company moved to dismiss the antitrust allegations against it on the ground that the claims fail to state claims for which relief may be granted. On October 12, 1999, AgreEvo moved to dismiss the Company's counterclaims. The Company intends to vigorously defend against this action. Under the indemnification provisions of the Roundup(R) marketing agreement, Monsanto and the Company each have requested that the other indemnify against any losses arising from this lawsuit. The Company currently is unable to determine the potential impact of these proceedings on its future results of operations and financial condition.

On June 29, 1999, AgrEvo also filed a complaint against two of the Company's subsidiaries seeking damages for alleged breach of contract. AgrEvo alleges that, under the contracts by which a subsidiary of the Company purchased a herbicide business from AgrEvo in May 1998, two of the Company's subsidiaries have failed to pay AgrEvo approximately $0.6 million. AgrEvo is requesting damages in this amount, as well as pre and post-judgment interest and attorneys' fees and costs. The Company's subsidiaries have moved to dismiss or stay this action. The Company's subsidiaries intend to vigorously defend the asserted claims.

BRAMFORD

In the United Kingdom, major discharges of waste to air, water and land are regulated by the Environment Agency. The Scotts (UK) Ltd. fertilizer facility in Bramford (Suffolk), United Kingdom, is subject to environmental regulation by this Agency. Two manufacturing processes at this facility require process authorizations and previously required a waste management license (discharge to a licensed waste disposal lagoon having ceased in July 1999). The Company expects to surrender the waste management license in consultation with the Environment Agency. In connection with the renewal of an authorization, the Environment Agency has identified the need for remediation of the lagoon, and the potential for remediation of a former landfill at the site. The Company intends to comply with the reasonable remediation concerns of the Environment Agency. The Company previously installed an environmental enhancement to the facility to the satisfaction of the Environment Agency and believes that it has adequately addressed the environmental concerns of the Environment Agency regarding emissions to air and groundwater. The Company and the Environment Agency have not agreed on a final plan for remediating the lagoon and the landfill. The Company has reserved for its estimate of the probable loss to be incurred in connection with this matter as of September 30, 1999.

OTHER

The Company has determined that quantities of cement containing asbestos material at certain manufacturing facilities in the United Kingdom should be removed. The Company has reserved for the estimate of costs to be incurred for this matter as of September 30, 1999.

NOTE 16. CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Company to concentration of credit risk consist principally of trade accounts receivable. The Company sells its consumer products to a wide variety of retailers, including mass merchandisers, home centers, independent hardware stores, nurseries, garden outlets, warehouse clubs and local and regional chains. Professional products are sold to golf courses, schools and sports fields, nurseries, lawn care service companies and growers of specialty agriculture crops.

At September 30, 1999, 66% of the Company's accounts receivable was due from customers in North America. Approximately two-thirds of these receivables were generated from the Company's North American consumer business. The most significant concentration of receivables within this segment was from home centers, which accounted for 19% of the Company's receivables balance at September 30, 1999. No other retail concentrations (e.g., mass merchandisers, independent hardware stores, etc. in similar markets) accounted for more than 10% of the Company's accounts receivable balance at September 30, 1999.

The remaining one-third of North American accounts receivable was generated from the Company's North American Professional business. Due to seasonality, the Professional segment accounts for a share of the Company's receivable balance at September 30, 1999 that is disproportionate to its share of total company sales for the year. As a result of the changes in distribution methods made earlier in fiscal 1999 for the Professional business, nearly all products are sold through distributors. Accordingly, nearly all of the Professional business accounts receivable at September 30, 1999 is due from distributors.

The 34% of accounts receivable generated outside of North America is due from retailers, distributors, nurseries and growers. No concentrations of or individual customers within this group account for more than 10% of the Company's accounts receivable balance at September 30, 1999.

At September 30, 1998, the Company's concentrations of credit risk were similar to those existing at September 30, 1999 except that the North American professional business accounted for 47% of North American receivables at that time.

The Company's two largest customers accounted for the following percentage of net sales in each respective period:

	LARGEST CUSTOMER	2ND LARGEST CUSTOMER
1999	17.4%	11.6%
1998	16.8%	10.6%
1997	16.1%	11.9%

Sales to the Company's two largest customers are reported within the Company's North American Consumer Segment. No other customers accounted for more than 10% of fiscal 1999, 1998 or 1997 net sales.

NOTE 17. OTHER EXPENSE (INCOME)

Other expense (income) consisted of the following for the fiscal years ended September 30:

(in millions)	1999	1998	1997
Royalty income	$(4.0)	$(3.4)	$(2.0)
Asset valuation and write-off charges	1.2	2.3	6.0
Foreign currency losses	0.1	2.5	-
Other, net	(0.9)	(0.1)	1.2
Total	$(3.6)	$ 1.3	$ 5.2

During fiscal 1997, the Company recorded charges of $6.0 million to write-down certain long-lived assets to their estimated fair value. The components of these charges were as follows:

- - - A charge of $2.2 million to write-down the carrying value of the Company's peat harvesting facility in Lafayette, New Jersey. As disclosed in Note 15, operations at this facility were discontinued at the order of the Philadelphia District of the U.S. Army Corps of Engineers in July 1990. While proceedings with the government are ongoing, the Company does not expect to resume operations at this site. The charge reduced the carrying amount for this facility to its estimated fair value based on appraisal.
- - - A charge of $1.6 million to write-off the carrying value of certain paper packaging equipment that was rendered obsolete by management's decision to convert to plastic packaging. The equipment was considered to have only nominal value and has subsequently been abandoned or scrapped.
- - - A charge of $0.9 million to write-down the carrying value of the Company's water soluble fertilizer plant in Allentown, Pennsylvania. In fiscal 1997, management determined that the production capacity at this plant was unnecessary after completing the merger transactions with Miracle-Gro in fiscal 1995. The Allentown facility was sold in July 1997.
- - - A charge of $0.7 million to write-off certain spreader molding equipment that was considered obsolete. In fiscal 1997, management elected to upgrade the production line at its spreader manufacturing facility in Carlsbad, California. In connection with this change, certain production equipment was unusable and was scrapped.
- - - A charge of $0.6 million to write-off certain software costs that had been deferred under an ERP implementation project. In fiscal 1997, management elected to change the software platform that would be used for the Company's ERP project. Software costs that had been deferred while configuring and installing the previous software were determined to have no future benefit and were written-off.

NOTE 18. NEW ACCOUNTING STANDARDS

In August 1998, the FASB issued SFAS No. 133, "Accounting For Derivative Instruments and Hedging Activities." SFAS NO. 133 (as amended) is effective for fiscal years beginning after June 15, 2000.

SFAS No. 133 establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The Company has not yet determined the impact this statement will have on its operating results. The Company plans to adopt SFAS No. 133 in fiscal 2001.

In December 1999, the Securities and Exchange Commission issued SEC Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements." This staff accounting bulletin summarizes certain of the staff's views in applying generally accepted accounting principles to revenue recognition in financial statements. The Company believes its annual accounting policies are consistent with the staff's views. The Company will be required, however, to conform its interim period revenue recognition policies for the commission under the Roundup(R) marketing agreement to be consistent with the staff's views. The impact of conforming the Company's interim period revenue recognition policies for the commission under the Roundup(R) marketing agreement will require the Company to defer the recognition of commission earned in interim periods but will not impact the commission earned on an annual basis. The Company will adopt the interim period revenue recognition policies no later than the first quarter of the fiscal year ending December 31, 2001 as permitted by the staff accounting bulletin.

NOTE 19. SUPPLEMENTAL CASH FLOW INFORMATION

(in millions)	1999	1998	1997
Interest paid (net of amount capitalized)	$ 63.6	$ 31.5	$ 24.2
Income taxes paid	50.3	38.6	20.5
Dividends declared not paid		2.5	--
Businesses acquired:			
Fair value of assets acquired, net of cash	691.2	197.3	115.8
Liabilities assumed	(149.3)	(45.9)	(69.2)
Net assets acquired	541.9	151.4	46.6
Cash paid	4.8	0.4	--
Notes issued to seller	35.7	--	--
Debt issued	501.4	151.0	46.6

NOTE 20. SEGMENT INFORMATION

The Company is divided into three reportable segments--North American Consumer, Professional and International. The North American Consumer segment consists of the Lawns, Gardens, Growing Media and Ortho business units.

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

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

The International segment provides a broad range of controlled-release and water-soluble fertilizers and related products, including ornamental horticulture, turf and landscape, and consumer lawn and garden products which are sold to all customer groups mentioned above.

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

(in millions)		N.A. CONSUMER	PROFESSIONAL	INTERNATIONAL	CORPORATE	TOTAL
Sales:						
	1999	$1,097.0	$159.4	$391.9		$1,648.3
	1998	733.7	179.4	199.9		1,113.0
	1997	619.2	165.5	114.6		899.3
Operating Income (Loss):						
	1999	$ 234.6	$ 23.6	$ 53.0	$(115.1)	$ 196.1
	1998	126.5	23.5	30.0	$ (85.9)	94.1
	1997	108.4	22.4	20.4	(56.4)	94.8
Operating Margin:						
	1999	21.4%	14.8%	13.5%	nm	11.9%
	1998	17.2	13.1	15.0	nm	8.5%
	1997	17.5	13.5	17.8	nm	10.5
Depreciation and Amortization:						
	1999	$ 35.9	3.3	$ 15.1	5.9	$ 60.2
	1998	24.1	2.7	7.7	3.3	37.8
	1997	21.2	3.1	2.9	3.2	30.4
Capital Expenditures:						
	1999	$ 22.5	5.7	$ 10.6	$ 27.9	$ 66.7
	1998	19.6	9.2	5.1	7.4	41.3
	1997	16.5	5.5	2.0	4.6	28.6
Long-Lived Assets:						
	1999	649.0	98.5	322.7	57.7	1,127.9
	1998	391.3	103.1	169.2	4.4	668.0
Total Assets:						
	1999	1,010.1	176.9	496.7	85.9	1,769.6
	1998	581.8	182.6	246.0	24.8	1,035.2

nm Not meaningful.

Operating income (loss) reported for the Company's three operating segments represents earnings before amortization of intangible assets since this is the measure of profitability used by management. Accordingly, Corporate operating loss for the fiscal years ended September 30, 1999, 1998 and 1997 includes amortization of certain intangible assets, corporate general and administrative expenses, research and development expense, interest expense, income tax expense and "other" income/expense not allocated to the business segments. Corporate operating income for fiscal 1998 includes $20.4 million of restructuring and other charges.

Long-lived assets and total assets reported for the Company's operating segments include the intangible assets for the acquired businesses within those segments. Depreciation and amortization for the segments includes the amortization of these intangibles. Corporate assets primarily include deferred financing and debt issuance costs, corporate fixed assets as well as deferred tax assets.

NOTE 21. QUARTERLY CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

The following is a summary of the unaudited quarterly results of operations for fiscal 1999 and 1998:

(in millions except for share data)	1ST QTR	2ND QTR	3RD QTR	4TH QTR	FULL YEAR
FISCAL 1999					
Net sales	$ 184.4	$ 631.5	$ 586.2	$ 246.2	$ 1,648.3
Gross profit	64.7	268.9	236.4	89.2	659.2
Income (loss) before extraordinary item	(10.0)	54.7	41.6	(17.2)	69.1
Net income (loss)	(10.4)	49.3	41.6	(17.3)	63.2
Basic earnings (loss) per common share	(0.70)	2.56	2.14	(1.07)	2.93
Shares used in basic EPS calculation	18.3	18.3	18.3	18.3	18.3
Diluted earnings (loss) per common share	(0.70)	1.63	1.35	(1.08)	2.08
Shares used in diluted EPS calculation	18.3	30.3	30.9	18.3	30.5

(in millions except for share data)	1ST QTR	2ND QTR	3RD QTR	4TH QTR	FULL YEAR
FISCAL 1998					
Net sales	$ 124.8	$ 430.1	$ 367.0	$ 191.1	$ 1,113.0
Gross profit	41.3	170.5	131.3	54.9	398.0
Income (loss) before extraordinary item	(5.5)	33.5	24.4	(15.4)	37.0
Net income (loss)	(5.5)	32.8	24.4	(15.4)	36.3
Basic earnings (loss) per common share	(.42)	1.62	1.18	(.96)	1.42
Shares used in basic EPS calculation	18.7	18.7	18.7	18.6	18.7
Diluted earnings (loss) per common share	(.42)	1.08	.80	(.96)	1.20
Shares used in diluted EPS calculation	18.7	30.4	30.6	18.6	30.3

NOTES:

Certain reclassifications have been made within interim periods.

The Company's business is highly seasonal with approximately 72% of sales occurring in the second and third fiscal quarters combined.

NOTE 22. FINANCIAL INFORMATION FOR SUBSIDIARY GUARANTORS AND NON-GUARANTORS

In January 1999, the Company issued $330 million of 8 5/8% Senior Subordinated Notes due 2009 to qualified institutional buyers under the provisions of Rule 144A of the Securities Act of 1993. The Company intends to register these Notes under the Securities Act.

The Notes are general obligations of the Company and are guaranteed by all of the existing and future wholly-owned and significant domestic subsidiaries of the Company. The following information presents consolidating Statements of Operations, Statements of Cash Flows and Balance Sheets for the three years ended September 30, 1999.

Statement of Operations

For the fiscal year ended September 30, 1999 (in millions)

	PARENT AND SUBSIDIARY GUARANTORS	NON-GUARANTORS	ELIMINATIONS	CONSOLIDATED
Sales	$1,242.5	$405.8		$1,648.3
Cost of sales	764.5	224.6	.	989.1
Gross profit	478.0	181.2		659.2
	29.8	0.5		30.3
Advertising and promotion	140.2	48.8		189.0
Selling, general and administration	193.1	88.1		281.2
Amortization or goodwill and other intangibles	16.1	9.3		25.4
Restructuring and other changes	1.4			1.4
Equity income in non-guarantors	(4.0)		4.0	
Intracompany allocations	(6.6)	6.6		
Other income, net	(2.9)	(0.7)	.	(3.6)
Income from operations	170.5	29.6	(4.0)	196.1
Interest expense	55.5	23.6	.	79.1
Income before income taxes	115.0	6.0	(4.0)	117.0
Income taxes	45.9	2.0	.	47.9
Income before extraordinary item	69.1	4.0	(4.0)	69.1
Extraordinary loss on early extinguishment of debt, net of income tax benefit	5.9			5.9
Net income	$ 63.2	$ 4.0	$(4.0)	$ 63.2

Statement of Cash Flows

For the fiscal year ended September 30, 1999 (in millions)

	PARENT AND SUBSIDIARY GUARANTORS	NON-GUARANTORS	ELIMINATIONS	CONSOLIDATED
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income	$ 63.2	$ 4.0	$ (4.0)	$ 63.2
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation	22.5	6.5		29.0
Amortization	21.3	9.9		31.2
Equity income in non-guarantors	(4.0)		4.0	
Extraordinary loss	5.9	-		5.9
Restructuring and other charges				
Loss on sale of fixed assets	1.7	0.1		1.8
Deferred income taxes	0.5	-		0.5
Changes in assets and liabilities, net of acquired businesses:				
Accounts receivable	23.7	-		23.7
Inventories	(21.6)	-		(21.6)
Prepaid and other current assets	(14.6)	(10.6)		(25.2)
Accounts payable	14.6	(3.9)		10.7
Accrued taxes and other liabilities	15.2	(25.4)		(10.2)
Other assets	(34.7)	(1.2)		(35.9)
Other liabilities	6.3	(4.6)		1.7
Other, net	(1.0)	4.4	.	3.4
Net cash provided by operating activities	99.0	(20.8)	0.0	78.2
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in property, plant and equipment	(56.0)	(10.7)		(66.7)
Proceeds from sale of equipment	1.5	0.0		1.5
Investments in non-guarantors	(32.4)		32.4	
Investments in acquired businesses, net of cash acquired	(350.1)	(156.1)		(506.2)
Other	0.5	(0.7)	.	(0.2)
Net cash used in investing activities	(436.5)	(167.5)	32.4	(571.6)
CASH FLOWS FROM FINANCING ACTIVITIES				
Gross borrowings under term loans	260.0	265.0		525.0
Gross repayments under term loans	(1.0)	(2.0)		(3.0)
Net borrowings under revolving and bank lines of credit	160.7	(95.4)		65.3
Repayment of outstanding balance on old credit facility	(241.0)	0.0		(241.0)
Issuance of 8 5/8% Senior Subordinated Notes	330.0	0.0		330.0
Extinguishment of 9 7/8% Senior Subordinated Notes	(107.1)	0.0		(107.1)
Settlement of interest rate locks	(12.9)	0.0		(12.9)
Financing and issuance fees	(24.1)	0.0		(24.1)
Dividends on Class A Convertible Preferred Stock	(12.1)	0.0		(12.1)
Repurchase of treasury shares	(10.0)	0.0		(10.0)
Cash received from exercise of stock options	3.8	0.0		3.8
Investment from parent	0.0	32.4	(32.4)	
Net cash provided by financing activities	346.3	200.0	(32.4)	513.9
Effect of exchange rate changes on cash	0.0	0.8	0.0	(0.8)
Net increase (decrease) in cash	8.8	10.9	0.0	19.7
Cash and cash equivalents, beginning of period	2.8	7.8	0.0	10.6

Cash and cash equivalents, end of period	$ 11.6	$ 18.7	$.	$ 30.3

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Balance Sheet

As of September 30, 1999 (in millions, except share information)

	PARENT AND SUBSIDIARY GUARANTORS	NON-GUARANTORS	ELIMINATIONS	CONSOLIDATED
ASSETS				
Current Assets:				
Cash	$ 11.6	$ 18.7		$ 30.3
Accounts receivable, net	131.6	69.8		201.4
Inventories, net	244.0	69.2		313.2
Current deferred tax asset	28.6	0.7		29.3
Prepaid and other assets	47.3	20.2	.	67.5
Total current assets	463.1	178.6	0.0	641.7
Property, plant and equipment, net	216.8	42.6		259.4
Intangible assets, net	498.8	295.3		794.1
Other assets	64.7	9.7		74.4
Investment in affiliates	101.1		(101.1)	
Intracompany assets	5.3	.	(5.3)	
Total assets	1,349.8	526.2	(106.4)	1,769.6
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities:				
Short-term debt	27.7	28.7		56.4
Accounts payable	94.9	38.6		133.5
Accrued liabilities	121.2	36.5		157.7
Accrued taxes	16.8	2.5	.	19.3
Total current liabilities	260.6	106.3	0.0	366.9
Long-term debt	594.4	299.2		893.6
Other liabilities	42.8	23.0		65.8
Intracompany liabilities	.	5.3	(5.3)	0.0
Total liabilities	897.8	433.8	(5.3)	1,326.3
Commitments and contingencies				
Shareholders' equity:				
Class A Convertible Preferred Stock, no par value	173.9	-		173.9
Investment from parent		57.4	(57.4)	0.0
Common shares, no par value per share, $.01 stated value per share	0.2	-		0.2
Capital in excess of par value	213.9	-		213.9
Retained earnings	130.1	43.7	(43.7)	130.1
Treasury stock, 2.8 shares at cost	(61.9)	-	.	(61.9)
Accumulated other comprehensive income	(4.2)	(8.7)		(12.9)
Total shareholders' equity	452.0	92.4	(101.1)	443.3
Total liabilities and shareholders' equity	$1,349.8	$526.2	$(106.4)	$1,769.6

Statement of Operations

For the fiscal year ended September 30, 1998 (in millions)

	PARENT AND SUBSIDIARY GUARANTORS	NON-GUARANTORS	ELIMINATIONS	CONSOLIDATED
Sales	$905.9	$207.1		$1,113.0
Cost of sales	598.1	116.9	.	715.0
Gross profit	307.8	90.2		398.0
Advertising and promotion	83.3	21.1		104.4
Selling, general and administration	125.9	44.0		169.9
Amortization or goodwill and other intangibles	8.9	4.0		12.9
Restructuring and other changes	12.9	2.5		15.4
Equity income in non-guarantors	(3.5)		3.5	
Intracompany allocations	(1.3)	1.3		
Other expenses, net	1.0	0.3	.	1.3
Income from operations	80.6	17.0	(3.5)	94.1
Interest expense	21.1	11.1	.	32.2
Income before income taxes	59.5	5.9	(3.5)	61.9
Income taxes	22.5	2.4	.	24.9
Income before extraordinary item	37.0	3.5	(3.5)	37.0
Extraordinary loss on early extinguishment of debt, net of income tax benefit	0.7			0.7
Net income	$ 36.3	$ 3.5	$(3.5)	$ 36.3

Statement of Cash Flows

For the fiscal year ended September 30, 1998 (in millions)

	PARENT AND SUBSIDIARY GUARANTORS	NON-GUARANTORS	ELIMINATIONS	CONSOLIDATED
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$ 36.3	$ 3.5	$(3.5)	$ 36.3
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation	17.3	4.3		21.6
Amortization	11.8	4.4		16.2
Equity income in non-guarantors	(3.5)		3.5	
Extraordinary loss	0.7	0.0		0.7
Restructuring and other charges	14.4	4.9		19.3
Loss on sale of fixed assets	2.3	0.0		2.3
Deferred income taxes	(2.4)	0.0		(2.4)
Changes in assets and liabilities, net of acquired businesses:				
Accounts receivable	(10.5)	1.9		(8.6)
Inventories	(5.2)	(0.5)		(5.7)
Prepaid and other current assets	(2.2)	0.1		(2.1)
Accounts payable	9.7	(0.9)		8.8
Accrued taxes and other liabilities	(8.5)	(5.9)		(14.4)
Other, net	1.0	(2.0)	.	(1.0)
Net cash provided by operating activities	61.2	9.8	0.0	71.0
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in property, plant and equipment	(35.9)	(5.4)		(41.3)
Proceeds from sale of equipment	0.6			0.6
Investments in acquired businesses, net of cash acquired	(63.8)	(87.6)		(151.4)
Investments in non-guarantors	(6.7)	.	6.7	.
Net cash used in investing activities	(105.8)	(93.0)	6.7	(192.1)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net borrowings under revolving and bank lines of credit	67.6	72.4		140.0
Dividends on Class A Convertible Preferred Stock	(7.3)			(7.3)
Repurchase of common shares	(15.3)			(15.3)
Investments from parent		6.7	(6.7)	
Other, net	1.0	.	.	1.0
Net cash provided by financing activities	46.0	79.1	(6.7)	118.4
Effect of exchange rate changes on cash	.	0.3	.	0.3
Net increase (decrease) in cash	1.4	(3.8)		(2.4)
Cash and cash equivalents, beginning of period	1.4	11.6	.	13.0
Cash and cash equivalents, end of period	$ 2.8	$ 7.8	$.	$ 10.6

Balance Sheet

As of September 30, 1998 (in millions, except share information)

	PARENT AND SUBSIDIARY GUARANTORS	NON-GUARANTORS	ELIMINATIONS	CONSOLIDATED
ASSETS				
Current Assets:				
Cash	$ 2.8	$ 7.8		$ 10.6
Accounts receivable, net	105.7	40.9		146.6
Inventories, net	147.9	29.8		177.7
Current deferred tax asset	20.8			20.8
Prepaid and other assets	10.1	1.4	.	11.5
Total current assets	287.3	79.9	0.0	367.2
Property, plant and equipment, net	166.3	30.7		197.0
Intangible assets, net	285.1	150.0		435.1
Other assets	35.9			35.9
Investment in affiliates	75.1		(75.1)	0.0
Intracompany assets	.	4.5	(4.5)	0.0
Total assets	849.7	265.1	(79.6)	1,035.2
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities:				
Short-term debt	10.5	2.8		13.3
Accounts payable	65.7	12.1		77.8
Accrued liabilities	95.2	29.7		124.9
Accrued taxes	12.6	3.3	.	15.9
Total current liabilities	184.0	47.9		231.9
Long-term debt	214.0	145.2		359.2
Other liabilities	40.3	(0.1)		40.2
Intracompany liabilities	4.5	.	(4.5)	0.0
Total liabilities	442.8	193.0	(4.5)	631.3
Commitments and contingencies				
Shareholders' equity:				
Class A Convertible Preferred Stock, no par value	177.3			177.3
Investment from parent		35.0	(35.0)	0.0
Common shares, no par value per share, $.01 stated value per share, issued 21.1 shares in 1998 and 1997	0.2			0.2
Capital in excess of par value	208.9			208.9
Retained earnings	76.6	40.1	(40.1)	76.6
Treasury stock, 2.8 shares at cost	(55.9)	.	.	(55.9)
Accumulated other comprehensive income	(0.2)	(3.0)		(3.2)
Total shareholders' equity	406.9	72.1	(75.1)	403.9
Total liabilities and shareholders' equity	$849.7	$265.1	$(79.6)	$1,035.2

Statement of Operations

For the fiscal year ended September 30, 1997 (in millions)

	PARENT AND SUBSIDIARY GUARANTORS	NON-GUARANTORS	ELIMINATIONS	CONSOLIDATED
Sales	$784.7	$114.6		$899.3
Cost of sales	515.2	58.4	.	573.6
Gross profit	269.5	56.2		325.7
Advertising and promotion	74.2	9.7		83.9
Selling, general and administration	105.0	26.6		131.6
Amortization or goodwill and other Intangibles	8.8	1.4		10.2
Equity income in non-guarantors	(7.6)		7.6	
Intracompany allocations	(0.3)	0.3		
Other expenses (income), net	4.7	0.5	.	5.2
Income from operations	84.7	17.7	(7.6)	94.8
Interest expense	20.8	4.4	.	25.2
Income before income taxes	63.9	13.3	(7.6)	69.6
Income taxes	24.4	5.7	.	30.1
Net income	39.5	7.6	(7.6)	39.5

Statement of Cash Flows

For the fiscal year ended September 30, 1997 (in millions)

	PARENT AND SUBSIDIARY GUARANTORS	NON-GUARANTORS	ELIMINATIONS	CONSOLIDATED
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$ 39.5	$ 7.6	$(7.6)	$ 39.5
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation	15.7	0.9		16.6
Amortization	12.4	1.4		13.8
Equity income in non-guarantors	(7.6)		7.6	0.0
Loss (gain) on sale of fixed assets	5.6	0.0		5.6
Deferred income taxes	(1.5)	0.0		(1.5)
Changes in assets and liabilities, net of acquired businesses:				
Accounts receivable	6.5	11.8		18.3
Inventories	10.0	7.3		17.3
Prepaid and other current assets		0.4		0.4
Accounts payable	5.1	(4.0)		1.1
Accrued taxes and other liabilities	13.2	(0.5)		12.7
Other, net	1.1	(3.8)	.	(2.7)
Net cash provided by operating activities	100.0	21.1	.	121.1
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in property, plant and equipment	(27.2)	(1.4)		(28.6)
Proceeds from sale of equipment	2.6	0.1		2.7
Dividends from non-guarantors	8.9	(46.6)	(8.9)	(46.6)
Investments in non-guarantors	(7.1)	.	7.1	.
Net cash used in investing activities	(22.8)	(47.9)	(1.8)	(72.5)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net borrowings (repayments) under revolving and bank lines of credit	(71.9)	34.6		(37.3)
Dividends on Class A Convertible Preferred Stock	(9.8)			(9.8)
Dividends to parent		(8.9)	8.9	0.0
Investments from parent		7.1	(7.1)	0.0
Other, net	0.9	.	.	0.9
Net cash provided by (used in) financing activities	(80.8)	32.8	1.8	(46.2)
Effect of exchange rate changes on cash	.	0.0	.	0.0
Net increase (decrease) in cash	(3.6)	6.0		2.4
Cash and cash equivalents, beginning of period	5.0	5.6	.	10.6
Cash and cash equivalents, end of period	$ 1.4	$ 11.6	$.	$ 13.0

Balance Sheet

As of September 30, 1997 (in millions, except share information)

	PARENT AND SUBSIDIARY GUARANTORS	NON-GUARANTORS	ELIMINATIONS	CONSOLIDATED
ASSETS				
Current Assets:				
Cash	$ 1.4	$ 11.6		$ 13.0
Accounts receivable, net	84.3	20.0		104.3
Inventories, net	128.6	17.5		146.1
Current deferred tax asset	19.0			19.0
Prepaid and other assets	2.4	1.0	.	3.4
Total current assets	235.7	50.1	0.0	285.8
Property, plant and equipment, net	135.2	10.9		146.1
Intangible assets, net	274.7	77.5		352.2
Other assets	3.5			3.5
Investment in affiliates	51.0		(51.0)	0.0
Intracompany assets	.	0.3	(0.3)	0.0
Total assets	700.1	138.8	(51.3)	787.6
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities:				
Short-term debt	1.5			1.5
Accounts payable	49.6	4.5		54.1
Accrued liabilities	48.1	9.7		57.8
Accrued taxes	20.0	5.9	.	25.9
Total current liabilities	119.2	20.1	0.0	139.3
Long-term debt	152.0	67.8		219.8
Other liabilities	35.1	4.2		39.3
Intracompany liabilities	0.3	.	(0.3)	.
Total liabilities	306.6	92.1	(0.3)	398.4
Commitments and contingencies				
Shareholders' equity:				
Class A Convertible Preferred Stock, no par value	177.3			177.3
Investment from parent		15.2	(15.2)	
Common shares, no par value per share, $.01 stated value per share, issued 21.1 shares in 1998 and 1997	0.2			0.2
Capital in excess of par value	207.8			207.8
Retained earnings	50.1	35.8	(35.8)	50.1
Treasury stock, 2.8 shares at cost	(41.9)	.	.	(41.9)
Accumulated other comprehensive income		(4.3)		(4.3)
Total shareholders' equity	393.5	46.7	(51.0)	389.2
Total liabilities and shareholders' equity	$700.1	$138.8	$(51.3)	$787.6

Report of Independent Accountants on Financial Statement Schedules

To the Board of Directors and Shareholders of The Scotts Company

Our audits of the consolidated financial statements referred to in our report dated October 21, 1999 appearing in Item 14(a)(1) of this Annual Report on Form 10-K, also included an audit of the financial statement schedules listed in Item 14 (a)(2) of this Form 10-K. In our opinion, these financial statement schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PricewaterhouseCoopers LLP
Columbus, Ohio

October 21, 1999

THE SCOTTS COMPANY AND SUBSIDIARIES

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1999
(IN MILLIONS)

COLUMN A CLASSIFICATION	COLUMN B BALANCE AT BEGINNING OF PERIOD	COLUMN C RESERVES ACQUIRED	COLUMN D ADDITIONS CHARGED TO EXPENSE	COLUMN E DEDUCTIONS CREDITED AND WRITE-OFFS	COLUMN F BALANCE AT END OF PERIOD
Valuation and qualifying accounts deducted from the assets to which they apply:					
Inventory reserve	$12.0	$19.0	$12.9	$(13.4)	$30.5
Allowance for doubtful accounts	6.3	3.4	11.1	(4.4)	16.4

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1998
(IN MILLIONS)

COLUMN A CLASSIFICATION	COLUMN B BALANCE AT BEGINNING OF PERIOD	COLUMN C RESERVES ACQUIRED	COLUMN D ADDITIONS CHARGED TO EXPENSE	COLUMN E DEDUCTIONS CREDITED AND WRITE-OFFS	COLUMN F BALANCE AT END OF PERIOD
Valuation and qualifying accounts deducted from the assets to which they apply:					
Inventory reserve	$11.8	$0.5	$4.8	$(5.1)	$12.0
Allowance for doubtful Accounts	5.7	0.8	2.6	(2.8)	6.3

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1997
(IN MILLIONS)

COLUMN A CLASSIFICATION	COLUMN B BALANCE AT BEGINNING OF PERIOD	COLUMN C RESERVES ACQUIRED	COLUMN D ADDITIONS CHARGED TO EXPENSE	COLUMN E DEDUCTIONS CREDITED AND WRITE-OFFS	COLUMN F BALANCE AT END OF PERIOD
Valuation and qualifying accounts deducted from the assets to which they apply:					
Inventory reserve	$8.7	$2.0	$8.5	$(7.4)	$11.8
Allowance for doubtful accounts	4.1	0.9	1.6	(0.9)	5.7

THE SCOTTS COMPANY

ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1999

INDEX TO EXHIBITS

EXHIBIT NO.	DESCRIPTION	LOCATION
2(a)	Amended and Restated Agreement and Plan of Merger, dated as of May 19, 1995, among Stern's Miracle-Gro Products, Inc., Stern's Nurseries, Inc., Miracle-Gro Lawn Products, Inc., Miracle-Gro Products Limited, Hagedorn Partnership, L.P., the general partners of Hagedorn Partnership , L.P., Horace Hagedorn, Community Funds, Inc., and John Kenlon, The Scotts Company (the "Registrant"), and ZYX Corporation	Incorporated herein by reference to the Registrant's Current Report on Form 8-K dated May 31, 1995 (File No. 0-19768) [Exhibit 2(b)]
2(b)	First Amendment to Amended and Restated Agreement and Plan of Merger, made and entered into as of October 1, 1999, among The Scotts Company, Scotts Miracle-Gro Products, Inc. (as successor to ZYX Corporation and Stern's Miracle-Gro Products, Inc.), Miracle-Gro Lawn Products, Inc., Miracle-Gro Products Limited, Hagedorn Partnership, L.P., Community Funds, Inc., Horace Hagedorn and John Kenlon, and James Hagedorn, Katherine Hagedorn Littlefield, Paul Hagedorn, Peter Hagedorn, Robert Hagedorn and Susan Hagedorn	Incorporated herein by reference to the Registrant's Current Report on Form 8-K dated October 4, 1999 (File No. 1-11593) [Exhibit 2]
2(c)	Master Contract, dated September 30, 1998, by and between Rhone-Poulenc Agro; the Registrant; Scotts Celaflor GmbH & Co. K.G.; "David" Sechsundfunfzigste Beteiligungs und Verwaltungsgesellschaft GmbH; Rhone-Poulenc Agro Europe GmbH; Scotts France Holdings S.A.R.L.; Scotts France S.A.R.L.; and Scotts Belgium 2 B.V.B.A.	Incorporated herein by reference to the Registrant's Current Report on Form 8-K dated October 22, 1998 (File No. 1-11593) [Exhibit 2]

EXHIBIT NO.	DESCRIPTION	LOCATION
2(d)	Asset Purchase Agreement, dated as of November 11, 1998, between Monsanto Company and the Registrant (replaces and supersedes Exhibit 2(a) to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 1999 (File No. 1-11593))**	*
3(a)	Amended Articles of Incorporation of the Registrant as filed with the Ohio Secretary of State on September 20, 1994	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1994 (File No. 0-19768) [Exhibit 3(a)]
3(b)	Certificate of Amendment by Shareholders to the Articles of Incorporation of the Registrant as filed with the Ohio Secretary of State on May 4, 1995	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 1, 1995 (File No. 0-19768) [Exhibit 4(b)]
3(c)	Regulations of the Registrant (reflecting amendments adopted by the shareholders of the Registrant on April 6, 1995)	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 1, 1995 (File No. 0-19768) [Exhibit 4(c)]

** Certain portions of this Exhibit have been omitted based upon a request for confidential treatment filed with the Securities and Exchange Commission ("SEC"). The non-public information has been filed separately with the SEC in connection with that request.

EXHIBIT NO.	DESCRIPTION	LOCATION
4(a)	Form of Series A Warrant	Included in Exhibit 2(a) above
4(b)	Form of Series B Warrant	Included in Exhibit 2(a) above
4(c)	Form of Series C Warrant	Included in Exhibit 2(a) above
4(d)	Credit Agreement, dated as of December 4, 1998, by and among the Registrant; OM Scott International Investments Ltd., Miracle Garden Care Limited, Scotts Holdings Limited, Hyponex Corporation, Scotts Miracle-Gro Products, Inc., Scotts-Sierra Horticultural Products Company, Republic Tool & Manufacturing Corp., Scotts-Sierra Investments, Inc., Scotts France Holdings SARL, Scotts Holding GmbH, Scotts Celaflor GmbH & Co. KG, Scotts France SARL, Scotts Belgium 2 BVBA and The Scotts Company (UK) Ltd. as Subsidiary Borrowers; the lenders party thereto; The Chase Manhattan Bank as Administrative Agent; Salomon Smith Barney, Inc. as Syndication Agent; Credit Lyonnais Chicago Branch and NBD Bank as Co-Documentation Agents; and Chase Securities Inc. as Lead Arranger and as Book Manager	Incorporated herein by reference to the Registrant's Current Report on Form 8-K, dated December 11, 1998 (File No. 1-11593) [Exhibit 4]
4(e)	Waiver, dated as of January 19, 1999, to the Credit Agreement, dated as of December 4, 1998, among the Registrant; OM Scott International Investments Ltd., Miracle Garden Care Limited, Scotts Holdings Limited, Hyponex Corporation, Scotts Miracle-Gro Products, Inc., Scotts-Sierra Horticultural Products Company, Republic Tool & Manufacturing Corp., Scotts-Sierra Investments, Inc., Scotts France Holdings SARL, Scotts Holding GmbH, Scotts Celaflor GmbH & Co. KG, Scotts France SARL, Scotts Belgium 2 BVBA, The Scotts Company (UK) Ltd. and other subsidiaries of the Registrant who are also borrowers from time to time; the lenders party thereto; The Chase Manhattan Bank as Administrative Agent; Salomon Smith Barney, Inc. as Syndication Agent; Credit Lyonnais Chicago Branch and NBD Bank as Co-Documentation Agents; and Chase Securities Inc., as Lead Arranger and Book Manager	*
4(f)	Amendment No. 1 and Consent dated as of October 13, 1999 to the Credit Agreement, dated as of December 4, 1998, as amended by the Waiver, dated as of January 19, 1999, among the Registrant; OM Scott International Investments Ltd., Miracle Garden Care Limited, Scotts Holdings Limited, Hyponex Corporation, Scotts Miracle-Gro Products, Inc., Scotts-Sierra Horticultural Products Company, Republic Tool & Manufacturing Corp., Scotts-Sierra Investments, Inc. Scotts France Holdings SARL, Scotts Holding GmbH, Scotts Belgium 2 BVBA, The Scotts Company (UK) LTD., Scotts Canada Ltd., Scotts Europe B.V., ASEF B.V. and other subsidiaries of the Registrant who are also borrowers from time to time; the lenders party thereto; The Chase Manhattan Bank as Administrative Agent; Salomon Smith Barney, Inc. as Syndication Agent; Credit Lyonnais Chicago and NBD Bank as Co-Documentation Agents; and Chase Securities Inc. as Lead Arranger and Book Manager	*
4(g)	Indenture, dated as of January 21, 1999, between The Scotts Company and State Street Bank and Trust Company, as Trustee	Incorporated herein by reference to the Registrant's Registration Statement on Form S-4

filed on
April 21, 1999
(Registration No.
333-76739)
[Exhibit 4]

EXHIBIT NO.	DESCRIPTION	LOCATION
10(a)	The O.M. Scott & Sons Company Excess Benefit Plan, effective October 1, 1993	Incorporated herein by reference to the Annual Report on Form 10-K for the fiscal year ended September 30, 1993, of The Scotts Company, a Delaware corporation ("Scotts Delaware") (File No. 0-19768) [Exhibit 10(h)]

EXHIBIT NO.	DESCRIPTION	LOCATION
10(b)	The Scotts Company 1992 Long Term Incentive Plan	Incorporated herein by reference to Scotts Delaware's Registration Statement on Form S-8 filed on March 26, 1993 (Registration No. 33-60056) [Exhibit 4(f)]
10(c)	The Scotts Company 1999 Executive and Management Incentive Plan	*
10(d)	The Scotts Company 1996 Stock Option Plan (as amended through December 8, 1999)	*
10(e)	The Scotts Company Executive Retirement Plan	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1998 (File No. 1-11593) [Exhibit 10(j)]
10(f)	Employment Agreement, dated as of May 19, 1995, between the Registrant and James Hagedorn	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1995 (File No. 1-11593) [Exhibit 10(p)]
10(g)	Consulting Agreement, dated July 9, 1997, among Scotts Miracle-Gro Products, Inc., the Registrant and Horace Hagedorn	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1997 (File No. 1-11593) [Exhibit 10(1)]
10(h)	Employment Agreement, dated as of May 19, 1995, among Stern's Miracle-Gro Products, Inc. (nka Scotts Miracle-Gro Products, Inc.), the Registrant and John Kenlon	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1996 (File No. 1-11593) [Exhibit 10(k)]

EXHIBIT NO.	DESCRIPTION	LOCATION
10(i)	Employment Agreement, dated as of August 7, 1998, between the Registrant and Charles M. Berger, and three attached Stock Option Agreements with the following effective dates: September 23, 1998; October 21, 1998 and September 24, 1999	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1998 (File No. 1-11593), [Exhibit 10(n)]
10(j)	Stock Option Agreement, dated as of August 7, 1996, between the Registrant and Charles M. Berger	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1996 (File No. 1-11593) [Exhibit 10(m)]
10(k)	Letter Agreement, dated December 23, 1996, between the Registrant and Jean H. Mordo	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1997 (File No. 1-11593) [Exhibit 10(p)]
10(l)	Specimen form of Stock Option Agreement for Non-Qualified Stock Options	*
10(m)	Letter Agreement, dated April 10, 1997, between the Registrant and G. Robert Lucas	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1997 (File No. 1-11593) [Exhibit 10(r)]
10(n)	Letter Agreement, dated December 17, 1997, between the Registrant and William R. Radon	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1998 (File No. 1-11593) [Exhibit 10(s)]
10(o)	Letter Agreement, dated March 30, 1998, between the Registrant and William A. Dittman	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1998 (File No. 1-11593) [Exhibit 10(t)]
10(p)	Letter Agreement, dated March 16, 1999, between the Registrant and Hadia Lefavre	*

EXHIBIT NO.	DESCRIPTION	LOCATION
10(q)	Letter Agreement, dated July 21, 1999, between the Registrant and David D. Harrison	*
10(r)	Contract of Employment dated February 28, 1986, between Rhodic (assumed by Scotts France SAS) and Christian Ringuet	*
10(s)	Employment Agreement, dated August 1, 1995, between Scotts Europe B.V. and Laurens J.M. de Kort	*
10(t)	Service Agreement, dated September 9, 1998, between Levington Horticulture Limited (nka The Scotts Company (UK) Ltd.) and Nicholas Kirkbride	*
10(u)	Exclusive Distributor Agreement--Horticulture, effective as of June 22, 1998, between the Registrant and AgrEvo USA	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1998 (File No.1-11593) [Exhibit 10(v)]
10(v)	Amended and Restated Exclusive Agency and Marketing Agreement, dated as of September 30, 1998, between Monsanto Company and the Registrant (replaces and supersedes Exhibit 2(b) to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 1999 (File No. 1-11593))**	*
21	Subsidiaries of the Registrant	*
23	Consent of Independent Accountants	*
27	Financial Data Schedule	*

*Filed herewith.

** Certain portions of this Exhibit have been omitted based upon a request for confidential treatment filed with the Securities and Exchange Commission ("SEC"). The non-public information has been filed separately with the SEC in connection with that request.

Exhibit 2(d)
---

* Asset Purchase Agreement
dated as of November 11, 1998
between Monsanto Company
and The Scotts Company

* Certain portions of this Exhibit, indicated in the text by asterisk, have been omitted based upon a request for confidential treatment filed with the Securities and Exchange Commission ("SEC"). The non-public information has been filed separately with the SEC in connection with that request.

[EXECUTION COPY]

ASSET PURCHASE AGREEMENT

DATED AS OF

NOVEMBER 11, 1998

BETWEEN

MONSANTO COMPANY

AND

THE SCOTTS COMPANY

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement"), made and entered into as of this 11th day of November, 1998, between Monsanto Company, a Delaware corporation, having its principal place of business at 800 North Lindbergh Blvd., St. Louis, Missouri 63167 (the "Seller"), and The Scotts Company, an Ohio corporation, having its principal place of business at 14111 Scottslawn Road, Marysville, Ohio 43041 (the "Buyer").

WITNESSETH:

WHEREAS, upon and subject to the terms and conditions of this Agreement, the Seller desires to sell to the Buyer, and the Buyer desires to purchase from the Seller, certain assets of the Solaris Group, an operating unit of the Seller ("Solaris").

NOW, THEREFORE, in consideration of the mutual promises and covenants and the terms and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I. - PURCHASE AND SALE OF ASSETS

SECTION 1.1. PURCHASE AND SALE. Subject to the terms of this Agreement, at the Closing (as defined in Section 10.1), the Seller will sell, convey, transfer, assign and deliver to the Buyer, and the Buyer will purchase, acquire and accept from the Seller, free and clear of any Liens other than Permitted Liens, the assets, properties and rights of every kind, nature, character or description, currently used principally by the Seller in the non-glyphosate Solaris business to (i) develop, manufacture, sell and market non-glyphosate weed control products (except for such glyphosate-containing weed control products set forth on Schedule 1.1), insect control products,

garden seeds and decorative garden items, fertilizers and applicators for use by consumers for lawn and garden care and (ii) participate in a joint venture to market a series of gardening and home improvement books for consumers (such clauses (i) and (ii), collectively, the "Business"), including any additions to such assets, properties and rights in the ordinary course of business between the date hereof and the Closing, but specifically excluding (X) the Excluded Assets (as defined in Section 1.2) and (Y) any deletions to such assets, properties and rights in the ordinary course of business consistent with past practices, except as prohibited by Section 5.1, between the date hereof and the Closing (the "Assets"), including, but not limited to:

(a) The originals or copies of records, operating data and business files, including, but not limited to, customer lists and files, customer credit files, advertising materials and sales literature, information directly relating to purchasing histories and procedures, vendor files and financial records (including all sales invoices and purchase order records and supporting documents with respect to accounts receivable and accounts payable outstanding at the Closing), other marketing information, and electronic files of employee data for the Transferred Employees (as defined in Section 7.1(a)) which are in the Seller's possession on the Closing Date (as defined in Section 10.1);

(b) (i) Copyrights, trade names, trademarks, service marks and trademark and service mark registrations and registration applications, including the goodwill associated with the same, including, but not limited to those listed on Schedule 3.9 hereto (the "Trademarks"); (ii) inventions, patents and patent applications (including utility patents and applications), including, but not limited to those listed on Schedule 3.9 hereto (the "Patents"); (iii) governmental registrations, registration applications, temporary registrations, all data pertaining to such registrations as submitted to governmental agencies, experimental use permits, applications and emergency use exemptions, including, but not limited to those listed on Schedule 3.9 hereto (the "Registrations"), and (iv) trade secrets, processes or any other proprietary intellectual property rights, including, but not limited to, those listed on Schedule 3.9 hereto (collectively, the "Other Intellectual Property");

(c) Governmental authorizations, licenses and permits (other than the Registrations), including, but not limited to, those listed on Schedule 3.16 (collectively, the "Permits");

(d) Real property (including the buildings, improvements and fixtures located thereon), including that which is listed on Schedule 3.6(a) (the "Real Property");

(e) Contracts, agreements, intellectual property licenses, arrangements, instruments, undertakings, commitments or understandings (other than the Leases as defined in 1.1(g)), including any renewals and amendments thereto and any new contracts entered into prior to the Closing in accordance with the terms of this Agreement and in the ordinary course of business, and including those listed on Schedule 3.17, but excluding any such contracts that expire or are terminated prior to Closing (the "Contracts");

(f) Machinery, motor vehicles, tools, furniture, instruments, laboratory equipment, research equipment, fixtures and personal property, including, but not limited to those listed on Schedule 1.1(f) hereto, and to the extent not included therein, those at Seller's Fort Madison, Iowa and Corwen, UK facilities (the "Equipment");

(g) Leases of Real Property and Equipment, including those listed on Schedule 3.8 (the "Leases");

(h) Computer, data processing and telecommunications systems software, equipment and databases, including those listed on Schedule 3.9 (the "Software");

(i) Accounts receivable of the Business, net of trade or other discounts, as of the Closing;

(j) Inventories shown on the books of the Business, including, but not limited to, raw materials, finished goods and products, goods and products in process, and other materials and supplies on hand and in transit, as of the Closing; and

(k) All property, factual knowledge and information to the extent used by the Seller principally in the Business, including all chemical, biochemical, organic and manufacturing information and/or formulation procedures whether or not capable of precise separate description, but which in an accumulated form gives to the one acquiring

it an ability to study, test or produce something which one otherwise would not have known how to study, test or produce with the accuracy or precision necessary for commercial success or acceptance by governmental regulatory agencies.

SECTION 1.2. EXCLUDED ASSETS. The Assets shall not include assets, properties and rights of Seller not currently used principally in the Business, and all other assets, properties and rights identified on Schedule 1.2 (the "Excluded Assets").

SECTION 1.3. TRANSFER. The sale, conveyance, transfer, assignment and delivery of the Assets by the Seller to the Buyer will be effected by such deeds, bills of sale, endorsements, assignments, transfers and other instruments of transfer and conveyance in forms reasonably satisfactory to the parties, and the Seller and the Buyer hereby agree to cooperate in executing any such further instruments necessary to consummate the transfer after the Closing Date as may be reasonably requested from time to time by the parties.

ARTICLE II. - PURCHASE PRICE

SECTION 2.1. PURCHASE PRICE. The purchase price for the Assets shall be Three Hundred Million Dollars ($300,000,000.00) subject to adjustment in accordance with Section 2.2 hereof and, if applicable, Article 6 hereof (the "Purchase Price"). The Purchase Price is payable by Buyer to Seller at Closing in immediately available funds by wire transfer.

SECTION 2.2. PURCHASE PRICE ADJUSTMENT.

(a) At least five (5) business days prior to the Closing, the Seller shall furnish to the Buyer a statement setting forth the Seller's best estimate of Working Capital (as defined in Section 2.2(b)) as of the Closing Date (the "Estimated Working Capital"),

based on the most recent unaudited financial statements of the Business prepared in the ordinary course of business. To the extent that the Estimated Working Capital is less than (or greater than) the sum of $86,000,000 plus the Load Adjustment, if any, the cash payable to the Seller at the Closing shall be decreased (or increased) dollar for dollar by the amount of such difference; provided, however, that no adjustment to the Purchase Price shall be made if the difference between Estimated Working Capital and $86,000,000 plus such Load Adjustment is less than $1,000,000. For purposes of this Section 2.2, "Load Adjustment" shall mean the amount, calculated utilizing a weighted average methodology, equal to the difference between (i) the value of the accounts receivable reflected on the books of the Business with respect to inventory deployed at Monsanto's initiative into Central Garden & Pet Company branches and sub-agent branches from the date hereof through the Closing in excess of Ten Million Dollars ($10,000,000), which inventory is not sold through to retail customers prior to the Closing, and (ii) the inventory value of such accounts receivable for inventory not sold through to retail customers prior to the Closing.

(b) Within sixty (60) days after the Closing Date, the Buyer shall cause its independent auditors to prepare and deliver to the Seller a statement setting forth each of the components of Working Capital as of the close of business on the Closing Date (the "Statement of Working Capital"). As used herein, the term "Working Capital" consists of the following items relating to the Business and included in the Assets (i) accounts receivable of the Business, net of trade or other discounts; plus (ii) inventory calculated on a first-in, first-out basis (excluding the inventory premium associated with the acquisition of the Ortho business as shown in the Financial Statements); minus (iii) accounts payable and accrued liabilities, except such payables and accrued liabilities which are Excluded Liabilities (as defined in Section 2.3); provided that the items described in clauses (i) through (iii) above shall be determined in accordance with the principles set forth on Schedule 2.2(b) attached hereto, and in each case shall be determined as of the close of business on the Closing Date. The Statement of Working Capital shall be prepared in accordance with the principles set forth on Schedule 2.2(b) attached hereto.

(c) During the thirty (30) days immediately following the receipt of the Statement of Working Capital by the Seller, the Seller and its accountants shall, at the Seller's expense, be entitled to review the Statement of Working Capital and any working papers, trial balances and similar materials (collectively, "Working Papers") relating to the Statement of Working Capital prepared by the Buyer. During such thirty (30) day period, the Buyer will provide the Seller and its accountants with access, not unreasonably interfering with the operations of the Business, during normal business hours, to the personnel, properties, books and records of the Business. The Statement of Working Capital shall become final and binding upon the parties on the thirty-first (31st) day following delivery thereof unless the Seller gives written notice to the Buyer of its disagreement with the Statement of Working Capital (a "Notice of Disagreement") prior to such date. Any Notice of Disagreement shall specify in reasonable detail the nature of any disagreement so asserted. If a timely Notice of Disagreement is delivered by the Buyer, then the Statement of Working Capital (as revised, if at all, in accordance with this Section 2.2), shall become final and binding upon the parties on the earlier of (X) the date the parties hereto resolve in writing all differences they have with respect to any matter specified in the Notice of Disagreement or (Y) the date all matters in dispute are finally resolved by the Independent Accounting Firm (as defined below) (the date on which the Statement of Working Capital so becomes final and binding being hereafter referred to as the "Final Determination Date"). During the thirty (30) days immediately following the delivery of any Notice of Disagreement, the Buyer and the Seller shall seek in good faith to resolve in writing any differences which they may have with respect to any matters specified in such Notice of Disagreement. During such period, the Buyer and the Seller shall have access to the other's working papers prepared in connection with the Statement of Working Capital and the Notice of Disagreement, as the case may be. At the end of such thirty (30) day period, the Buyer and the Seller shall submit to an independent, national public accounting firm which has no prior relationship with the Buyer or the

Seller (the "Independent Accounting Firm") for review and resolution of any and all matters which remain in dispute and which are included in the Notice of Disagreement. The Independent Accounting Firm shall reach a final resolution of all matters and shall furnish such resolution in writing to the Buyer and Seller as soon as practicable, but in no event more than thirty (30) days, after such matters have been referred to the Independent Accounting Firm. Such resolution shall be made in accordance with this Agreement and will be conclusive and binding upon the Buyer and the Seller. The cost of such resolution shall be allocated to the parties such that the party against whom any item set forth in the Notice of Disagreement is resolved shall bear the costs attributable to such item.

(d) Upon final determination of the Working Capital in accordance with this Section 2.2, the following purchase price adjustment will be paid in accordance with Section 2.2(f) (the "Purchase Price Adjustment"):

i. If Working Capital (as finally stated in the Statement of Working Capital) is greater than the Estimated Working Capital by more than $1,000,000, then the Buyer shall pay to the Seller the amount by which Working Capital exceeds the Estimated Working Capital; or

ii. If Working Capital (as finally stated in the Statement of Working Capital) is less than the Estimated Working Capital by more than $1,000,000, then the Seller shall pay to the Buyer the amount by which the Estimated Working Capital exceeds Working Capital.

If Working Capital is equal to Estimated Working Capital or the adjustment would be less than $1,000,000, no adjustment shall be made to the Purchase Price.

(e) If no Notice of Disagreement has been given by the Seller, the Seller shall remit to the Buyer or the Buyer shall remit to the Seller, as the case may be, in immediately available funds, all amounts constituting a Purchase Price Adjustment within thirty-three (33) days after receipt by the Seller of the Statement of Working Capital in accordance with this Section 2.2. If the Seller gives the Buyer a Notice of Disagreement, payment shall be made in immediately available funds within three (3) business days after the Final Determination Date. Each payment made pursuant to this

Section 2.2 shall be made with interest on the amount of such payment at an annual rate equal to the prime interest rate per annum as stated in the Wall Street Journal on the date of such payment for the period from the Closing Date to the date of payment.

SECTION 2.3. ASSUMPTION OF LIABILITIES. At the Closing, pursuant to one or more written agreements in a form reasonably satisfactory to the parties, the Buyer will assume and agree to pay, perform and discharge, and, to the extent set forth herein, to indemnify Seller against and hold it harmless from, all obligations and liabilities of the Seller relating to the Assets or the Business of any nature or kind, known or unknown, fixed, accrued, absolute or contingent, which arise, accrue or are incurred before or after the Closing Date relating to or based upon the past, present or future Business or operation of the Assets or the Business as heretofore, currently or hereafter conducted ("Assumed Liabilities"), including without limitation: (i) all liabilities and obligations of Seller under the Contracts, Permits or Leases included in the Assets; (ii) all accounts payable and accrued liabilities; (iii) all liabilities shown on the books and records of the Business as of the Closing Date; (iv) the obligations with respect to the Transferred Employees in accordance with Article 7 of this Agreement; (v) the obligations of Seller pursuant to Section 2.3 of that certain Asset Purchase Agreement, dated April 15, 1996 by and between the Seller and White Swan, Ltd.; and (vi) all liabilities under Environmental Laws (as defined in Section 3.15). Notwithstanding the foregoing, the Assumed Liabilities shall not include, and Buyer shall not assume or become liable for, the obligations and liabilities of Seller set forth on Schedule 2.3 (the "Excluded Liabilities").

SECTION 2.4. PURCHASE PRICE ALLOCATION. Seller and Buyer agree that they will report (and will cause their respective Affiliates to report, as appropriate), to the extent required under Section 1060 of the Internal Revenue Code of 1986, as amended or any successor federal tax legislation (the "Code") and the temporary regulations thereunder and any other applicable laws and regulations, the allocation of the Purchase Price (and all other capitalized costs) to the Assets in a manner consistent with an appraisal to be performed within ninety (90) days after the Closing Date. The firm conducting the appraisal shall be selected by agreement between Seller and Buyer. The cost of the appraisal shall be borne equally by the Buyer and the Seller.

SECTION 2.5. LIKE-KIND EXCHANGE. Notwithstanding any other provision hereof, in the event that Seller desires to transfer any of the Assets located in the United States as part of a like-kind exchange pursuant to Section 1031 of the Code, Buyer agrees that Seller may, upon prior written notice to Buyer, assign its rights under this Agreement (but not its obligations under the Agreement) insofar as may be required in order to effect such exchange, and thereafter such assignee shall have such rights as assigned; provided, however, Seller agrees to indemnify the Buyer for, and to hold the Buyer harmless from and against, any and all damages arising or resulting from, such assignment or like-kind exchange; and provided, further, that the Buyer shall incur no additional costs, expenses, fees, delays or liabilities of any kind as a result of or connected with such like-kind exchange.

ARTICLE III. - SELLER'S REPRESENTATIONS AND WARRANTIES

The Seller makes the representations and warranties set forth in this Article.

SECTION 3.1. ORGANIZATION AND CORPORATE STANDING. The Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to carry on and conduct the Business as it is now being conducted and to own or lease the Assets, and is duly qualified and in good standing in every jurisdiction in which the conduct of the Business or the ownership of the Assets requires it to be so qualified, and the absence of such qualification would have a material adverse effect. For purposes of Articles III, V and VI of this Agreement, a material adverse effect shall mean any material adverse effect on the financial condition, the Assets or the operation of the Business, taken as a whole. The terms "material" and "material adverse change" shall have a corresponding meaning.

SECTION 3.2. CORPORATE POWER AND AUTHORITY. The Seller has the right, power and capacity to execute, deliver and perform this Agreement and all the documents and instruments referred to herein and contemplated hereby together with all other agreements to be signed or delivered at Closing (the "Transaction Agreements") and to consummate the transaction contemplated by this Agreement. The execution, delivery and performance of this Agreement and the Transaction Agreements, and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary corporate action on the part of the Seller. This Agreement has been, and each of the Transaction Agreements after execution and delivery thereof at the Closing will have been, duly and validly executed and delivered by the Seller and constitute the Seller's legal, valid and binding obligations, enforceable in accordance with their respective terms.

SECTION 3.3. [INTENTIONALLY OMITTED].

SECTION 3.4. ABSENCE OF CERTAIN CHANGES AND EVENTS. Except as set forth on Schedule 3.4, since December 31, 1997, the Seller has conducted the Business in the ordinary course in all material respects, and has not:

(a) suffered any damage or destruction to the Assets which individually or in the aggregate had a material adverse effect on the Assets or the Business;

(b) caused the Business to incur or discharge any obligation or liability, except in the ordinary course of business or obligations and liabilities that did not have a material adverse effect;

(c) increased the rate or terms of the compensation payable to the Transferred Employees (as defined in Section 7.1(a)); or increased or amended any Employee Benefit Plan (as defined in Section 3.12) in which the Transferred Employees participate; granted

any severance or termination pay to any Transferred Employee; or entered into any employment, deferred compensation or similar agreement with any Transferred Employee, except increases, amendments, grants or agreements occurring in the ordinary course of normal periodic performance reviews and related compensation and benefit increases, or as required by any Contract;

(d) incurred any material adverse change or any event, occurrence, development or state of circumstances or facts which could reasonably be expected to result in a material adverse change;

(e) effected any change in any method of accounting or accounting practice with respect to the Business other than any change required to conform to GAAP;

(f) incurred any indebtedness for borrowed money or agreed to become contingently liable, by guaranty or otherwise, for the obligations or indebtedness of any other Person, other than endorsement of negotiable instruments for deposit or collection;

(g) other than as disclosed in any Schedule to this Agreement or except in the ordinary course of business consistent with past practices, engaged in any transaction with any Affiliate;

(h) created or assumed any Lien (as defined in Section 3.6) on the Assets, except for Permitted Liens (as defined in Section 3.6);

(i) sold, transferred or otherwise disposed of any of the Assets, except in the ordinary course of business and transfers which did not have a material adverse effect;

(j) waived any claims or rights, except any waiver which did not have a material adverse effect;

(k) entered into, amended or terminated any material contract, agreement, franchise, permit or license except in the ordinary course of business and except that did not have a material adverse effect;

(l) acquired any assets which are material, individually or in the aggregate, to the Business, except in the ordinary course of business and except that did not have a material adverse effect;

(m) made any capital expenditure or commitment for a capital expenditure, for additions to or improvements to property, plant or equipment, except in the ordinary course of business consistent with past practice;

(n) suffered any material labor dispute, other than routine individual grievances, or any activity or proceeding by a labor union or representative thereof to organize any employees of the Business, which employees were not subject to a collective bargaining agreement as of December 31, 1997, or any lockouts, strikes, material slowdowns, material work stoppages or, to the Seller's knowledge, threats thereof, by or with respect to such employees;

(o) made any payment or other distribution reducing any Excluded Liability, other than in the ordinary course of business consistent with past practice; or

(p) agreed to take any action described in this Section 3.4.

SECTION 3.5. NO VIOLATION OF LAW. Except as described on Schedule 3.5, to the Seller's knowledge, the Seller is not in violation of any applicable foreign, local, state, federal or foreign law, ordinance, regulation, order, judgment, injunction or decree, or any other requirement of any arbitrator, governmental or regulatory official, body, agency or authority or court binding on it, or relating to the Assets or the Business, except for violations, if any, which would not have a material adverse effect. Except as set forth in Schedule 3.5, Seller has received no written notice of an enforcement action against Seller relating to the Business in connection with any violation or alleged violation of applicable law.

SECTION 3.6. PROPERTIES.

(a) Schedule 3.6(a) sets forth a list of Real Property that the Seller owns or leases, has agreed (or has an option) to purchase, sell or lease, or may be obligated to purchase, sell or lease, which is included in the Assets, together with, in the case of Real Property owned, any title insurance policies and surveys with respect thereto and any title defects or objections, liens, restrictions, claims, charges, security interests, easements or other encumbrances (each, a "Lien") thereon except Permitted Liens (as defined below).

(b) Schedule 3.6(b) sets forth a list of all material personal property used in the Business included in the Assets, including but not limited to the Equipment and other trade fixtures and fixed assets, which the Seller owns, leases or subleases.

(c) (i) The Real Property includes all real property, as is used or held for use primarily in connection with the conduct of the Business as of Closing;

(ii) The plants, buildings, structures and equipment included in the Assets have no material defects, are in good operating condition and repair and have been reasonably maintained (ordinary wear and tear excepted), are suitable for their present uses and, in the case of plants, buildings and other structures, are structurally sound.

(iii) The plants, buildings and structures included in the Assets currently have access to (1) public roads or valid easements over private streets or private property for such ingress to and egress from all such plants, buildings and structures and (2) water supply, storm and sanitary sewer facilities, telephone, gas and electrical connections, fire protection, drainage and other public utilities, as is reasonably necessary for the conduct of the Business.

(iv) To the Seller's knowledge, none of the material structures on the Real Property encroaches upon real property of another Person, and no structure of any other Person substantially encroaches upon any Real Property.

(d) Except for (X) the Liens set forth on Schedule 3.6(d); and (Y) Permitted Liens (as defined herein), the Seller (i) has good and marketable fee simple title to all Real Property which is identified as "Owned Real Property" on Schedule 3.6(a), and (ii) owns such Owned Real Property, free and clear of all Liens. "Permitted Liens" are (A) Liens for taxes not yet due and payable; (B) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like liens arising in the ordinary course of business, payment for which is not yet due or which is being contested in good faith; (C) deposits to secure the performance of utilities, leases, statutory obligations and surety and appeal bonds and other obligations of a like nature incurred in the ordinary course of business; and (D) title defects or objections, liens, restrictions, claims, charges, security interests,

easements or other encumbrances that do not materially affect the use and enjoyment of such property for the purposes for which it is currently used. The Real Property constitutes all of the real property used in the Business, except for Excluded Assets.

SECTION 3.7. TITLE TO ASSETS. The Seller has good and marketable title to the Assets which it owns, free and clear of all Liens, except (i) as set forth on Schedule 3.7 and (ii) Permitted Liens.

SECTION 3.8. LEASES. Schedule 3.8 contains a list of material Leases (including any capital leases) and lease-purchase arrangements pursuant to which the Seller leases Real Property or Assets from others. Except as set forth on Schedule 3.8, (i) all of the Leases are in full force and effect and have not been modified or amended in any material respect, and (ii) there are no disputes, oral agreements or forbearance programs in effect as to the Leases except disputes, agreements and forbearance programs, if any, which would not have a material adverse effect. There has not occurred any default by the Seller of any such lease, except for defaults, if any, which would not have a material adverse effect, and to the Seller's knowledge, there has not occurred any material default thereunder by any other party thereto except for defaults, if any, which would not have a material adverse effect.

SECTION 3.9. INTELLECTUAL PROPERTY. Schedule 3.9 sets forth a list of all Trademarks, Patents, Registrations, Software and Other Intellectual Property (collectively the "Rights"). Except as set forth on Schedule 3.9, the Seller owns or is licensed to use all the Rights, free and clear of any Liens, except for any Liens which would not have a material adverse effect. Unless otherwise noted on Schedule 3.9, none of the Rights is subject to any pending or, to the knowledge of the Seller, threatened challenge or reversion, except such challenges which would not have a material adverse effect. To the Seller's knowledge, the conduct of the Business as now being conducted, and the use of the Rights in the conduct of the Business, do not infringe or otherwise conflict with any trademarks, patents, registrations, or other intellectual property or proprietary rights of others, nor has any claim been made that the

conduct of the Business as now being conducted infringes or otherwise is covered by the intellectual property of a third party, except for any conflict or infringement which would not have a material adverse effect. To the knowledge of the Seller, none of the Rights are currently being infringed by a third party.

SECTION 3.10. LITIGATION. Schedule 3.10 sets forth all litigation, suits, actions, investigations, indictments or informations, or proceedings or arbitrations pending, or to the knowledge of the Seller, threatened, before any court, arbitration tribunal, or judicial, governmental or administrative agency, against the Seller relating to the Business or the Assets that would have a material adverse effect. Further, except as set forth in Schedule 3.10, there are no judgments, orders, writs, injunctions, decrees, indictments or informations, grand jury subpoenas or civil investigative demands, or awards against the Seller relating to the Business or the Assets that would have a material adverse effect.

SECTION 3.11. EMPLOYEES OF THE BUSINESS. Schedule 3.11 sets forth the names and current compensation of all employees of the Seller who are now working primarily in the Business (the "Employees"). Except as set forth on Schedule 3.11, Seller has not received a copy of any agreement to which an Employee is a party which would adversely affect the performance of his (or her) duties as an employee of the Buyer.

SECTION 3.12. EMPLOYEE BENEFIT PLANS. Except as described on Schedule 3.12, the Seller's Employees do not participate in any employee benefit plans, as defined in Section 3(3) of Employee Retirement Income Security Act of 1974, as amended ("ERISA") nor any other type of retirement, deferred compensation, insurance, bonus, medical, stock option, profit sharing, severance, retention, vision, dental, vacation policy or other plan ("Employee Benefit Plans"). The Seller has provided to the Buyer complete and correct copies of all Employee Benefit Plans, related trust agreements, insurance contracts or other related agreements, the current summary plan description for each Employee Benefit Plan subject to ERISA, and any similar description of any other Employee Benefit Plan. None of the Seller's

Employees participate in a multiemployer plan (as defined in Section 3(37) of ERISA) which is subject to Title IV of ERISA. The Employee Benefit Plans do not violate any applicable local, state, federal or foreign law, ordinance, regulation, order, judgment, injunction or decree or any other requirement of any arbitrator or governmental or regulatory official, body, agency or authority or court binding on it (including ERISA and the Code) except for violations, if any, which would not have a material adverse effect. To Seller's knowledge, the Assets are not currently subject to a lien or other process under Title IV of ERISA and, except as described on Schedule 3.12, to the Seller's knowledge, there is no threatened or pending action related to the Employee Benefit Plans by an Employee or former employee, a plan participant, the Department of Labor, Internal Revenue Service or Pension Benefit Guaranty Corporation or any other party. Any group health plan maintained by the Seller covering any Employee or former employee has, to Seller's knowledge, been administered in all material respects in compliance with the health care continuation coverage provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985. Except as set forth in Schedule 3.12, no officer of the Seller has agreed to any future increases in benefit levels or the creation of new benefits with respect to any Employee Benefit Plan.

SECTION 3.13. COLLECTIVE BARGAINING. Except as described on Schedule 3.13, Seller has no labor contracts or collective bargaining agreements covering wages, hours or working conditions for any of the Employees and no collective bargaining agreement or union contract is currently being negotiated by the Seller. None of the Employees are represented by any union or labor organization.

SECTION 3.14. LABOR MATTERS. The Seller is not in violation of any applicable local, state, federal or foreign law, ordinance, regulation, order, injunction, judgment or decree, or any other requirement of any arbitrator or governmental or regulatory official, body, agency or authority or court binding on it, respecting employment and employment practices except for violations, if any, which would not have a material adverse effect. Except as set forth in Schedule 3.14, the Seller has not received any written notification that any of the Employees

have any claim against the Seller. The Seller has received no notice of any charge of, nor are there any actions or proceedings relating to, unfair labor practices by the Seller pending before the National Labor Relations Board, the Equal Employment Opportunity Commission, or the United States Department of Labor. There is no labor strike or, to the knowledge of Seller, any other labor trouble pending or threatened against the Business. To the Seller's knowledge, there have not been any attempts to organize non-union employees.

SECTION 3.15. ENVIRONMENTAL MATTERS.

(a) Definitions. For purposes of this Section 3.15, the following definitions apply:

i. The term "Environmental Claims" means any and all administrative, regulatory or judicial actions or proceedings relating to the Release (as defined in (v) below) or alleged Release into the environment of any Hazardous Material (as defined in (iii) below), including, without limitation, Claims by any governmental or regulatory authority or by any third party or other person for enforcement, mitigation, cleanup, removal, response, remediation or other actions for damages, fines, penalties, contribution, indemnification, cost recovery, compensation or injunctive or declaratory relief pursuant to any Environmental Law (as defined in (ii) below).

ii. The term "Environmental Laws" means all federal, state and local laws, rules and regulations relating to the regulation or protection of human health, safety, natural resources or the environment and applicable to the Business, including but not limited to the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., as amended; the ComprehensivE Environmental Response, Compensation & Liability Act of 1980, 42 U.S.C. Section 9601, et seq., as amended; the Clean Water Act, 33 U.S.C. Section 1251, et seq., as amended; the Clean Air Act, 42 U.S.C. Section 7401, et seq., as amended; the Toxic Substances Control Act, 15 U.S.C. Section 2601, et seq., as amended; and the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. Section 136, et seq., as amended.

iii. The term "Hazardous Materials" means any substance or material that is included within the definition of a "hazardous substance," "hazardous waste," "hazardous constituent," "hazardous material," "hazardous chemical" or "extremely hazardous substance" contained in the Environmental Laws.

iv. The term "Off-Site Facility" means any site or property other than the Real Property used by, for or in connection with the Business.

v. The term "Release" means spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing into the environment (including the abandonment or discarding of barrels, containers, and other closed receptacles containing any Hazardous Materials).

(b) Seller's Premises. Except as disclosed in Schedule 3.15, to the Seller's knowledge, during the Seller's ownership and operation of the Business, there have been no Releases of Hazardous Materials to the Real Property that would have a material adverse effect, nor are there any pending Environmental Claims against or relating to the Business that would have a material adverse effect.

(c) Off-Site Facilities. Except as disclosed in Schedule 3.15, to the Seller's knowledge: there are no pending Environmental Claims against any Off-Site Facility and relating to any transportation, recycling, handling, treatment, storage or disposal of Hazardous Materials used or generated by the Seller, its Affiliates (as defined in Section 12.11) or by its toll contractors on behalf of Seller that are expected to have a material adverse effect (on the Business); there are no pending Environmental Claims against any Off-Site Facility relating to the production, formulation, packaging or mixing of products on behalf of the Seller or its Affiliates that are expected to have a material adverse effect and there are no pending Environmental Claims arising from the use, application, release or testing of any products of the Business at any Off-Site Facility that are expected to have a material adverse effect.

SECTION 3.16. PERMITS. Schedule 3.16 contains a list of all material Permits. The Permits disclosed on

Schedule 3.16 are all material Permits or other authorizations of governmental authorities necessary or required for the production and sale of products of the Business or for the conduct of the Business as is being conducted by Seller as of the Closing Date. There is no action pending, or to the Seller's knowledge, threatened, seeking the revocation, cancellation, suspension or adverse modification or amendment of any Permit, which action, if determined adversely to the Business, would have a material adverse effect.

SECTION 3.17. CONTRACTS. Schedule 3.17 sets forth a list of the material Contracts. For purposes of this Section 3.17, "material" shall mean any (i) contract which requires payments by or to the Business of $200,000 or more in the aggregate; (ii) contract for employment of any employee; (iii) agreement for the sale (otherwise than in the ordinary course of business) of any material Assets; (iv) agreement, contract or indenture relating to the borrowing of money; (v) agreement with unions; (vi) lease of any real or personal property involving an annual rental of $200,000 or more; and (vii) agreement restricting the Business from competing with any person or in any geographic area. Except as set forth on Schedule 3.17, such Contracts are valid, in full force and effect and have not been modified or amended. To the Seller's knowledge, there are no disputes, oral agreements or forbearance programs in effect as to the Contracts except for disputes, agreements and forbearance programs, if any, which would not have a material adverse effect. There has not occurred any default by Seller of any such Contracts except for defaults, if any, which would not have a material adverse effect and, to the Seller's knowledge, there has not occurred any default thereunder by any other party thereto except for defaults, if any, which would not have a material adverse effect.

SECTION 3.18. REQUIRED CONSENTS, APPROVALS AND FILINGS. Except as set forth in Schedule 3.18, no consent or approval is required by virtue of the execution hereof by the Seller or the consummation of any of the transactions contemplated herein by the Seller to avoid the violation or breach of, or the default under, or the creation of a lien or other encumbrance on the Assets pursuant to the terms of any regulation, order, decree or award of any court or

governmental agency or any lease, agreement, contract, mortgage, note or license to which the Seller is a party or to which the Business or the Assets is subject, the absence of which would have a material adverse effect. Except for filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended ("HSR"), and as set forth on Schedule 3.18, there are no filings or similar procedures required of Seller with respect to any governmental body in connection with the consummation of the transactions contemplated hereby.

SECTION 3.19. NO CONFLICT. Subject to obtaining the consents and approvals and making the filings described in Section 3.18 and except as set forth on Schedule 3.19, the execution, delivery and performance of this Agreement by the Seller, and the consummation of the transactions contemplated herein by the Seller will not: (i) violate or conflict with any of the provisions of any charter document or bylaw of the Seller, or (ii) violate, conflict with or result in a breach or default under or cause termination of any term or condition of any mortgage, indenture, contract, license, permit, instrument, or other agreement, document or instrument to which the Seller is a party or by which the Seller or the Business or Assets may be bound or affected, or (iii) violate any provision of law or any valid and enforceable requirement, order, judgment, decree or ruling of any court, arbitrator, governmental or regulatory official body or authority, to which the Seller is a party or by which it, the Business or Assets may be bound or affected, or (iv) result in the creation or imposition of any Lien upon any Asset except as to clauses (i) through (iv) above, any such matters that would not (x) have a material adverse effect, or (y) prevent the consummation of the transactions contemplated herein.

SECTION 3.20. ASSETS ARE YEAR 2000 COMPLIANT. All of the computer, data processing and telecommunications systems software, equipment and databases (the "Information Systems") that are being transferred to the Buyer as part of the Assets are warranted to be year 2000 compliant by the vendors from whom Seller purchased, leased or licensed the Information Systems except as set forth in Schedule 3.20 and except any noncompliance which would not have a material adverse effect.

SECTION 3.21. FOREIGN CUSTOMERS. Schedule 3.21 contains a true and correct list of the largest ten (10) foreign customers (based on sales for the fiscal years 1996 and 1997, respectively) of the Business for the last two years. Except as set forth in Schedule 3.21, the Seller has no knowledge which might reasonably indicate that any of its ten (10) largest foreign customers (based on sales for the fiscal year 1997) intends to cease dealing with the Seller or materially reduce its business with the Seller.

SECTION 3.22. INVENTORY. All raw materials, works-in-process, and finished goods, including but not limited to finished goods purchased for resale, held by the Business for manufacturing, assembly, processing, finishing, sale, or resale to others, from time to time in the ordinary course of the Business, whether or not reflected in the Financial Statements, are of a quality and quantity usable and saleable in the ordinary course of business, except for obsolete items and items of below standard quality, all of which do not have a material adverse effect. Items included in the foregoing are carried on the books of the Business, and are valued in the Financial Statements, at the lower of cost or market and, in any event, at not greater than their net realizable value, after appropriate deduction for costs of manufacture, marketing costs, transportation expense, and allocation of overhead, except that glyphosate-based products are carried on the books of the Business at the adjusted transfer price of * as set forth in the notes to the Financial Statements.

SECTION 3.23. ACCOUNTS Receivable. All accounts receivable of the Business set forth in the Statement of Working Capital represent or will represent valid obligations arising from sales actually made in the ordinary course of business or in accordance with the distribution alliance agreements between Solaris and Central Garden and Pet Company and are fully collectible in the aggregate amount thereof in the ordinary course of business (assuming diligent collection efforts of the Buyer following the Closing consistent with past practices of the Business), subject to normal and customary trade discounts and less the reserve for doubtful accounts recorded on the Statement of Working Capital.

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* Confidential provision omitted and filed separately with the SEC, based upon a request for confidential treatment filed with the SEC.

SECTION 3.24. ASSETS. Except for assets disposed of in the ordinary course of business consistent with past practices and Excluded Assets, the Assets consist of all assets which have been used in the Business since December 31, 1997. Together with the assets and rights to be made available to the Buyer pursuant to the Supply Agreement (described in Section 8.6) and the Transition Services Agreement (described in Section 8.8), the Assets include all material assets which are reasonably required to (i) operate the Business in the manner the Business is being conducted by the Seller as of the Closing Date, and (ii) allow Buyer to perform its obligations under the Formulation Agreement (as defined in Section 8.7).

SECTION 3.25. INSURANCE. The Seller has provided to Buyer summaries of all insurance policies owned by the Seller or inuring to the Seller's benefit which insure any part of the Assets or the Business. All such insurance policies are in full force and effect. The Seller has not knowingly made any false statements in any application for such policies, and the Seller has no knowledge of any failure to pay any premiums when due, or any other set of facts or circumstances which might form the basis for termination of any such policies. The Seller will maintain such insurance between the date hereof and the Closing Date.

SECTION 3.26. PRODUCTS. Each of the products produced or sold by the Seller in connection with the Business prior to the Closing (i) is, and except as disclosed in Schedule 3.5, at all times has been, in compliance in all material respects with all applicable Federal, state, local and foreign laws and regulations and (ii) except as would not have a material adverse effect is, and at all relevant times has been, fit for the ordinary purposes for which it is intended to be used and conforms in all material respects to any promises or affirmations of fact made on the container or label for such product or in connection with its sale. Except as would not have a material adverse effect, there is no design defect with respect to any of such products, and each of such products contains adequate warnings, presented in a reasonably prominent manner, in accordance with applicable laws and current industry practice with respect to its contents and use.

SECTION 3.27. TAXES. The Seller has timely paid all Taxes payable by it for any Tax period (or portion thereof) ending on or before the close of business on the Closing Date, or, with respect to any Tax period beginning before and ending after the Closing Date, any portion thereof ending with the close of business on the Closing Date (the "Pre-Closing Tax Period") which will have been required to be paid on or prior to the Closing Date, the non-payment of which would result in a Lien on any Assets, would otherwise materially adversely affect the Business or would result in the Buyer becoming liable or responsible therefor.

SECTION 3.28. NO UNDISCLOSED MATERIAL LIABILITIES. Except as set forth on Schedule 3.28, there are no material liabilities of a type required to be disclosed or provided for in the Financial Statements of the Business of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, and, to the Seller's knowledge, there is no condition, situation or set of circumstances which could reasonably be expected to result in any such liability, other than:

i. liabilities disclosed in the Financial Statements for the fiscal year ended December 31, 1997; and

ii. liabilities incurred in the ordinary course of business consistent with past practices since December 31, 1997 which would not in the aggregate have a material adverse effect.

SECTION 3.29. TRANSACTIONS WITH AFFILIATES. Except as set forth on Schedule 3.29, the Seller is not a party to any material agreement, arrangement or understanding or other obligation with any Affiliate of the Seller with respect to the Assets or the Business.

SECTION 3.30. RULE 10B-5. No representation or warranty made by the Seller in this Agreement contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements contained herein or therein not misleading.

SECTION 3.31. DISCLAIMER. EXCEPT AS SET FORTH IN THIS ARTICLE 3, (a) SELLER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, RELATING TO THE ASSETS OR THE BUSINESS, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY AS TO VALUE, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR FOR ORDINARY PURPOSES, OR ANY OTHER MATTER, AND (b) THE ASSETS AND BUSINESS OF THE SELLER BEING TRANSFERRED TO THE BUYER ARE CONVEYED ON AN "AS IS, WHERE IS" BASIS AS OF THE CLOSING, AND, EXCEPT TO THE EXTENT SET FORTH HEREIN, BUYER SHALL RELY UPON ITS OWN EXAMINATION THEREOF.

SECTION 3.32. AGGREGATION. The representations and warranties of Seller set forth in this Article 3, disregarding any materiality, material adverse effect or knowledge qualifications contained in such representations and warranties, are true and correct with only such exceptions as would not in the aggregate be reasonably expected to cause a Loss (as defined in Section 11.1 herein) in excess of Two Million Dollars ($2,000,000.00).

ARTICLE IV. - BUYER'S REPRESENTATIONS AND WARRANTIES

The Buyer makes the representations and warranties set forth in this Article.

SECTION 4.1. ORGANIZATION. The Buyer is a corporation duly organized, validly existing and in good standing under the laws of Ohio and has all requisite corporate power and authority to carry on and conduct its business as it is now being conducted, to own or lease its assets and properties and is duly qualified and in good standing in every jurisdiction in which the conduct of its business or ownership of its assets requires it to be so qualified, and the absence of such qualification would have a material adverse effect on the Buyer.

SECTION 4.2. CORPORATE POWER AND AUTHORITY. The Buyer has the right, power and capacity to execute, deliver and perform this Agreement and the Transaction Agreements and to consummate the transactions contemplated by this Agreement. The execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, have been duly and validly authorized by all necessary corporate action on the part of the Buyer. This Agreement has been, and each of the Transaction Agreements after execution and delivery thereof at the Closing will have been, duly and validly executed and delivered by the Buyer and constitute the Buyer's legal, valid and binding obligations, enforceable in accordance with their terms.

SECTION 4.3. REQUIRED CONSENTS, APPROVALS AND FILINGS. Except as set forth in Schedule 4.3, no consent or approval is required by virtue of the execution hereof by the Buyer or the consummation of any of the transactions contemplated herein by the Buyer to avoid the violation or breach of, or the default under, or the creation of a Lien on assets of the Buyer pursuant to the terms of any regulation, order, decree or award of any court or governmental agency or any lease, agreement, contract, mortgage, note, license, or any other instrument to which the Buyer is a party or to which it or any of its property is subject, the absence of which would have a material adverse effect upon the Buyer's business, properties, financial condition, results of operations, or net worth. Except for filings under HSR, and as set forth on Schedule 4.3, to the Buyer's knowledge, there are no filings or similar procedures required with respect to any governmental body in connection with the consummation of the transactions contemplated hereby.

SECTION 4.4. NO CONFLICT. Subject to obtaining the consent and approvals and making the filings described in Section 4.3, the execution and delivery of this Agreement by the Buyer, and the consummation

of the transactions contemplated herein by the Buyer will not, with or without the giving of notice or the lapse of time, or both, (i) violate or conflict with any of the provisions of any charter document or bylaw of the Buyer, (ii) violate, conflict with or result in breach or default under or cause termination of any term or condition of any mortgage, indenture, contract, license, permit, instrument, or other agreement, document or instrument to which the Buyer is a party or by which the Buyer or any of its properties may be bound, or (iii) violate any provision of law or any valid and enforceable requirement, court order, judgment or decree, or ruling of any court, arbitrator or governmental or regulatory official, body or authority to which Buyer is a party or by which Buyer or its properties may be bound, except, as to clauses (i) through (iii) above, any such matters that would not (X) have a material adverse effect upon Buyer's business, properties, financial condition, results of operations or net worth, or (Y) prevent the consummation of the transactions contemplated herein.

SECTION 4.5. LITIGATION. There is no suit, investigation, action or other proceeding pending, or to the Buyer's knowledge, threatened before any court, arbitration tribunal, or judicial, governmental or administrative agency, against the Buyer which would have a material adverse effect on the ability of the Buyer to perform its obligations hereunder or which seeks to prevent the consummation of the transactions contemplated herein.

SECTION 4.6. RULE 10B-5. No representation or warranty made by the Buyer in this Agreement contains any untrue statement of material fact or omits to state any material fact necessary to make the statements contained herein or therein not misleading.

ARTICLE V. - COVENANTS OF THE PARTIES

SECTION 5.1. OPERATIONS PENDING CLOSING. The Seller hereby agrees that, except as set forth on Schedule 5.1 or as consented to in writing by the Buyer, pending the Closing, the Seller will operate and conduct its business in the ordinary course consistent with past practice. Pursuant thereto and not in limitation of the foregoing:

(a) The Seller will maintain, in all material respects, the Assets in their present state of repair (ordinary wear and tear excepted), and will use commercially reasonable efforts to keep available the services of the Employees and to preserve the goodwill of the Business and relationships with the customers and suppliers, with whom it has business relations.

(b) Except as forth on Schedule 5.1(b), the Seller will not take any of the following actions after the date of this Agreement without the prior written consent of the Buyer:

i. Sell, transfer or otherwise dispose of any material Assets other than in the ordinary course of business;

ii. Enter into any new material contract, lease, or commitment relating to the Business or the Assets (for purposes of this Section 5.1, a "material" contract or commitment shall mean a contract or commitment which would be required to be disclosed on Schedule 3.17 hereto);

iii. Mortgage, pledge or subject to liens or other encumbrances, any Assets, except by incurring Permitted Liens;

iv. Purchase or commit to purchase any capital asset relating to the Business for a price exceeding $500,000 individually, or $1,000,000 in the aggregate;

v. Amend in any material respect or terminate any Contract, including any Employee Benefit Plan (except as otherwise contemplated by this Agreement) or any insurance policy, in force on the date hereof relating to the Business or the Assets;

vi. Make any election with respect to Taxes, or any change in a current election with respect to Taxes, affecting the Assets or the Business;

vii. Deploy more than $10,000,000 of inventory into Central Garden & Pet Company branches and sub-agent branches during December 1998 without notifying the Buyer in writing of the amount of such excess;

viii. Agree or commit to do any of the foregoing;

ix. Take or agree or commit to take any action that would make any representation or warranty of the Seller hereunder inaccurate in any material respect at, or as of any time prior to, the Closing Date; or

x. Take, or fail to take, any other action which would require disclosure on Schedule 3.4 under the terms of Section 3.4 hereof.

SECTION 5.2. ACCESS From the date of this Agreement through the Closing Date, the Seller will (i) provide the Buyer and its designees (officers, counsel, accountants, actuaries, financing sources and other authorized representatives) with such information, other than the employee information set forth in Section 7.1 hereof, as the Buyer may from time to time reasonably request with respect to the Assets and the Business and the transactions contemplated by this Agreement, (ii) provide the Buyer and its designees access, during regular business hours and upon reasonable notice, to the property, books, records, offices, personnel, counsel, accountants and actuaries of the Seller as such relate to the Business, other than the personnel records set forth in Section 7.1 hereof, as the Buyer or its designees may from time to time reasonably request; provided, however, that Buyer's designees shall not intentionally interfere with or disrupt the ongoing management of the Business prior to Closing, and (iii) permit the Buyer and its designees to make such inspections thereof, as the Buyer may reasonably request. Any investigation will be conducted in such a manner so as not to interfere unreasonably with the operation of the business of the Seller, and any representative of Buyer shall, at all times while in Seller's facilities, be accompanied by an employee or representative of Seller. Buyer shall inform its representatives and agents of the Confidentiality Agreement, by and between Seller and Buyer, and shall cause said representatives to abide by such Confidentiality Agreement and Seller's rules and regulations regarding safety, security and operations.

SECTION 5.3. PREPARATION OF SUPPORTING DOCUMENTS. In addition to such actions as the parties may otherwise be required to take under this Agreement or applicable law in order to consummate this Agreement and the transactions contemplated hereby and by the Transaction Agreements, the parties will take such action, furnish such information, and prepare, or cooperate in preparing, and execute and deliver such certificates, agreements and other instruments as the other party may reasonably request from time to time, before, at or after the Closing, with respect to compliance with obligations of the Buyer or the Seller in connection with the transactions contemplated hereby or by the Transaction Agreements.

SECTION 5.4. APPROVALS OF THIRD PARTIES; SATISFACTION OF CONDITIONS TO CLOSING. The Seller and the Buyer will use their reasonable, good faith efforts, and will cooperate with one another, to secure all necessary consents, approvals, authorizations and exemptions from governmental agencies and other third parties, including, without limitation, all consents required by Sections 8.4, 8.5, 9.4 and 9.5. The Seller will use its reasonable, good faith efforts to obtain the satisfaction of the conditions specified in Article 9. The Buyer will use its reasonable, good faith efforts to obtain the satisfaction of the conditions specified in Article 8.

SECTION 5.5. HART-SCOTT-RODINO NOTIFICATION. The Seller and the Buyer will each promptly prepare and file a notification with the United States Justice Department (the "Justice Department") and the Federal Trade Commission (the "FTC") as required by HSR by November 15, 1998. The Seller and the Buyer will cooperate with each other in connection with the preparation of such notification, including sharing information concerning sales and ownership and such other information as may be needed to complete such notification, and providing a copy of such notification to the other prior to filing. Each of the Seller and the Buyer will keep confidential all information about the other

obtained in connection with the preparation of such notification. The Buyer will pay the filing fee required under the regulations promulgated pursuant to HSR. Buyer and Seller will cooperate to respond to all inquiries and requests for further information associated with the HSR filing. Buyer shall take all actions as are reasonably prescribed by the FTC or the Justice Department as conditions to the FTC's or the Justice Department's approval, pursuant to HSR, of the transaction contemplated hereby; provided, however, Buyer need not take any such action prescribed by the FTC or Justice Department which action, in the reasonable judgment of Buyer, would materially and adversely affect the value of the transactions contemplated by this Agreement or any other agreement between the parties.

SECTION 5.6. FINANCIAL AND TAX SERVICES. It is recognized that one or more parties may need tax, financial or other data after the Closing Date with respect to the Business covering several fiscal periods prior to the Closing Date in order to facilitate the preparation of Tax returns or in connection with any audit, investigation, litigation, amended return, claim for refund or any proceeding in connection therewith or to comply with the rules and regulations of the Internal Revenue Service, the Securities and Exchange Commission or any other governmental organization or agency. The parties will render reasonable cooperation and will afford access during normal business hours to all books, records, data and personnel concerning use and ownership of the Assets and the operation and conduct of the Business, other than the personnel records set forth in Section 7.1 hereof, with respect to periods prior to and including the Closing Date to each other and their auditors, accountants, counsel or other authorized representatives for such purpose; provided, however, that Buyer's designees shall not intentionally interfere with or disrupt the ongoing management of the Business prior to Closing. The parties will also each execute such documents as the other may reasonably request in order to file any required reports or Tax returns and provide the other with prompt written notice upon receipt of any written claim, notice of deficiency or proposed or actual assessment pertaining to the Business which could affect the Tax liability of the other. The party requesting assistance from the other party will bear all reasonable out-of-pocket costs and expenses incurred by such assisting party (excluding salaries or wages of its employees).

SECTION 5.7. TRANSFER TAXES. All sales or transfer Taxes, including but not limited to, document recording fees, real property transfer Taxes, sales and excise Taxes, arising out of or in connection with the consummation of the transactions contemplated herein shall be paid equally by the Buyer and the Seller.

SECTION 5.8. COMPLIANCE WITH EEOC CONSENT DECREE. Seller hereby represents that it has complied in all material respects with each of the obligations imposed by the Consent Decree entered in the United States District Court for the Eastern District of Missouri in the matter of Billouin, et al. and the Equal Employment Opportunity Commission v. Monsanto Company and Chevron Chemical Company (the "Consent Decree"), up to and including the date of Closing. Seller will undertake reasonable efforts to have the Consent Decree vacated as soon as practicable following the Closing. From and after the Closing, Buyer will assume any remaining obligations imposed by the Consent Decree only to the extent provided by law; provided, however, that to the extent Seller has any obligations under the Consent Decree following the Closing, Buyer shall use reasonable efforts to assist Seller in complying with such obligations.

SECTION 5.9. [Intentionally Omitted]

SECTION 5.10. AMENDMENT OF SCHEDULES. Each party hereto agrees that the parties shall have the right and the obligation as of the Closing Date to supplement or amend the Schedules hereto (except Schedule 1.2) with respect to any matter hereafter arising or discovered which, if existing or known at the date of this Agreement, would have been required to be set forth or described in the Schedules, and subject to Section 9.1 and the rights set forth in Section 10.2, such supplement or amendment shall be deemed to cure any breach of the representation and warranty to which such Schedule applies with respect to such matter but shall not relieve the Seller of its obligations pursuant to Section 11.1 hereof.

SECTION 5.11. CONSULTATION WITH WORKS COUNCIL. Prior to the Closing Date, the Seller agrees to consult with all appropriate Works Council in the European Union. Buyer agrees to provide Seller with information regarding its intent with respect to each overseas location with a Works Council for Seller's use in its consultations with such Works Councils. Buyer agrees to indemnify and hold Seller harmless for any and all Losses incurred as a result of its use of the information provided by the Seller. A list of overseas locations with Works Councils is attached as Schedule 5.11.

SECTION 5.12. MONSANTO COMPLIANCE WITH OBLIGATIONS TO CHEVRON AND OTHER PREDECESSORS. From and after the Closing, Buyer shall use reasonable efforts to assist Seller in complying with Seller's continuing rights and obligations under the following agreements, which Seller has provided Buyer with true and correct copies of: (i) Sections 6.4, 6.6, 19.11(c), 19.14 and Article 16 of that certain Asset Sale Agreement and related agreements dated May 14, 1993, by and between Chevron Chemical Company and Monsanto Company; (ii) that certain Sale of Business Agreement dated May 5, 1997, by and between Monsanto Australia Limited, Monsanto Company, Defender Garden Products Pty. Limited, Defender Home Garden Pty. Limited and Select Harvests Limited; (iii) that certain Asset Purchase Agreement and related agreements, dated April 15, 1996 between Monsanto Company and White Swan, Ltd., (iv) those certain documents related to the "Phostrogen" Business Acquisition, dated June 6, 1997, by and between Monsanto p.l.c., Monsanto Company, Phostrogen Ltd., Gaskell Properties Ltd., and S.V. Gaskell; and (v) that certain Asset Purchase Agreement and related agreements, dated June 1, 1994, by and between Monsanto Canada Inc., Green Cross Garden Products Ltd., and Sun Gro Horticulture Canada Ltd. (collectively, the "Acquisition Agreements"). Buyer will cooperate with Seller to establish procedures necessary to enable Seller to comply with such obligations, including, but not limited to, providing to Seller all necessary information and assistance necessary to enable Seller to preserve and prosecute its rights to indemnification under the Acquisition Agreements.

SECTION 5.13. CHEMCOPACK AGREEMENT. From and after the Closing, (i) Buyer shall use its reasonable efforts to assist Seller in benefitting from Seller's continuing rights and complying with Seller's continuing obligations and (ii) Seller shall use its reasonable efforts to assist Buyer in procuring and benefitting from the applicable rights pertaining to the Business and complying with the applicable obligations pertaining to the Business, in each case, which rights and obligations arise pursuant to that certain Service Agreement, between Monsanto Europe S.A. and Chemcopack N.V. dated July 1, 1998.

SECTION 5.14. NOTICE OF CERTAIN EVENTS. So long as Seller is permitted by contract and law to do so, the Seller shall promptly notify Buyer, and, so long as permitted by contract and law to do so, Buyer shall promptly notify the Seller, of:

i. any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

ii. any notice of other communication from any governmental or regulatory agency or authority in connection with the transactions contemplated by this Agreement; and

iii. any actions, suits, claims, investigations or proceedings commenced or, to the knowledge of the Seller or Buyer, as the case may be, threatened against, relating to or involving or otherwise affecting the Seller or the Business that, if pending on the date of this Agreement, would have to have been disclosed pursuant to Section 3.10 or that relate to the consummation of the transactions contemplated by this Agreement.

SECTION 5.15. OTHER OFFERS. From the date hereof until the earlier of the termination of this Agreement and the Closing, the Seller agrees that none of the Seller or any officer, director, employee or other agent of the Seller will, directly or indirectly, (i) solicit, initiate or encourage any inquiries or the making or implementation of any proposal or offer with respect to a merger,

acquisition, consolidation or similar transaction involving, or any purchase of all or any significant portion of the Assets or the Business (an "Acquisition Proposal"), other than the transactions contemplated by this Agreement, or (ii) engage in negotiations with, or disclose any nonpublic information relating to the Assets or the Business or afford access to the properties, books or records of the Seller relating to the Assets or the Business to any Person that the Seller reasonably believes may be considering making, or has made, an Acquisition Proposal. The Seller will promptly notify Buyer upon receipt of any Acquisition Proposal or any indication that any Person is considering making an Acquisition Proposal or any request for nonpublic information relating to the Assets or the Business or for access to the properties, books or records of the Seller relating to the Assets or the Business by any Person that may be considering making, or has made, an Acquisition Proposal and will keep Buyer fully informed of the status and details of any such Acquisition Proposal, indication or request.

SECTION 5.16. NONCOMPETITION.

(a) Noncompetition Period. The "Noncompetition Period" shall be five (5) years.

(b) Seller Covenant. Seller covenants and agrees that for the Noncompetition Period, Seller will not, nor will it permit any Affiliate to, directly or indirectly, own, manage, operate or control, or participate in the ownership, management, operation or control of, or be connected with or have any interest in, as a shareholder, partner, creditor or otherwise, any Competitive Business; provided, that Seller shall not be deemed to have violated this covenant if Seller undertakes a transaction in which Seller (i) is acquired by or merges with an unrelated third party who is engaged in a Competitive Business (defined below) or (ii) acquires an unrelated third party engaged in a Competitive Business, and, with respect to this clause (ii) only, which Competitive Business is not a material component of such party's overall business so long as Seller divests itself of the Competitive Business in such time period as is reasonable for the completion of a transaction of such type and complexity, but in no event later than nine months following the closing of the acquisition of the Competitive Business. A Competitive Business shall be any business which, anywhere in the world (x) develops, manufactures, sells and

markets non-glyphosate weed control products, insect control products, garden seeds and decorative garden items, fertilizers and applicators for use by consumers for lawn and garden care or (y) markets gardening and home improvement books for consumers; provided, however, this Section 5.16 shall not apply to those actions of Seller or any Affiliate (A) to the extent such actions are expressly contemplated by the Agency Agreement (as defined in Section 10.2(h) herein), for the duration of the Agency Agreement, (B) to the extent that immediately upon termination of the Agency Agreement, for whatever reason, Seller or any Affiliates or successor to the Roundup L&G Business (as defined in the Agency Agreement) continues to operate the Roundup L&G Business, or (C) to the extent that Seller's interest in a Competitive Business, as a shareholder, partner, creditor or otherwise, is equal to or less than 5%.

(c) Consideration. The consideration for the agreements contained in this Section 5.16 are the mutual covenants contained herein, the agreement of the parties to consummate the Transaction, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged.

(d) Modification. In the event a court (or other authority) refuses to enforce the covenants and agreements contained in this Section 5.16, either because of the scope of the geographical area specified in this Section 5.16, the duration of the restrictions, or otherwise, the parties hereto expressly confirm their intention that the geographical areas covered hereby, the time period of the restrictions, or such other provision, be deemed automatically reduced to the minimum extent necessary to permit enforcement.

(e) Injunctive Relief. The parties acknowledge and agree that the extent of damages to one party (the "non-breaching party") in the event of an actual or threatened breach of this Section 5.16 by the other party (the "breaching party") may be impossible to ascertain and there may be available to the non-breaching party no adequate remedy at law to compensate the non-breaching party in the event of such an actual or threatened reach by the breaching party. Consequently, the parties agree that, in the event that either party breaches or threatens to breach any such covenant or agreement, the non-breaching party shall be entitled, in addition to any other remedy or relief to which it may be entitled, including without limitation, money damages, to seek to enforce any or all of such agreements or covenants against the breaching party by injunctive or other equitable relief ordered by any court of competent jurisdiction.

SECTION 5.17 FINANCIAL STATEMENTS. Seller will deliver to Buyer, as soon as is reasonably practicable, (a) an audited statement of the assets of the Business to be purchased and the liabilities of the Business to be assumed by Buyer as of December 31, 1997 (the "1997 Statement of Assets and Liabilities") and the related audited statement of net sales, cost of sales and direct operating costs of the Business for the year then ended and (b) an unaudited statement of the assets of the Business to be purchased and the liabilities of the Business to be assumed as of September 30, 1998 (the "Interim Statement of Assets and Liabilities") and the related unaudited statement of net sales, cost of sales and direct operating costs of the Business for the nine months ended September 30, 1998 and 1997 (collectively, the "Financial Statements"). At such time, Seller will provide to Buyer the following representation and warranty with respect to the Financial Statements: "The Financial Statements have been prepared from the books and records of Solaris in conformity with generally accepted accounting principles in the United States ("GAAP"), and, subject in the case of the Interim Statement of Assets and Liabilities and the related unaudited statements of net sales, cost of sales and direct operating costs for the nine months ended September 30, 1998 and 1997, to the absence of notes, (i) the 1997 Statement of Assets and Liabilities and the Interim Statement of Assets and Liabilities, respectively, fairly present, in all material respects, the assets that would have been purchased and the net liabilities that would have been assumed by Buyer as of December 31, 1997 and September 30, 1998, if the transactions contemplated hereby had been consummated on December 31, 1997 (in the case of the 1997 Statement of Assets and Liabilities) and September 30, 1998 (in the case of the Interim Statement of Assets and Liabilities), respectively, and (ii) the statements of net sales, cost of sales and direct operating costs of the Business fairly present, in all material respects, the net sales, cost of sales and direct operating costs of the Business for the year ended December 31, 1997 and for the nine months ended September 30, 1998 and 1997, respectively." Following the delivery of the Financial Statements to Buyer, Buyer shall have five (5) business days to accept such Financial Statements, in which case the foregoing representation shall become part of Seller's representations and warranties in Article III hereof, or terminate this Agreement pursuant to Section 10.2(h) hereof.

SECTION 5.18. COOPERATION. The Seller agrees to reasonably cooperate, and to use reasonable efforts to cause its accountants to cooperate, with the Buyer in connection with the preparation of financial statements or information with respect to the Business that comply with the rules and regulations of the Securities and Exchange Commission, if, and to the extent, so requested by the Buyer in connection with the transactions contemplated hereby. The Buyer agrees to indemnify the Seller for 100% of the incremental costs of the Seller's accountants in connection with the preparation of such financial statements.

ARTICLE VI. - CASUALTY AND CONDEMNATION

SECTION 6.1. CASUALTY. The Seller will bear the risk of any loss or damage or destruction to any of the Assets from fire or other casualty or cause at all times prior to the Closing. Upon the occurrence of any loss or damage to any of the Assets as a result of fire, casualty, or other causes prior to the Closing, the Seller will notify the Buyer of the same in writing as soon as practicable thereafter. If such loss or damage could reasonably be deemed to have a material adverse effect, the Buyer will have the option, exercisable within ten (10) days after receipt of such notice from the Seller to terminate this Agreement. If Buyer elects to terminate, this Agreement will be of no further force or effect and neither the Seller nor the Buyer will have any further rights, duties, or obligations hereunder. If Buyer does not elect to terminate this Agreement, this Agreement will remain in full force and effect, the Closing shall be consummated, and the Buyer will accept the Assets in their "then" condition without reduction of the Purchase Price; provided, however, if the diminution in value, net of proceeds received by the Buyer under the insurance policies referred to in the next sentence exceeds $1,000,000, the Purchase Price will be reduced by the

amount of such diminution. The Seller will assign to the Buyer all rights under any insurance claim covering the loss and will pay over to the Buyer any proceeds under any such insurance policy theretofore received by the Seller with respect thereto.

SECTION 6.2. CONDEMNATION. If, prior to the Closing, any of the Real Property has been taken by condemnation in any proceeding by a public authority or other body vested with the power of eminent domain or has been acquired by a public or quasi-public body for public purposes, or if condemnation proceedings therefor have been instituted, the Seller will give the Buyer prompt notice of such occurrence. If such condemnation takes, or proposes to take, all or any portion of the Real Property which would have a material adverse effect, the Buyer may cancel this Agreement by giving the Seller notice to such effect within ten (10) days after the Seller's notice to the Buyer of such occurrence, with the date of the Closing to be extended, if necessary, to provide such a ten (10) day period. If the Buyer so elects, this Agreement will be terminated and the parties hereto will have no further rights, duties, or obligations hereunder. If this Agreement is not terminated as provided above, this Agreement will remain in full force and effect and the purchase contemplated herein, less any portion of the Real Property taken by eminent domain or condemnation, or sold in lieu thereof, will be consummated with a corresponding reduction of the Purchase Price. In such event, the Seller will, at the Closing, assign, transfer, and set over to the Buyer all of the Seller's right, title and interest in and to any awards or proceeds paid or payable for such taking or sale in lieu thereof.

ARTICLE VII. - COVENANTS AS TO EMPLOYEES

SECTION 7.1. OFFERS OF EMPLOYMENT.

(a) Transferred Employees. At least one week prior to Closing, the Buyer shall offer employment with the Buyer to 100% of the Employees other than the Employees

set forth on Schedule 7.1(a). All personnel records maintained by Seller shall remain with the Seller after Closing. The Seller and its Affiliates agree to release from their employment those Employees who are offered and accept employment with the Buyer ("Transferred Employees") to enable them to commence their employment with the Buyer. Seller shall furnish Buyer with an electronic file of employee data related to such Transferred Employees. The Seller makes no representations or warranties concerning such file, or the contents or sufficiency thereof. An offer of employment made by the Buyer will be in writing and will at least equal the salary or wages (including, as applicable, shift differentials, and premiums) provided by the Seller to the Transferred Employee immediately prior to Closing and will include comparable employee benefits provided by the Buyer to its similarly situated employees. The Buyer shall not reduce any Transferred Employee's initial salary or wages (including, as applicable, shift differentials and premiums) as an employee of Buyer during the twelve (12) month period after the date on which such Transferred Employee commences work for the Buyer (the "Employment Date").

(b) Termination of Employees. If (i) the Buyer terminates the employment of any Transferred Employee without cause during the eighteen (18) month period after the Employment Date and such Transferred Employee is not offered "comparable employment" by the Buyer or an Affiliate of the Buyer through the eighteen (18) month anniversary of the Employment Date or (ii) the Buyer relocates any Transferred Employee during the eighteen (18) month period after such Transferred Employee's Employment Date without the Transferred Employee's consent, the Buyer shall pay to such Transferred Employee either (w) an amount at least equal to the amount, and offer the benefits, set forth in Schedule 7.1(b)(1), or (x) if such Transferred Employee signs a settlement agreement and general release provided by Seller, an amount at least equal to the amount, and offer the benefits, set forth in Schedule 7.1(b)(2) (the "Termination Payments"). In consideration of Buyer's agreement to make the Termination Payments to such Transferred Employees, the Seller shall reimburse the Buyer for the lesser of (y) fifty percent (50%) of such Termination Payments, or (z) five million dollars

($5,000,000.00). For the purposes of this Section 7.1(b), "cause" shall mean (A) the conviction of a felony, (B) the willful failure to perform reasonable job-related requests, (C) an act of intentional fraud, embezzlement or theft, (D) an act or omission of gross misconduct injurious to Buyer, or (E) a material violation of Buyer's rules, policies or procedures. For the purposes of this Section 7.1(b), "comparable employment" shall mean a job of equal pay (including, as applicable, shift differentials, incentives and premiums) and benefits comparable to those provided by Buyer to its similarly situated employees. The Buyer agrees to indemnify and hold the Seller harmless from and against any and all claims, damages, liabilities or losses arising out of or related to the Buyer's hiring, promotion or termination of any Transferred Employee, including any severance payments required under this Section 7.1(b).

(c) Employees Not Actively at Work. Attached hereto as Schedule 7.1(c) is a schedule which identifies each Employee who is on short-term disability, long-term disability or personal leave. Any Employee who is on short-term disability or personal leave on the Closing Date shall be offered employment by the Buyer if such Employee returns to work within six (6) months after the Closing Date with any appropriate doctors' releases. Any other Employee who was not actively at work on the Closing Date will continue to be the responsibility of the Seller after such date.

(d) Buyer and Seller agree to work cooperatively to assist in the transfer of a Transferred Employee who is working for Seller under a nonimmigrant visa. Buyer shall pay all severance costs with respect to any such Transferred Employee who is unable or unwilling to obtain a visa.

SECTION 7.2. BENEFITS AND EMPLOYMENT CONDITIONS OF TRANSFERRED EMPLOYEES IN THE UNITED STATES.

(a) Defined Benefit Pension Plans. Any tax-qualified defined benefit pension plans of the Seller (the "Seller's Pension Plans") will retain the liability for, and will fully

vest the Transferred Employees in, their accrued benefits under such plans and, upon application for distribution under the terms of such plans, will provide for distributions to any Transferred Employee who is eligible for a distribution under the terms of such plans. The Buyer shall have no responsibility for any determination made under the Seller's Pension Plans regarding the type, amount or time of payment of any benefit payable to a Transferred Employee under such plan. So long as the Buyer maintains one or more defined benefit pension plans for its other similarly situated employees, the Buyer shall include the Transferred Employees in such plan(s) (the "Buyer Defined Benefit Plan"). The Buyer Defined Benefit Plan shall recognize the Transferred Employees' service recognized by the Seller as of their Employment Dates for purposes of eligibility to participate and vesting, but not for benefit accrual purposes. The Buyer Defined Benefit Plan shall not be responsible for providing any "subsidized" benefit that could have been earned by a Transferred Employee under any of the Seller's Pension Plans had the Transferred Employee remained employed by the Seller after Closing.

(b) Qualified Defined Contribution Plans. Any tax-qualified defined contribution plans of the Seller (the "Seller's Defined Contribution Plans") will fully vest the Transferred Employees in, and will provide for the distribution to or on behalf of the Transferred Employees of, their account balances in accordance with such Plans' regular distribution rules for employees whose employment with the Seller and its Affiliates has terminated, provided that the Seller determines that such distributions will not adversely affect the qualified status of the Seller's Defined Contribution Plans under Section 401(a) of the Code. The Buyer shall have no responsibility for any determination made under the Seller's Defined Contribution Plans. So long as the Buyer maintains one or more defined contribution pension plans for its other similarly situated employees, the Buyer shall include the Transferred Employees in such plans (the "Buyer Defined Contribution Plan"). The Buyer Defined Contribution Plan shall recognize the Transferred Employees' service recognized by the Seller for purposes of eligibility to participate and vesting.

(c) Vacation Pay. Effective as of the Closing Date, the Buyer shall adopt a vacation schedule for the Transferred Employees that is substantially the same as the

Buyer's vacation program provided by Buyer to its similarly situated employees. The Buyer will recognize a Transferred Employee's service with the Business for purposes of determining the Transferred Employee's eligibility for and amount of vacation benefits. Seller will pay, as of the applicable Employment Date, its liability to each Transferred Employee for vacation accrued but not taken or paid for by the Seller. Buyer shall provide unpaid vacation leave during the calendar year in which the Transferred Employee's Employment Date occurs to a Transferred Employee in an amount equal to the vacation accrued but not taken by the Transferred Employee and paid for by the Seller.

(d) Medical and Dental Plans. As of his or her Employment Date, each Transferred Employee will be eligible to enroll in a medical and dental plan established or maintained by the Buyer which shall provide coverage comparable to that provided by the Buyer to its similarly situated employees. The Buyer will cause the Buyer's medical and dental plans to waive any pre-existing condition limitations to the extent reasonably possible under the terms of the applicable plan of Buyer and to recognize each such Transferred Employee's (and his or her covered dependents') expenditures under the corresponding Seller medical and dental plans for the calendar year in which the Employment Date occurs toward any applicable deductible and annual out-of-pocket limit for such calendar year. The Seller will cause the Seller's medical and dental plans to be liable for covered expenses of the Transferred Employees and their dependents that were incurred before the applicable Employment Date or during hospital stays that began before such Employment Date, and the Buyer's medical and dental plans may exclude liability for such expenses. Any benefits provided by the Buyer pursuant to this paragraph are subject to the Buyer's right to amend or terminate its medical and dental plans at any time.

(e) [Intentionally omitted.]

(f) Life Insurance Coverage. The Buyer agrees that as of a Transferred Employee's Employment Date, the Transferred Employee may elect the Buyer's group term and supplemental life insurance coverage on his or her life without evidence of

insurability; provided that such Transferred Employee was a participant in Seller's group term and supplemental life insurance coverage as of the Closing. The Buyer agrees that the plan will recognize the Transferred Employee's service with the Business for purposes of determining the Transferred Employee's eligibility for and amount of coverage. Any benefits provided under this paragraph are subject to the Buyer's right to amend or terminate its group-term and supplemental life insurance coverage at any time.

(g) Disability Coverage. The Buyer agrees that as of a Transferred Employee's Employment Date, the Transferred Employee shall be eligible to enroll in any short-term and long-term disability plan established by the Buyer; provided that such Transferred Employee is not currently receiving short-term or long-term disability benefits from Seller or under a plan maintained by Seller. The plan will recognize the Transferred Employee's service with the Business for purposes of determining the Transferred Employee's eligibility for and amount of benefits and shall treat the date the Transferred Employee was employed by the Seller as the date the Transferred Employee was employed by the Buyer for purposes of defining a preexisting condition. Any benefits provided under this paragraph are subject to the Buyer's right to amend or terminate its disability plan at any time.

(h) Relocation Assistance. Schedule 7.2(h) lists the Employees who as of the date of this Agreement are receiving or eligible to receive relocation assistance or who are on temporary domestic assignments working in full-time positions, and shows for each Employee listed, if determinable on the date of this Agreement, the amount of relocation assistance, as applicable, which the Employee would receive after the Closing Date under the Seller's relocation policy described in Schedule 3.12 if the Employee remained an employee of the Seller. With respect to Transferred Employees listed on Schedule 7.2(h), the Buyer shall provide such relocation assistance, as applicable, which the Transferred Employee would have received under the Seller's relocation policy.

(i) International Assignment. Buyer shall provide all payments and benefits to Transferred Employees on international assignment as of their Employment Date as such Transferred Employees would have received under Seller's international assignment

policy and will assist all such Transferred Employees in obtaining any necessary work visas or papers. If the employment agreement of a Transferred Employee on international assignment cannot be assigned to the Buyer, such Transferred Employee shall remain an employee of the Seller until such time as the Transferred Employee's employment agreement with the Seller can be assigned to the Buyer. Buyer shall reimburse Seller for the cost of salary, benefits and other assistance provided by the Seller to such Transferred Employee.

(j) Additional Benefits. Buyer shall implement immediately after the Closing a retention incentive plan which will target approximately 40% of the Transferred Employees. Buyer shall permit each Transferred Employee to participate in any incentive plan in which Buyer's similarly situated employees participate.

SECTION 7.3. ACCESS TO EMPLOYEE INFORMATION. After the Closing Date, the parties hereto will cooperate with each other in the administration of any applicable Employee Benefit Plans and programs.

SECTION 7.4. WARN ACT INDEMNIFICATION. With respect to the transactions contemplated by this Agreement, Buyer will comply in all material respects with the provisions of the Workers Adjustment and Retraining Notification Act of 1988, as amended ("WARN Act"). The Buyer agrees to indemnify the Seller and its directors, officers, employees, consultants and agents for, and to hold the Seller and its directors, officers, employees, consultants and agents harmless from and against, any and all Losses (as defined in Section 11.1) arising or resulting, or alleged to arise or result from the notification or other requirements of the WARN Act. The indemnifications contained in this Section will survive the Closing and remain effective concurrent with the legal limitations period applicable to WARN Act liability.

SECTION 7.5. WORKERS' COMPENSATION CLAIMS. The Seller will be responsible for any workers' compensation claims by any Transferred Employee for injuries incurred prior to such Transferred

Employee's Employment Date. The Buyer will be responsible for any workers' compensation claims for injuries incurred by any Transferred Employee on or after such Transferred Employee's Employment Date.

SECTION 7.6. GENERAL EMPLOYEE PROVISIONS.

(a) The Seller and the Buyer will give notices required by law and take whatever other actions with respect to the plans, programs and policies described in this Article 7 as may be reasonably necessary to carry out the arrangements described in this Article 7.

(b) The Seller and the Buyer will provide each other with such plan documents and descriptions or other information as may be reasonably required to carry out the arrangements described in this Article 7.

(c) If any of the arrangements described in this Article 7 are finally determined by the Internal Revenue Service or other applicable governmental authority, or by a court of competent jurisdiction, to be prohibited by law, the Seller and the Buyer will modify such arrangements to as closely as possible retain the intent and economic benefits and burdens of the parties as reflected herein in a manner which is not prohibited by law.

(d) No provision of this Agreement will create any third party beneficiary rights to any person, including without limitation any Transferred Employee or any dependent of a Transferred Employee, in respect of continued employment or resumed employment, and no provision of this Agreement will create any third party beneficiary rights in any person, including without limitation any Transferred Employee or any dependent of a Transferred Employee, in respect of any employee benefit plan or arrangement or any other arrangement which may be maintained from time to time by the Buyer.

(e) The Seller and the Buyer agree to utilize the "Alternative Procedure" provided in Section 5 of the Revenue Procedure 84-77, 1984-2 Cumulative Bulletin 753, as modified and superseded by Revenue Procedure 96-60, 1996 Cumulative Bulletin 399, with respect to filing and furnishing Internal Revenue Service Forms W-2, W-3, and 941.

SECTION 7.7. EMPLOYEE BENEFIT PLANS. Except as expressly provided in this Article 7, the Buyer will not adopt, assume or otherwise become responsible for, either primarily or as a successor employer, any of the Employee Benefit Plans, arrangements, commitments or policies currently provided by the Seller or by any member of its controlled group under Code Section 414 (the "Controlled Group Members"). In particular, but not by way of limitation, the Buyer will not assume liability for any retiree medical benefits, or for any group health continuation coverage or coverage rights under Code Section 4980B and ERISA Section 606 which exist prior to the Closing Date or which arise as a result of the Seller's dissolution and/or termination of its group health plan or plans. In addition, the Buyer will not assume the Seller's obligations under Code Section 4980B and ERISA Section 606 relating to individuals who are neither Transferred Employees or dependents of Transferred Employees. The Seller agrees to indemnify the Buyer and its directors, officers, employees, consultants and agents for, and to hold them harmless from and against, any and all Losses caused by any employee benefit plan, arrangement or policy currently provided by the Seller or any Controlled Group Member. The indemnifications contained in this Section shall survive the Closing and remain effective concurrent with the legal limitations period applicable to any such employee benefit plan, arrangement or policy.

SECTION 7.8. TRANSFER OF EMPLOYEES IN EUROPE. In accordance with "The Employees Acquired Rights Directive" (EU Directive 77/187 of February 14, 1977 as implemented in each of the relevant member states), all employment agreements with employees employed by Seller in connection with the business and listed in Schedule 7.8 hereto (the "European Employees") shall be automatically transferred to the Buyer on the date of Closing by operation of law. Each European Employee shall, as from the Closing Date be employed by the Buyer under the terms and conditions applicable to such employee just prior to the date of Closing and each European Employee's seniority rights shall, for all purposes, be honored by the Buyer. As soon as practicable after Closing Date and effective as of the Closing Date, the Buyer shall have in place or establish incentive plans, benefit plans and

pension plans providing overall benefits not less favorable than those enjoyed by the European Employees immediately before Closing. Buyer and Seller shall each select an actuary to review and agree upon pension fund transfers as required under local laws and regulations. If such actuaries are unable to agree upon such pension fund transfers, then they shall mutually select a third actuary who shall make a final decision. Seller and the Buyer shall meet promptly after Closing to take all appropriate steps to protect fully all European Employees' existing pension rights. Seller agrees to assist the Buyer, at Buyer's expense, with respect to the transfer of the European Employees and provide all necessary transition services to the Buyer to ensure payment of the European Employees' salaries, benefits and compensation, taxes and social security in the name and on behalf of the Buyer during the transition period. The Buyer shall indemnify and hold Seller harmless from any and all costs and liabilities which may arise out of the provisions of such services.

SECTION 7.9. TRANSFERRED EMPLOYEES WORKING ON VISAS OR WORK PERMITS. Buyer will use its reasonable efforts to have the visas and work permits for those Employees who are working under a visa and/or a work permit transferred or issued to Buyer as the employer of record for such Employees. Seller will assist Buyer in such efforts at Buyer's expense. Until such time as there is a valid visa and/or work permit issued for such Employee showing Buyer as the employer of record, each such Employee shall remain an Employee of Seller. Buyer shall reimburse Seller for the employment costs of such Employees quarterly during the period needed to obtain the new or revised visas and/or work permits. Actual business expenses incurred by such Employees shall be paid by Buyer. Upon the issuance of new or revised visas and/or work permits, such Employees will become employees of Buyer and will be treated as Transferred Employees.

ARTICLE VIII. - CONDITIONS TO SELLER'S OBLIGATIONS

Each of the obligations of the Seller to consummate the transactions contemplated hereby will be subject to the satisfaction (or written waiver by the Seller) at or prior to the Closing Date of each of the following conditions.

SECTION 8.1. REPRESENTATIONS AND WARRANTIES TRUE AT CLOSING DATE. Except for changes as may be contemplated by this Agreement, each of the representations and warranties of the Buyer contained in this Agreement, disregarding all qualifications and exceptions contained therein relating to materiality or material adverse effect, must be true in all material respects on and as of the Closing Date with the same force and effect as though made on and as of such date, unless the representation or warranty is made as of a specified date; the Buyer must have performed and complied in all material respects with the covenants and agreements set forth herein to be performed or complied with by it on or before the Closing Date; and the Buyer must have delivered to the Seller a certificate dated the Closing Date and signed by its duly authorized officer to all such effects.

SECTION 8.2. LITIGATION. No suit, investigation, action or other proceeding may be pending or overtly threatened against the Seller or its Affiliates or the Buyer before any court or governmental agency which has resulted in the restraint or prohibition of the Seller, or, could in the reasonable opinion of counsel for the Seller, result in the assessment of material damages or other relief against the Seller, in connection with this Agreement or the consummation of the transactions contemplated hereby.

SECTION 8.3. OPINION OF COUNSEL TO BUYER. The Seller must have received from counsel to the Buyer an opinion, dated the Closing Date, in a form reasonably satisfactory to counsel to Seller.

SECTION 8.4. REQUIRED GOVERNMENTAL APPROVALS. All governmental authorizations, consents and approvals set forth on Schedule 9.4 must have been obtained and must be in full force and effect. All applicable governmental pre-acquisition filing, information furnishing and waiting period requirements, including expiration of all applicable waiting periods pursuant to HSR, as set forth on Schedule 9.4, must have been met or such compliance must have been waived by the governmental authority having authority to grant such waivers.

SECTION 8.5. OTHER NECESSARY CONSENTS. The parties must have obtained all consents and approvals listed on Schedule 9.5.

SECTION 8.6. SUPPLY AGREEMENT. The Buyer must have executed and delivered to the Seller the Supply Agreement in the form attached hereto as Exhibit A (the "Supply Agreement").

SECTION 8.7. FORMULATION AGREEMENT. The Buyer must have executed and delivered to the Seller the Formulation Agreement in the form attached hereto as Exhibit B (the "Formulation Agreement").

SECTION 8.8. TRANSITION SERVICES AGREEMENT. The Buyer must have executed and delivered to the Seller a Transition Services Agreement in a form mutually satisfactory to the parties (the "Transition Services Agreement").

SECTION 8.9. NO MATERIAL ADVERSE CHANGE. There shall have been no material adverse change since December 31, 1997 in the business or financial condition of the Buyer taken as a whole, or the financial ability of the Buyer to consummate the transactions contemplated by this Agreement.

ARTICLE IX. - CONDITIONS TO BUYER'S OBLIGATIONS

Each of the obligations of the Buyer to consummate the transactions contemplated hereby is subject to the satisfaction (or written waiver by the Buyer) at or prior to the Closing Date of each of the following conditions.

SECTION 9.1. REPRESENTATIONS AND WARRANTIES TRUE AT CLOSING DATE. Except for changes as may be contemplated by this Agreement, each of the representations and warranties of the Seller contained in this Agreement, disregarding all qualifications and exceptions contained therein relating to materiality or material adverse effect, must be true in all material respects on and as of the Closing Date with the same force and effect as though made on and as of such date, unless the representation or warranty is made as of a specified date; the Seller must have performed and complied in all material respects with the respective covenants and agreements set forth herein to be performed or complied with by it on or before the Closing Date; and the Seller must have delivered to the Buyer a certificate dated the Closing Date and signed by its duly authorized officer to all such effects.

SECTION 9.2. LITIGATION. No suit, investigation, action or other proceeding may be pending or overtly threatened against the Buyer or the Seller or its Affiliates before any court or governmental agency which has resulted in the restraint or prohibition of the Buyer, or, in the reasonable opinion of counsel for the Buyer, is reasonably likely to result in the assessment of material damages or other relief against the Buyer in connection with this Agreement or the consummation of the transactions contemplated hereby.

SECTION 9.3. OPINION OF COUNSEL TO SELLER. The Buyer must have received from counsel to the Seller an opinion, dated the Closing Date, in a form reasonably satisfactory to counsel to Buyer.

SECTION 9.4. REQUIRED GOVERNMENTAL APPROVALS. All governmental authorizations, consents and approvals set forth on Schedule 9.4 must have been obtained and must be in full force and effect. All applicable governmental pre-acquisition filing, information furnishing and waiting period requirements, including expiration of all applicable waiting periods pursuant to HSR, as set forth on Schedule 9.4, must have been met or such compliance must have been waived by the governmental authority having authority to grant such waivers.

SECTION 9.5. OTHER NECESSARY CONSENTS. The parties must have obtained all consents and approvals listed on Schedule 9.5.

SECTION 9.6. SUPPLY AGREEMENT. The Seller must have executed and delivered to the Buyer the Supply Agreement.

SECTION 9.7. FORMULATION Agreement. The Seller must have executed and delivered to the Buyer the Formulation Agreement.

SECTION 9.8. TRANSITION SERVICES AGREEMENT. The Seller must have executed and delivered to the Buyer the Transition Services Agreement.

SECTION 9.9. NO MATERIAL ADVERSE CHANGE. There shall have been no material adverse change since December 31, 1997 in the business, results of operations or financial condition of the Business taken as a whole.

ARTICLE X. - CLOSING

SECTION 10.1. CLOSING. The closing of the transactions contemplated hereby (the "Closing") will take place at 10:00 a.m. Central Time on the "Closing Date," at the Seller's offices located at 800 North Lindbergh Blvd., St. Louis County, Missouri, or at such other place as may be mutually agreeable. Subject to satisfaction or waiver of the conditions to the Seller's and the Buyer's obligations set forth in Articles 8 and 9, respectively, the Closing Date will be the later of the following: (a) February 15, 1999; (b) the date which is sixty (60) days after the date of Seller's delivery to Buyer of the Financial Statements pursuant to Section 5.17; (c) the date which is five (5) business days after the receipt of the governmental approvals contemplated by Sections 8.4 and 9.4 hereof; or (d) such other date as the parties may agree to in writing. At the Closing, the parties hereto will duly execute and deliver all documents and instruments required to be delivered, and the Buyer will make all payments to the Seller required to be paid at the Closing as provided in this Agreement.

SECTION 10.2. TERMINATION PRIOR TO CLOSING. Notwithstanding the foregoing, the parties will be relieved of the obligation to consummate the Closing and purchase or sell the Assets:

(a) By the mutual written consent of the Buyer and the Seller;

(b) By the Seller in writing, without liability, if the Buyer (i) fails to perform in any material respect its agreements contained herein required to be performed by it on or prior to the Closing Date, or (ii) materially breaches any of its representations, warranties or covenants contained herein, which in either case is not cured within ten (10) days after the Seller has notified the Buyer of its intent to terminate this Agreement pursuant to this subparagraph;

(c) By the Buyer in writing, without liability, if the Seller (i) fails to perform in any material respect its agreements contained herein required to be performed by them on or prior to the Closing Date, or (ii) materially breaches any of its representations, warranties or covenants contained herein, which in either case is not cured within ten (10) days after the Buyer has notified the Seller of its intent to terminate this Agreement pursuant to this subparagraph;

(d) Subject to Section 5.5 hereof, by either the Seller or the Buyer in writing, without liability, if there is issued any order, writ, injunction or decree of any court or governmental or regulatory agency binding on the Buyer or the Seller which prohibits or materially restrains the Buyer or the Seller from consummating the transactions contemplated hereby; provided that the Buyer and the Seller have used their reasonable, good faith efforts to have any such order, writ, injunction or decree lifted and the same has not been lifted within sixty (60) days after entry, by any such court or governmental or regulatory agency;

(e) By the Buyer in writing, without liability, if Buyer elects to terminate pursuant to Section 6.1 or Section 6.2 hereof;

(f) By either the Seller or the Buyer in writing, without liability, if for any reason the Closing has not occurred by March 31, 1999 other than as a result of the breach of this Agreement by the party attempting to terminate this Agreement;

(g) By Seller in writing, without liability, upon a "Change of Control" of Buyer (for purposes of this Agreement, a "Change of Control" means (i) the acquisition by any individual, corporation, company, association, joint venture or other entity, of beneficial ownership of 25% or more of the voting securities of the Buyer; or (ii) individuals who, as of the date of this Agreement, constitute the Board of Directors of the Buyer cease for any reason to constitute at least a majority of the Board of Directors of the Buyer; or (iii) the consummation by the Buyer of a reorganization, merger or consolidation, or exchange of shares or sale or other disposition of all or substantially all of the assets of the Buyer, if immediately after giving effect to such transaction the individuals or entities who beneficially own voting securities immediately prior to such transaction beneficially own

in the aggregate less than 75% of such voting securities immediately following such transaction; or (iv) the consummation by the Buyer of the sale or other disposition of all or substantially all of the assets of the Buyer; or (v) the consummation by the Buyer of a plan of complete liquidation or dissolution of the Buyer; or (vi) the public announcement of the Buyer's intention to consummate any of the actions in (i)-(v) herein); or By the Buyer in writing, without liability, in the event that any matter disclosed by Seller after the date hereof in a supplemented or amended Schedule hereto, individually or taken together with all other matters disclosed by Seller after the date hereof, would, in the reasonable judgment of Buyer, be likely to cause a material adverse change in the business, properties, financial position, results of operations, or net worth of the Business taken as a whole;

(h) By Buyer in writing, without liability, within five (5) business days of Buyer's receipt of the Financial Statements, if the Financial Statements show that the earnings before interest, taxes and amortization of the Business: (i) was less than * for the year ended December 31, 1997 or (ii) was less than * for the nine months ended September 30, 1998.

SECTION 10.3. TERMINATION OF OBLIGATIONS. Termination of this Agreement pursuant to Section 10.2 will terminate all obligations of the parties hereunder, except for the obligations under Article XI (Indemnity Claims), and Sections 12.1 (Expenses), 12.7 (Brokerage) and 12.9 (Public Announcements); provided that termination pursuant to subparagraphs (b), (c), (f), or (g) of Section 10.2 will not relieve a defaulting or breaching party from any liability to the other party hereto. Notwithstanding the foregoing, in the event that Seller terminates this Agreement pursuant to Section 10.2(b) above, and such termination arises out of Buyer's failure to consummate the transactions contemplated hereby as a result of Buyer's failure to obtain financing, Buyer shall pay to Seller in immediately available funds by wire transfer an amount equal to Twenty Million Dollars ($20,000,000) (the "Liquidated Amount"). If the Liquidated Amount is owing to Seller pursuant hereto, Buyer shall pay to Seller the Liquidated Amount within two (2) business days of

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* Confidential provision omitted and filed separately with the SEC, based upon a request for confidential treatment filed with the SEC.

Buyer's receipt of Seller's termination notice. Notwithstanding the foregoing, Buyer shall not be obligated to pay such amount unless, at the time of such termination, all of the conditions precedent to Buyer's obligation to consummate the transactions contemplated hereby set forth in Article IX hereof have been satisfied. Seller and Buyer agree that the agreement contained in this Section 10.3 concerning the Liquidated Amount is an integral part of the transactions contemplated by this Agreement and constitutes liquidated damages and not a penalty. Seller and Buyer agree that the injury which will be caused to the Seller by the termination of this Agreement under the circumstances which shall give rise to the payment of the Liquidated Amount, although foreseeable based on the facts concerning Buyer's ability to finance the transactions contemplated hereby and known by Buyer and Seller as of the date of this Agreement, is nevertheless difficult or impossible of accurate estimation and that the sum stipulated for the Termination Fee is a reasonable pre-estimate of the probable loss which will be suffered by the Seller in the event of such termination, including but not limited to lost opportunity costs, the expenses incurred during the course of negotiating the transaction, and the likelihood of consummating the sale with another party if the transactions contemplated hereby should not be consummated.

ARTICLE XI. - INDEMNIFICATION

SECTION 11.1. SELLER INDEMNIFICATION. Except as otherwise provided in this Article XI, Article VII, and Sections 2.5 and 12.7, the Seller will indemnify and reimburse the Buyer for any and all claims, losses, liabilities, damages, penalties, fines, costs and expenses (including reasonable attorneys' fees, court costs and settlement costs) (individually, a "Loss", collectively, "Losses") incurred by the Buyer and its Affiliates and their successors or assigns, and their respective directors, officers, employees, consultants and agents (the "Buyer Protected Parties"), as a result of, with respect to, or arising out of (i) any Assumed Liabilities other than

those set forth in the Statement of Working Capital or those arising after the Closing; (ii) any breach or inaccuracy of any representation or warranty of the Seller set forth in this Agreement; (iii) any breach of or noncompliance by the Seller with any covenant of the Seller contained in this Agreement to be performed after the Closing; or (iv) Excluded Liabilities.

SECTION 11.2. BUYER INDEMNIFICATION. Except as otherwise provided in this Article XI, Article VII, and Sections 2.5 and 12.7, the Buyer will indemnify and reimburse the Seller for any and all Losses incurred by the Seller and its Affiliates and their successors or assigns, and their respective directors, officers, employees, consultants and agents (the "Seller Protected Parties") as a result of, or with respect to, (i) any breach or inaccuracy of any representation or warranty of the Buyer set forth in this Agreement; (ii) any breach of or noncompliance by the Buyer with any covenant or agreement of the Buyer contained in this Agreement to be performed after the Closing, (iii) the Assumed Liabilities; and (iv) the ownership or operation of the Assets or the Business after the Closing.

SECTION 11.3. INDEMNITY CLAIMS.

(a) Survival. The representations, warranties, covenants and agreements contained herein, except for covenants and agreements to be performed by the parties prior to the Closing, will not be extinguished by the Closing but will survive the Closing, subject to the limitations set forth in subsection (b) below with respect to the time periods within which claims for indemnity must be asserted. The covenants and agreements to be performed by the parties prior to the Closing shall expire at the Closing.

(b) Time to Assert Claims. All claims for indemnification under this Article 11 which are not extinguished by the Closing in accordance with Section 11.3(a) must be asserted no later than September 30, 2000; provided, however, that claims with respect to Losses arising out of or related in any way to the matters described in Sections 3.7, 11.1(iii), 11.1(iv), 11.2(ii), 11.2(iii), 11.2(iv), or 11.8 may be made without limitation, except as limited by law.

SECTION 11.4. DEDUCTIBLE.

(a) Buyer's Assumed Liability Deductible. The Buyer Protected Parties may make no claim against the Seller for indemnification pursuant to Section 11.1(i) unless and until:

i. With respect to any and all claims resulting from or relating to the Central Agreements, including but not limited to the writing off of any Accounts Receivable owing from Central Garden & Pet Company to the Business (the "Central Garden Claims"), the aggregate amount of Losses with respect to such claims exceeds Two Million Dollars ($2,000,000) (subject to adjustment pursuant to Section 10.4(b), the "Central Garden Deductible") in excess of the aggregate of the reserves provided for such Losses in the Statement of Working Capital and net of any assets resulting from or relating to the Central Agreements in excess of the amounts provided for such assets in the Statement of Working Capital, in which event the Buyer Protected Parties may claim indemnification for the amount of such Losses in excess of the Central Garden Deductible;

ii. With respect to any and all claims, resulting from or relating to Assumed Liabilities, excluding the Central Garden Claims and excluding other Assumed Liabilities set forth in the Statement of Working Capital or arising after the Closing (the "Assumed Liability Claims"), the aggregate amount of Losses with respect to such claims exceeds One Million Dollars ($1,000,000.00) (the "Assumed Liabilities Deductible") and net of any assets, other than assets resulting from or relating to the Central Agreements, in excess of the amounts provided for such assets in the Statement of Working Capital, in which event the Buyer Protected Parties may claim indemnification for the amount of such Losses in excess of the Assumed Liabilities Deductible;

(b) Buyer's General Deductible. The Buyer Protected Parties may make no claim against the Seller for indemnification pursuant to Section 11.1(ii) unless and until the aggregate amount of Losses with respect to such claims exceeds Two Million Dollars

($2,000,000.00) (the "Buyer's General Deductible") in which event the Buyer Protected Parties may claim indemnification for the amount of such Losses in excess of the Buyer's General Deductible; provided, that the Buyer's General Deductible shall be increased by an amount equal to that portion of each of the Central Garden Deductible and the Assumed Liabilities Deductible which is in excess of the amount of Buyer's Losses attributable to the Central Garden Claims and Assumed Liability Claims, respectively, provided that the Central Garden Deductible, or the Assumed Liabilities Deductible, as the case may be, shall be reduced by a like amount. For purposes of determining whether the Buyer's General Deductible has been reached, no effect shall be given to the words "material," "material adverse effect," "knowledge" or similar limiting language.

(c) Seller's Deductible. The Seller Protected Parties may make no claim against the Buyer for indemnification pursuant to Section 11.2(i) unless and until the aggregate amount of Losses with respect to such claims exceeds Five Million Dollars ($5,000,000.00) (the "Seller's Deductible") in which event the Seller Protected Parties may claim indemnification for the amount of such Losses in excess of the Seller's Deductible. For purposes of determining whether the Seller's Deductible has been reached, no effect shall be given to the words "material," "material adverse effect," "knowledge" or similar limiting language.

SECTION 11.5. NOTICE OF CLAIM. The Buyer Protected Party or the Seller Protected Party, as the case may be, will notify the party against whom indemnification under this Agreement is sought (the "Indemnifying Party"), in writing, of any claim for indemnification, specifying in reasonable detail the nature of the Loss, and, if known, the amount, or an estimate of the amount, of the liability arising therefrom. The Buyer Protected Party or the Seller Protected Party, as the case may be, will provide to the Indemnifying Party, as promptly as practicable thereafter, such information and documentation as may be reasonably requested by the Indemnifying Party to support and verify the claim asserted, so long as such disclosure would not violate the attorney-client privilege of the Buyer Protected Party or the Seller Protected Party, as the case may be. Notwithstanding the foregoing, in the event of a claim for indemnification based on a breach of

Sections 3.22 or 3.23 hereof, the parties may, before making a formal claim for indemnification under this Section 11.5, elect to meet and discuss such possible claim and attempt to resolve such possible claim for a period of thirty (30) days. Any formal claim for indemnification made subsequent to any meeting at which the parties attempted to resolve such claim shall be deemed to be timely made if made within thirty (30) days of such meeting notwithstanding the fact that such claim may be made after September 30, 2000.

SECTION 11.6. DEFENSE.

(a) If the facts pertaining to a Loss arise out of the claim of any third party, or if there is any claim against a third party (other than a Buyer Protected Party or a Seller Protected Party) available by virtue of the circumstances of the Loss, the Indemnifying Party may assume the defense or the prosecution thereof by prompt written notice to the Buyer Protected Party or the Seller Protected Party, as the case may be, including the employment of counsel or accountants, at the sole cost and expense of the Indemnifying Party. The affected Protected Party will have the right to employ counsel separate from counsel employed by the Indemnifying Party in any such action and to participate therein, but the fees and expenses of such counsel employed by the affected Protected Party will be at its expense. The Indemnifying Party will not be liable for any settlement of any such claim effected without its prior written consent, which will not be unreasonably withheld; provided that if the Indemnifying Party does not assume the defense or prosecution of a claim as provided above within thirty (30) days after notice thereof from any Protected Party, the affected Protected Party may settle such claim without the Indemnifying Party's consent. The Indemnifying Party will not agree to a settlement of any claim which provides for any payment of monetary damages by any Protected Party or which could have a material precedential impact or effect on the business or financial condition of any Protected Party without the affected Protected Party's prior written consent. Whether or not the Indemnifying Party chooses to so defend or prosecute such claim, the Indemnifying Party and the affected Protected Party will cooperate in the defense or prosecution thereof and will furnish such records, information and testimony,

and attend such conferences, discovery proceedings, hearings, trials and appeals, as may be reasonably requested in connection therewith. The Indemnifying Party will be subrogated to all rights and remedies of any Protected Party, except to the extent they apply against another Protected Party.

(b) To the extent claims with respect to Losses arising out of or related to the matters described in Section 3.15 exceed the Buyer's General Deductible in the aggregate with all other Losses, Seller may assume the defense as provided in Section 11.6(a) above, or, if Seller elects not to assume the defense, then Buyer shall consult with Seller in defense of the claim or undertake the cleanup and shall obtain Seller's consent before incurring significant cost or expense in connection therewith. Seller, however, retains the right to access any and all of the Real Property to verify the costs associated with the claim.

SECTION 11.7. LIMITATION OF LIABILITY.

(a) In calculating any amount of damages to be paid by the Indemnifying Party pursuant to this Agreement, the amount of such damages will be reduced by all reimbursements credited to or received by the other party, relating to such damages, and will be net of any tax benefits and insurance proceeds received by the other party with respect to the matter for which indemnification is claimed.

(b) In no event shall the Seller's aggregate obligation to indemnify the Buyer Protected Parties nor the Buyer's aggregate obligation to indemnify the Seller Protected Parties under Section 11.1(i), 11.1(ii), and 11.2(i), respectively, of this Agreement exceed $100 million.

SECTION 11.8. ALLOCATION AND APPORTIONMENT OF AND INDEMNIFICATION WITH RESPECT TO TAX LIABILITIES.

(a) Real property, personal property and ad valorem Taxes or other similar Taxes assessed upon the Assets and Real Property (whether owned or leased) located in the State of Iowa, assessed on January 1, 1998 for the taxable year July 1, 1998 through June 30, 1999 shall be prorated as of the Closing Date between the parties based upon their respective periods of ownership during the taxable year 1998/1999.

(b) Real property, personal property and ad valorem Taxes or other similar Taxes assessed upon the Assets and Real Property (whether leased or owned) located in the State of California assessed on January 1, 1998 for the taxable period July 1, 1998 through June 30, 1999, shall be prorated as of the Closing Date between the parties based upon their respective periods of ownership during the taxable year 1998/1999. Any supplemental assessments resulting from the sale of the Assets shall be the sole responsibility of the Buyer.

(c) Real property, personal property and ad valorem Taxes or other similar Taxes assessed upon the Assets and Real Property (whether leased or owned) located in any state other than Iowa and California shall be prorated as of the Closing Date between the parties based upon their respective periods of ownership, or tenancy as the case may be, during the taxable period which includes the Closing Date, with Seller's portion being from the beginning of any such period up to the Closing Date.

(d) Seller shall be responsible for the timely payment of the Taxes described in Section 11.8(a)-(c). Buyer shall reimburse Seller for Buyer's pro rata share of such Taxes within twenty (20) days after Seller pays such Taxes and notifies Buyer of Buyer's prorated share of such taxes. Any benefits or additional Taxes and related costs derived from a contest concerning the amount of such Taxes properly due shall be prorated between the parties based upon their respective period of ownership of the Assets during

such Tax period, with Seller's portion being from the beginning of any such period up to the Closing Date. Any expenses associated with such a contest shall be prorated likewise, without regard to the success or failure of the contest.

SECTION 11.9. EXCLUSIVE REMEDY; RELEASE.

(a) Except as otherwise provided in Section 10.3 hereof, the indemnification provided pursuant to this Article XI, Article VII and Sections 2.5, 12.7 and 12.14 shall be the sole and exclusive remedy hereto for any Losses as a result of, with respect to or arising out of the breach of this Agreement, or any of the transactions or other agreements or instruments contemplated or entered into in connection herewith (including, but not limited to, all Exhibits attached hereto); provided, however, that such indemnification shall not be the sole and exclusive remedy, and shall in no way limit the rights of the parties, with respect to any breach or default under the Supply Agreement or the Formulation Agreement.

(b) Except as specifically provided in this Article XI and Sections 2.5 and 12.7, neither the Seller, nor its Affiliates or representatives shall be liable to Buyer for, and Buyer hereby releases and discharges Seller, its Affiliates, and their representatives from, any and all Losses incurred as a result of, with respect to or arising out of the ownership or operation of the Assets or the Business after the Closing.

(c) Without limiting the generality of this Section 11.9, Buyer understands and agrees that the rights accorded under this Article XI are the sole and exclusive remedy of Buyer against Seller or its Affiliates with respect to any matters relating to Environmental Laws. Subject to the foregoing, Buyer hereby waives any right to seek contribution or other recovery from Seller or its Affiliates under such Environmental Laws, and Buyer hereby releases the Seller and its Affiliates from any claims, demands or causes of actions that Buyer has or may have in the future against Seller or its Affiliates under the Environmental Laws.

ARTICLE XII. - MISCELLANEOUS

SECTION 12.1. EXPENSES. Except as otherwise specifically provided in this Agreement, the Seller and the Buyer will each pay all costs and expenses incurred by each of them, or on their behalf respectively, in connection with this Agreement and the transactions contemplated hereby, including fees and expenses of their own financial consultants, accountants and counsel.

SECTION 12.2. ENTIRE AGREEMENT. This Agreement (including the Schedules and Exhibits) and all other agreements to be signed or delivered at Closing constitute the full understanding of the parties, a complete allocation of risks between them and a complete and exclusive statement of the terms and conditions of their agreement relating to the subject matter hereof and supersede any and all prior agreements, whether written or oral, that may exist between the parties with respect thereto; provided that this provision is not intended to abrogate any Transaction Agreements executed with or after this Agreement. Except as otherwise specifically provided in this Agreement, no conditions, usage of trade, course of dealing or performance, understanding or agreement purporting to modify, vary, explain or supplement the terms or conditions of this Agreement will be binding unless hereafter made in writing and signed by the party to be bound, and no modification will be effected by the acknowledgment or acceptance of documents containing terms or conditions at variance with or in addition to those set forth in this Agreement, except as otherwise specifically agreed to by the parties in writing.

SECTION 12.3. WAIVERS. No waiver by a party with respect to any breach or default or of any right or remedy and no course of dealing or performance, will be deemed to constitute a continuing waiver of any other breach or default or of any other right or remedy, unless such waiver is expressed in writing signed by the party to be bound. Failure of a party to exercise any right will not be deemed a waiver of such right or rights in the future.

SECTION 12.4. PARTIES BOUND BY AGREEMENT; SUCCESSORS AND ASSIGNS. The terms, conditions and obligations of this Agreement will inure to the benefit of and be binding upon the parties hereto and the respective successors and assigns thereof. No Party shall transfer or assign its rights, duties or obligations hereunder or any part thereof to any other person or entity without the prior written consent of the other Party. Notwithstanding the foregoing, Buyer may at any time transfer its rights hereunder to any one or more of its subsidiaries or other Affiliates of Buyer so long as Buyer remains liable for all of its obligations hereunder, and so long as Buyer gives the Seller prior written notice of such assignment.

SECTION 12.5. COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which will for all purposes be deemed to be an original and all of which will constitute the same instrument.

SECTION 12.6. NOTICES. Any notice, request, instruction or other document to be given hereunder by any party hereto to any other party hereto must be in writing and delivered personally (including by overnight courier or express mail service) or sent by registered or certified mail, or be transmitted by facsimile or other means of electronic data transmission, confirmed by express mail or overnight courier, in each case with postage or fees prepaid,

If to the Buyer:	The Scotts Company 14111 Scottslawn Road Marysville, Ohio 43041 Attention: Charles M. Berger Telephone: (937) 644-0011 Facsimile: (937) 644-7072
With a copy to:	Vorys, Sater, Seymour and Pease LLP 52 East Gay Street Columbus, Ohio 43215 Attention: Ronald A. Robins, Jr. Telephone: (614) 464-6223 Facsimile: (614) 464-6350

If to the Seller: Monsanto Company
800 North Lindbergh Boulevard
St. Louis, Missouri 63167
Attention: Office of the General Counsel
Facsimile No.: (314) 694-6399

With a copy to: Long Aldridge & Norman LLP
One Peachtree Center, Suite 5300
303 Peachtree Street, N.E.
Atlanta, Georgia 30308
Attention: Briggs L. Tobin
Telephone: (404) 527-4153
Facsimile: (404) 527-4198

or to such other address as may be specified from time to time in a notice given by such party. Any notice which is delivered personally in the manner provided herein will be deemed to have been duly given to the party to whom it is directed upon actual receipt by such party or the office of such party. Any notice which is addressed and mailed in the manner herein provided will be conclusively presumed to have been duly given to the party to which it is addressed at the close of business, local time of the recipient, on the fourth business day after the day it is so placed in the mail or, if earlier, the time of actual receipt.

SECTION 12.7. BROKERAGE. The Seller and the Buyer do hereby expressly warrant and represent, each to the other, that except for Salomon Smith Barney Inc. in the case of Buyer, and Goldman, Sachs & Co., in the case of Seller, no broker, agent, or finder has rendered services in connection with the transactions contemplated under this Agreement. The Seller hereby indemnifies and agrees to hold harmless the Buyer from and against any and all Losses arising or resulting, or sustained or incurred by the Buyer, by reason of any claim by any broker, agent, finder, or other person or entity based upon any arrangement or agreement made or alleged to have been made by the Seller in connection with the transaction contemplated by this Agreement. The Buyer hereby indemnifies and agrees to hold harmless the Seller from and against any and all Losses arising or resulting, or sustained or incurred by the Seller, by reason of any claim by any broker, agent, finder, or other person or entity based upon any arrangement or agreement made or alleged to have been made by the Buyer in connection with the transaction contemplated under this Agreement.

SECTION 12.8. GOVERNING LAW; JURISDICTION.

(a) THE VALIDITY, INTERPRETATION AND PERFORMANCE OF THIS AGREEMENT AND ANY DISPUTE CONNECTED WITH THIS AGREEMENT WILL BE GOVERNED BY AND DETERMINED IN ACCORDANCE WITH THE STATUTORY, REGULATORY AND DECISIONAL LAW OF THE STATE OF DELAWARE (EXCLUSIVE OF SUCH STATE'S CHOICE OR CONFLICTS OF LAWS RULES) AND, TO THE EXTENT APPLICABLE, THE FEDERAL STATUTORY, REGULATORY AND DECISIONAL LAW OF THE UNITED STATES (EXCEPT FOR THE U.N. CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS, APRIL 10, 1980, U.N. DOC. A/CONF. 97/18, 19 I.L.M. 668, 671 (1980) REPRINTED IN PUBLIC NOTICE, 52 FED. REG. 662-80 (1987), WHICH IS HEREBY SPECIFICALLY DISCLAIMED AND EXCLUDED).

(b) Any suit, action or proceeding against any party hereto with respect to the subject matter of this Agreement, or any judgment entered by any court in respect thereof, must be brought or entered in the United States District Court for the District of Delaware, and each such party hereby irrevocably submits to the jurisdiction of such court for the purpose of any such suit, action, proceeding or judgment. If such court does not have jurisdiction over the subject matter of such proceeding or, if such jurisdiction is not available, then such action or proceeding against any party hereto shall be brought or entered in the Court of Chancery of the State of Delaware, County of New Castle, and each party hereby irrevocably submits to the jurisdiction of such court for the purpose of any such suit, action, proceeding or judgment. Each party hereto hereby irrevocably waives any objection which either of them may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement

brought as provided in this subsection, and hereby further irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. To the extent each party hereto has or hereafter may acquire any immunity from jurisdiction of any court or from legal process with respect to itself or its property, each party hereto hereby irrevocably waives such immunity with respect to its obligations under this subsection. The parties hereto agree that exclusive jurisdiction of all disputes, suits, actions or proceedings between the parties hereto with respect to the subject matter of this Agreement lies in the United States District Court for Delaware, or the Court of Chancery of the State of Delaware, County of New Castle, as hereinabove provided. Buyer hereby irrevocably appoints CT Corporation, having an address at 1209 Orange Street, Wilmington, Delaware 19801 and Seller hereby irrevocably appoints CT Corporation, having an address at 1209 Orange Street, Wilmington, Delaware 19801, as its agent to receive on behalf of each such party and its respective properties, services of copies of any summons and complaint and any other pleadings or process of any summons and complaint and any other pleadings or process which may be served in any such action or proceedings. Service by mailing (by certified mail, return receipt requested) or delivering a copy of such process to a party in care of its agent for service of process as aforesaid shall be deemed good and sufficient service thereof, and each party hereby irrevocably authorizes and directs its respective agent for service of process to accept such service on its behalf.

SECTION 12.9. PUBLIC ANNOUNCEMENTS. No public announcement may be made by any person with regard to the transactions contemplated by this Agreement without the prior consent of the Seller and the Buyer; provided that either party may make such disclosure if advised by counsel that it is required to do so by applicable law or regulation of any governmental agency or stock exchange upon which securities of such party are registered. The Seller and the Buyer will discuss any public announcements or disclosures concerning the transactions contemplated by this Agreement with the other parties prior to making such announcements or disclosures.

SECTION 12.10. NO THIRD-PARTY BENEFICIARIES. With the exception of the parties to this Agreement and the Protected Parties, there exists no right of any person to claim a beneficial interest in this Agreement or any rights occurring by virtue of this Agreement.

SECTION 12.11. DEFINITION OF AFFILIATE. As used in this Agreement, "Affiliate" of a person or entity shall mean: (i) any other person or entity directly, or indirectly through one or more intermediaries, controlling, controlled by, or under common control with such person or entity, (ii) any officer, director, partner, employee, or direct or indirect beneficial owner of 10% or greater of the equity or voting interests of such person or entity, or (iii) any other person or entity for which a person or entity described in clause (ii) acts in such capacity.

SECTION 12.12. KNOWLEDGE. As used in this Agreement, the phrase "to the Seller's knowledge" shall mean to the actual knowledge of those individuals listed on Schedule 12.12 hereto with respect to each such individual's area of responsibility as indicated on Schedule 12.12, as of the date of this Agreement or the date as of which a particular representation or warranty is given based on the Seller's knowledge.

SECTION 12.13. BULK SALES LAWS. Buyer and the Seller each hereby waive compliance by the Seller with the provisions of the "bulk sales," "bulk transfer" or similar laws of any state. The Seller agrees to indemnify and hold Buyer harmless against any and all claims, losses, damages, liabilities, costs and expenses incurred by Buyer or any of its Affiliates as a result of a failure to comply with any such "bulk sales," "bulk transfer" or similar laws.

SECTION 12.14. INTERPRETATION. Words of the masculine gender will be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number will include the plural number and vice versa unless the context will otherwise indicate. References to Articles, Sections and other subdivisions of this Agreement are

to the Articles, Sections and other subdivisions of this Agreement as originally executed. The headings of this Agreement are for convenience and do not define or limit the provisions hereof. Words importing persons include firms, associations and corporations. The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Agreement; the term "heretofore" means before the date of execution of this Agreement; and the term "hereafter" means after the date of execution of this Agreement.

[Signatures on Next Page]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives in the United States of America as of the date first above written.

MONSANTO COMPANY, SELLER

By: /s/ ARNOLD W. DONALD

Name: Arnold W. Donald
Title: Senior Vice President

THE SCOTTS COMPANY, BUYER

By: /s/ CHARLES M. BERGER

Name: Charles M. Berger
Title: Chairman, President and C.E.O.

SCHEDULES AND EXHIBITS TO ORTHO ASSET PURCHASE AGREEMENT

Dated as of November 11, 1998
Between Monsanto Company and The Scotts Company

1.1(f)	Equipment
1.2	Excluded Assets
2.2(b)	U.S. Working Capital Assignments
2.3	Excluded Liabilities
3.4	Certain Changes and Events
3.5	No Violation of Law
3.6(a)	Real Property
3.6(b)	Material Personal Property
3.6(d)	Liens
3.7	Title to Assets
3.8	Leases
3.9	Intellectual Property
3.10	Litigation
3.11	Employees
3.12	Employee Benefit Plans
3.13	Collective Bargaining Agreements
3.14	Labor Matters
3.15	Environmental Matters
3.16	Permits
3.17	Contracts
3.18	Seller Required Consents, Approvals and Filings
3.19	No Conflict
3.20	Year 2000 Compliance
3.21	Foreign Customers
3.28	Undisclosed Material Liabilities
3.29	Affiliate Transactions
4.3	Buyer Required Consents, Approvals and Filings
5.1	Operation Pending Closing
5.1(b)	Actions Prior to Closing
5.11	Works Council
7.1(a)(i)	Employees Outside 100% Requirement
7.1(c)	Employees Not Actively at Work
7.2(h)	Relocation Assistance
7.8	European Employees
9.4	Required Governmental Approvals
9.5	Required Other Consents
12.12	Seller's Knowledge

EXHIBITS

A	Supply Agreement
B	Formulation Agreement

The Schedules and Exhibits to the Asset Purchase Agreement have not been filed. Titles to the omitted Schedules and Exhibits appear above. The Registrant hereby agrees to furnish supplementally a copy of any omitted Schedule or Exhibit to the SEC upon its request.

Exhibit 4(e)

EXECUTION COPY

WAIVER, dated as of January 19, 1999 (this "Waiver"), to the Credit Agreement, dated as of December 4, 1998 (the "Credit Agreement"; terms defined in the Credit Agreement shall have such defined meanings when used herein unless otherwise defined herein), among THE SCOTTS COMPANY, an Ohio corporation (the "Borrower" or "Scotts"), OM Scott International Investments Ltd., Miracle Garden Care Limited, Scotts Holdings Limited, Hyponex Corporation, Scotts' Miracle-Gro Products, Inc., Scotts-Sierra Horticultural Products Company, Republic Tool & Manufacturing Corp., Scotts-Sierra Investments, Inc., Scotts France Holdings SARL, Scotts Holding GmbH, Scotts Celaflor GmbH & Co. KG, Scotts France SARL, Scotts Belgium 2 BVBA, The Scotts Company (UK) Ltd. and the other subsidiaries of the Borrower who are also borrowers from time to time hereunder (the "Subsidiary Borrowers"), the several banks and other financial institutions from time to time parties to this Agreement (the "Lenders"), THE CHASE MANHATTAN BANK, a New York banking corporation (together with its banking affiliates, "Chase"), as agent for the Lenders hereunder (in such capacity, the "Administrative Agent"), SALOMON SMITH BARNEY, INC., as syndication agent (the "Syndication Agent"), CREDIT LYONNAIS CHICAGO BRANCH (together with its banking affiliates, "Credit Lyonnais") and NBD BANK, as co-documentation agents (the "Co-Documentation Agents"), and Chase Securities Inc., as lead arranger (the "Lead Arranger") and as the book manager (the "Book Manager").

W I T N E S S E T H :

WHEREAS, the Borrower has notified the Administrative Agent and the Lenders that the Borrower intends to issue up to $330 million of senior unsecured subordinated notes (including the Senior Subordinated Notes, the "Ortho Notes") as permitted under subsection 7.6(e) of the Credit Agreement, the Net Cash Proceeds of which to be used to refinance the Existing Subordinated Notes, to finance the Ortho Acquisition and to repay certain outstanding Revolving Credit Loans;

WHEREAS, the Borrower has requested that the Required Prepayment Lenders waive the requirement under subsection 2.12(c) of the Credit Agreement that the portion of the Net Cash Proceeds of the Ortho Notes attributable to clause (iii) of subsection 7.6(e) be applied on the date of incurrence to prepay the Term Loans or reduce the Revolving Credit Commitments in accordance with the terms of the Credit Agreement; and

WHEREAS, the Required Prepayment Lenders have agreed to waive any such mandatory prepayment as a result of the issuance of the Ortho Notes but only on the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained, the parties hereto agree as follows:

2

1. Compliance with Subsection 2.12(c) (Mandatory Prepayments). Notwithstanding anything to the contrary in subsection 2.12(c) of the Credit Agreement, the Required Prepayment Lenders hereby waive (a) any requirement under the Credit Agreement for a mandatory prepayment of the Term Loans or reduction of the Revolving Credit Commitments with up to $330 million of the Net Cash Proceeds of the Ortho Notes provided that such Net Cash Proceeds will be used solely to refinance the Existing Subordinated Notes, to finance the Ortho Acquisition and to repay outstanding Revolving Credit Loans and for no other purpose and (b) any Default or Event of Default that would otherwise occur under the Credit Agreement or any other Loan Document as a result of such noncompliance with any such mandatory Term Loan prepayment or Revolving Credit Commitment reduction requirement.

2. Representations and Warranties. On and as of the date hereof and after giving effect to this Waiver, each of the Borrower and each applicable Subsidiary Borrower hereby confirms, reaffirms and restates the representations and warranties set forth in Section 4 of the Credit Agreement mutatis mutandis, and to the extent that such representations and warranties expressly relate to a specific earlier date in which case each of the Borrower and each applicable Subsidiary Borrower hereby confirms, reaffirms and restates such representations and warranties as of such earlier date.

3. Conditions to Effectiveness. This Waiver shall become effective as of the date hereof upon receipt by the Administrative Agent of counterparts of this Waiver, duly executed and delivered by the Borrower, each Subsidiary Borrower and the Required Prepayment Lenders.

4. Continuing Effect; No Other Amendments. Except as expressly amended or waived hereby, all of the terms and provisions of the Credit Agreement are and shall remain in full force and effect. The waivers provided for herein are limited to the specific subsections of the Credit Agreement specified herein and shall not constitute an amendment or waiver of, or an indication of any Lender's willingness to amend or waive, any other provisions of the Credit Agreement or the same subsections for any other date or time period (whether or not such other provisions or compliance with such subsections for another date or time period are affected by the circumstances addressed in this Waiver).

5. Expenses. The Borrower agrees to pay and reimburse the Administrative Agent for all its reasonable costs and expenses incurred in connection with the preparation and delivery of this Waiver, including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent.

6. GOVERNING LAW. THIS WAIVER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

7. Counterparts. This Waiver may be executed by the parties hereto in any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

3

IN WITNESS WHEREOF, the parties hereto have caused this Waiver to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

4

THE SCOTTS COMPANY

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

OM SCOTT INTERNATIONAL INVESTMENTS LTD.

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

MIRACLE GARDEN CARE LIMITED

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

SCOTTS HOLDINGS LIMITED

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

HYPONEX CORPORATION

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

SCOTTS' MIRACLE-GRO PRODUCTS, INC.

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

SCOTTS-SIERRA HORTICULTURAL PRODUCTS COMPANY

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

REPUBLIC TOOL & MANUFACTURING CORP.

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

SCOTTS-SIERRA INVESTMENTS, INC.

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

SCOTTS FRANCE HOLDINGS SARL

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

SCOTTS FRANCE SARL

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening

Title: Vice President, Corporate Treasurer

SCOTTS HOLDING GMBH

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

SCOTTS CELAFLOR GMBH & CO. KG

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

SCOTTS BELGIUM 2 BVBA

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

THE SCOTTS COMPANY (UK) LTD.

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

CITICORP USA INC.
Syndication Agent and as a Lender

By: /s/ Nicolas Erni

Name: Nicolas Erni
Title: Attorney in fact

CREDIT LYONNAIS CHICAGO BRANCH, as Co-Documentation Agent and as a Lender

By: /s/ Mary Ann Klemm

Name: Mary Ann Klemm
Title: Vice President

NBD BANK, as Co-Documentation Agent and as a Lender

By: /s/ Gary C. Wilson

Name: Gary C. Wilson
Title: First Vice President

THE CHASE MANHATTAN BANK, as Administrative Agent and as a Lender

By: /s/ Randolph E. Cates

Name: Randolph E. Cates
Title: Vice President

ABN AMRO BANK N.V., Pittsburgh

By: /s/ Patrick M. Pastore /s/ Gregory D. Amonia

Name: Patrick M. Pastore Gregory D. Amonia
Title: Vice President Group Vice President

AERIES FINANCE LTD.

By: /s/ Andrew Ian Wignall

Name: Andrew Ian Wignall

Title: Director

ALLIANCE INVESTMENT OPPORTUNITIES

By: /s/ Andrew Ian Wignall

Name: Andrew Ian Wignall
Title: Director

ALLSTATE LIFE INSURANCE CO.

By:

Name:
Title:

ARES LEVERAGED INVESTMENT FUND II

By: /s/ David A. Sachs

Name: David A. Sachs
Title: Vice President

ATHENA CDO, LIMITED
By: Pacific Investment Management Company as its investment advisor

By: PIMCO Management Inc., a general partner

By: /s/ Bradley W. Paulson

Name: Bradley W. Paulson
Title: Vice President

BHF BANK AKTIENGESELLSCHAFT

By: /s/ John Sykes

Name: John Sykes

Title: Vice President

BALANCED HIGH YIELD FUND II

By: /s/ John Sykes

Name: John Sykes
Title: Vice President

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

By: /s/ Gretchen Spoo

Name: Gretchen Spoo
Title: Vice President

BANK OF HAWAII

By: /s/ Mark C. Joseph

Name: Mark C. Joseph
Title:

THE BANK OF NEW YORK

By: /s/ Ray Joyner

Name: Ray Joyner
Title: Vice President

THE BANK OF NOVA SCOTIA

By: /s/ F.C.H. Ashby

Name: F.C.H. Ashby
Title: Senior Manager Loan Operations

BANK OF TOKYO-MITSUBISHI TRUST COMPANY

By:

Name:
Title:

BANQUE NATIONALE DE PARIS

By: /s/ Arnaud Collin du Bocage

Name: Arnaud Collin du Bocage
Title: Executive Vice President and
General Manager

BOEING CAPITAL CORPORATION

By:

Name:
Title:

CIT GROUP/EQUIPMENT FINANCING, INC.

By:

Name:
Title:

CAPTIVA II FINANCE LTD.

By:

Name:
Title:

CAPTIVA III FINANCE LTD.

By:
Name:
Title:

CARAVELLE INVESTMENT FUND, L.L.C.

By:

Name:
Title:

CERES FINANCE LTD.

By: /s/ John H. Cullinane

Name: John H.Cullinane
Title: Director

COMERICA BANK, Detroit

By: /s/ Anthony L. Davis

Name: Anthony L. Davis
Title: Account Officer

CREDIT AGRICOLE INDOSUEZ, Chicago

By: /s/ W. Leroy Startz /s/ Katherine L. Abbott

Name: W. Leroy Startz Katherine L. Abbott
Title: First Vice President First Vice President

CYPRESS TREE INVESTMENT PARTNERS

By:

Name:
Title:

CYPRESSTREE INSTITUTIONAL FUND, LLC

By:

Name:
Title:

CYPRESSTREE INVESTMENT FUND, LLC

By:

Name:
Title:

CYPRESSTREE SENIOR FLOATING RATE FUND

By:

Name:
Title:

DELANO COMPANY

By: Pacific Investment Management Company as its investment advisor

By: PIMCO Management Inc., a general partner

By: /s/ Bradley W. Paulson

Name: Bradley W. Paulson
Title: Vice President

DRESDNER BANK, AG

By: /s/ Ken Hamilton

Name: Ken Hamilton
Title: First Vice President

/s/ Deborah Slusarczyk

Name: Deborah Slusarczyk
Title: Vice President

ELC (Cayman) LTD.
First Union Corporation

By: /s/ illegible

Name: Illegible
Title: Managing partner

ERSTE BANK

By:

Name:
Title:

FIFTH THIRD BANK OF COLUMBUS

By: /s/ Mark Ransom

Name: Mark Ransom
Title: Vice President

FLEET NATIONAL BANK

By:

Name:
Title:

FOOTHILL INCOME TRUST, L.P.

By:

Name:
Title:

FRANKLIN FLOATING RATE TRUST

By:

Name:
Title:

GENERAL ELECTRIC CAPITAL CORPORATION

By /s/ Janet K. Williams

Name: Janet K. Williams
Title: Duly Authorized Signator

GOLDMAN SACHS CREDIT PARTNERS L.P.

By /s/ Stephen J. McGuinness

Name: Stephen J. McGuinness
Title: Authorized Signatory

HARRIS TRUST AND SAVINGS BANK

By: /s/ Julie K. Hossack

Name: Julie K. Hossack
Title: Vice President

HELLER FINANCIAL INC.

By: /s/ Linda W. Wolf

Name: Linda W. Wolf
Title: Senior Vice President

THE HUNTINGTON NATIONAL BANK

By: /s/ Julie Giancola

Name: Julie Giancola
Title: Commercial Lending Officer

KZH APPALOOSA LLC

By: /s/ Virginia Conway

Name: Virginia Conway
Title: Authorized Agent

KZH BDC LLC

By: /s/ Virginia Conway

Name: Virginia Conway
Title: Authorized Agent

KZH CRESCENT-3 LLC

By: /s/ Virginia Conway

Name: Virginia Conway
Title: Authorized Agent

KZH ING-3 LLC

By: /s/ Virginia Conway

Name: Virginia Conway
Title: Authorized Agent

KZH RIVERSIDE LLC

By: /s/ Virginia Conway

Name: Virginia Conway
Title: Authorized Agent

KZH WATERSIDE LLC

By: /s/ Virginia Conway

Name: Virginia Conway
Title: Authorized Agent

KZH CNC LLC

By: /s/ Virginia Conway

Name: Virginia Conway
Title: Authorized Agent

KZH CYPRESSTREE-1 LLC

By:

Name:
Title:

KZH ING-2 LLC

By: /s/ Virginia Conway

Name: Virginia Conway
Title: Authorized Agent

KZH SOLEIL-2 LLC

By: /s/ Virginia Conway

Name: Virginia Conway
Title: Authorized Agent

KEY BANK NATIONAL ASSOCIATION

By: /s/ Illegible

Name: Illegible
Title: Senior Vice President

LEHMAN COMMERCIAL PAPER INC.

By:

Name:
Title:

ML CBO IV (CAYMAN) LTD.

By:

Name:
Title:

ML CLO XII PILGRIM AMERICA (CAYMAN) LTD.

By: Pilgrim Investments, Inc.,
as its investment manager

By: /s/ Robert L. Wilson

Name: Robert L. Wilson
Title: Vice President

ML CLO XX PILGRIM AMERICA (CAYMAN) LTD.
By: Pilgrim Investments, Inc.,

as its investment manager

By: /s/ Robert L. Wilson

Name: Robert L. Wilson
Title: Vice President

MSDW PRIME INCOME TRUST

By:

Name:
Title:

MERRILL LYNCH PRIME RATE PORTFOLIO

By: Merrill Lynch Asset Management, L.P.,
as Investment Advisor

By: /s/George D. Pelose

Name: George D. Pelose
Title: Authorized Signatory

MERRILL LYNCH SENIOR FLOATING RATE FUND, INC.

By: /s/George D. Pelose

Name: George D. Pelose
Title: Authorized Signatory

METROPOLITAN LIFE INSURANCE CO.

By: Illegible

Name: Illegible
Title: Director

MONUMENTAL LIFE INSURANCE COMPANY

By: /s/ Gregory W. Theobald

Name: Gregory W. Theobald

Title: Vice President & Assistant Secretary

NATIONAL CITY BANK

By: /s/ David B. Yates

Name: David B. Yates
Title: Vice President

NATIONAL WESTMINSTER BANK, PLC

By:

Name:
Title:

NORSE CBO, LTD.

By: /s/ Timothy S. Peterson

Name: Timothy S. Peterson
Title: President

NORTH AMERICAN SENIOR FLOATING RATE FUND

By:

Name:
Title:

ORIX USA CORPORATION

By: /s/ Illegible

Name: Illegible
Title: Executive Vice President

OAK HILL SECURITIES FUND, L.P.
By: Oak Hill Securities GenPar, L.P.
its General Partner
By: Oak Hill Securities MGP, Inc.

its General Partner

By /s/ Scott D. Krase

Name: Scott D. Krase
Title: Vice President

OASIS COLLATERALIZED HIGH INCOME PORTFOLIOS-I, LTD.

By: /s/ Andrew Ian Wignall

Name: Andrew Ian Wignall
Title: Director

OCTAGON LOAN TRUST
By: Octagon Credit Investors as Manager

By: /s/ Richard W. Stewart

Name: Richard W. Stewart
Title: Managing Director

OSPREY INVESTMENTS PORTFOLIO

By: /s/ Hans L. Christensen

Name: Hans L. Christensen
Title: Vice President

Oxford Strategic Income Fund

By: /s/ Andrew Ian Wignall

Name: Andrew Ian Wignall
Title: Director

PACIFICA PARTNERS I, L.P.

By: /s/ Michael J. Bacevich

Name: Michael J. Bacevichl

Title: Senior Vice President

PARIBAS

By: /s/ Ann B. McAloon /s/ Brian F. Hewett

Name: Anne B. McAloon Brian F. Hewett
Title: Vice President Vice President

PINEHURST TRADING, INC.

By: /s/ Allen D. Shifflet

Name: Allen D. Shifflet
Title: President

COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK
B.A., "RABOBANK NEDERLAND", New York Branch

By: /s/ W. Pieter C. Kodde /s/ M. Christina Debler

Name: W. Pieter C. Kodde M. Christina Debler
Title: Vice President Vice President

SANKATY HIGH YIELD ASSET PARTNERS

By:

Name:
Title:

SCOTIABANC, INC.

By:

Name:

Title:

SUNTRUST BANK, CENTRAL FLORIDA, N.A.

By: /s/ Stephen L. Leister

Name: Stephen L. Leister
Title: Vice President

TORONTO DOMINION (New York), INC.

By: /s/ Jorge A. Garcia

Name: Jorge A. Garcia
Title: Vice President

TORONTO DOMINION (TEXAS) INC.

By: /s/ Mark A. Baird

Name: Mark A. Baird
Title: Vice President

THE TRAVELERS INSURANCE COMPANY

By: /s/ Allen R. Cantrell

Name: Allen R. Cantrell
Title: Investment Officer

VAN KAMPEN CLO I, LIMITED
By: Van Kampen Management Inc.,
as Collateral Manager

By: /s/ Jeffrey W. Maillet

Name: Jeffrey W. Maillet
Title: Senior Vice President & Director

Exhibit 4(f)

AMENDMENT NO. 1 AND CONSENT

AMENDMENT NO. 1 AND CONSENT dated as of October 13, 1999 (this "Amendment") to the Credit Agreement, dated as of December 4, 1998, as amended by the Waiver, dated as of January 19, 1999 (the "Waiver") and as amended, supplemented or modified from time to time (the "Credit Agreement") among THE SCOTTS COMPANY, an Ohio corporation (the "Borrower" or "Scotts"), OM Scott International Investments Ltd., Miracle Garden Care Limited, Scotts Holdings Limited, Hyponex Corporation, Scotts' Miracle-Gro Products, Inc., Scotts-Sierra Horticultural Products Company, Republic Tool & Manufacturing Corp., Scotts-Sierra Investments, Inc., Scotts France Holdings SARL, Scotts Holding GmbH, Scotts Celaflor GmbH & Co. KG, Scotts France SARL, Scotts Belgium 2 BVBA, The Scotts Company (UK) Ltd., Scotts Canada Ltd., Scotts Europe B.V., ASEF B.V. and the other subsidiaries of the Borrower who are also borrowers from time to time hereunder (the "Subsidiary Borrowers"), the several banks and other financial institutions from time to time parties to this Agreement (the "Lenders"), THE CHASE MANHATTAN BANK, a New York banking corporation (together with its banking affiliates, "Chase"), as agent for the Lenders hereunder (in such capacity, the "Administrative Agent"), SALOMON SMITH BARNEY, INC., as syndication agent (the "Syndication Agent"), CREDIT LYONNAIS CHICAGO (together with its banking affiliates, "Credit Lyonnais") and NBD BANK, as co-documentation agents (the "Co-Documentation Agents"), and Chase Securities Inc., as lead arranger (the "Lead Arranger") and as the book manager (the "Book Manager").

W I T N E S S E T H :

WHEREAS, the Borrower wishes to amend the Credit Agreement in order to increase the availability of Swing Line Loans and to provide Swing Line availability in three alternate currencies as described below;

WHEREAS, the Borrower wishes to dissolve certain indirect subsidiaries;

WHEREAS, the Borrower wishes to amend the Credit Agreement as described herein; and

WHEREAS, the Lenders and the Administrative Agent consent to the proposed amendments under the following terms and conditions;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained, the parties hereto agree as follows:

I. Amendments

1. Defined Terms. Unless otherwise noted, capitalized terms have the meanings given to them in the Credit Agreement.

2. Amendment of Section 1.1 (Definitions). Section 1.1 is hereby amended by

(a) deleting the definition of "Obligations" and substituting in lieu thereof the following:

"Obligations" shall mean the unpaid principal of and interest on (including, without limitation, interest accruing after the maturity of the Loans and interest thereon accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower or any Subsidiary Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Notes and all other obligations and liabilities (including all obligations in respect of overdrafts and related liabilities owed to any Lender or affiliate of a Lender or the Administrative Agent arising from treasury, depositary and cash management services or in connection with any automated clearinghouse transfer of funds) of the Borrower or any Subsidiary Borrower to the Administrative Agent or the Lenders, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, the Notes, the Guarantee and Collateral Agreement, any Hedge Agreement entered into with a Lender or an Affiliate thereof or any other document made, delivered or given in connection herewith or therewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including, without limitation, all fees and disbursements of counsel to the Administrative Agent or any Lender) or otherwise.

(b) deleting the definition of "Swing Line Commitment" and substituting in lieu thereof the following:

"'Swing Line Commitment' shall mean the obligation of the Swing Line Lenders, at any date, to make a Swing Line Loan pursuant to subsection 2.6(a) in the amount referred to therein."

(c) deleting the definition of "Swing Line Lenders" in its entirety and substituting in lieu thereof the following:

"Swing Line Lenders" shall mean Chase, Credit Lyonnais Chicago Branch, all Canadian Dollar Swing Line Lenders, all Dutch Guilder Swing Line Lenders, all Belgian Franc Swing Line Lenders, all Sterling Swing Line Lenders, and all Australian Dollar Swing Line Lenders.

(d) by adding the following definitions in their proper alphabetical order:

"'Australian Dollar Swing Line Lenders' shall mean Bank One and any other Eligible Australian Bank who makes Swing Line Loans denominated in Australian Dollars; provided that, at no time shall more than two Lenders have Swing Line Loans denominated in Australian Dollars outstanding."

"'Belgian Franc Swing Line Lenders' shall mean Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland" and any other Eligible Belgian Bank who makes Swing Line Loans denominated in Belgian Francs; provided that at no time shall more than two Lenders have Swing Line Loans denominated in Belgian Francs outstanding."

"'Canadian Dollar Swing Line Lenders' shall mean the Bank of Montreal (subject to its having a Revolving Credit Commitment at least equal to the Swing Line Loans it makes) and any other Eligible Canadian Bank who makes Swing Line Loans denominated in Canadian Dollars; provided that at no time shall more than two Lenders have Swing Line Loans denominated in Canadian Dollars outstanding."

"'Dutch Guilder Swing Line Lenders' shall mean Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland" and any Eligible Dutch Bank who makes Swing Line Loans in Dutch Guilders; provided that at no time shall more than two Lenders have Swing Line Loans denominated in Dutch Guilders outstanding."

"Eligible Australian Bank" shall mean (a) a resident of Australia which does not make Swing Line Loans or Revolving Credit Loans as part of carrying on business outside of Australia at or through a permanent establishment outside of Australia; or (b) a non-resident of Australia which makes Swing Line Loans or Revolving Credit Loans as part of carrying on business in Australia at or through a permanent establishment of the non-resident in Australia. In this definition, words and expressions used shall have the meaning ascribed to them for the purposes of S. 128B of the Australian Income Tax Assessment Act 1936.

"Eligible Canadian Bank" shall mean those banks listed on Schedule I or Schedule II to the Bank Act (Canada) and which agree to make Swing Line Loans or Revolving Credit Loans hereunder.

"Eligible Dutch Bank" shall mean any Revolving Credit Lender.

"'Sterling Swing Line Lenders' shall mean Chase and all other Eligible UK Banks who make Swing Line Loans denominated in Pounds Sterling."

3. Amendment of Section 2.5 (Procedure for Revolving Credit Borrowing). Section 2.5(a)(3) is hereby amended by deleting the reference to the term "two Business Days" and substituting in lieu thereof the term "three Business Days."

4. Amendment of Section 2.6 (Swing Line Commitments). (A) Section 2.6 is hereby amended by deleting such section in its entirety and substituting in lieu thereof the following:

"2.6 Swing Line Commitments. (a) Subject to the terms and conditions hereof, from time to time prior to the Revolving Credit Termination Date and to the Borrower or any Subsidiary Borrower (i) each of Chase and Credit Lyonnais severally (but not jointly) agrees to make swing line loans in Dollars in an aggregate principal amount not to exceed 50% of $55,000,000 at any one time outstanding, (ii) the Sterling Swing Line Lenders agree to make swing line loans in Sterling in an aggregate principal amount not to exceed the Optional Currency Equivalent in Sterling of $55,000,000 at any one time outstanding, (iii) the Canadian Dollar Swing Line Lenders agree to make swing line loans in Canadian Dollars in an aggregate principal amount not to exceed the Optional Currency Equivalent in Canadian Dollars of $10,000,000 at any one time outstanding, (iv) the Dutch Guilder Swing Line Lenders agree to make swing line loans in Dutch Guilders in an aggregate principal amount not to exceed the Optional Currency Equivalent in Dutch Guilders of $7,500,000 at any one time outstanding, (v) the Belgian Franc Swing Line Lenders agree to make swing line loans in Belgian Francs in an aggregate principal amount not to exceed the Optional Currency Equivalent in Belgian Francs of $2,500,000 at any one time outstanding, and (vi) the Australian Dollar Swing Line Lenders agree to make swing line loans in Australian Dollars in an aggregate principal amount not to exceed the Optional Currency Equivalent in Australian Dollars of $5,000,000 at any one time outstanding (each of the foregoing individually, a "Swing Line Loan"; collectively, the "Swing Line Loans"); provided that, after giving effect to the making of such Swing Line Loans, the Aggregate Revolving Extensions of Credit will not exceed the Revolving Credit Commitments and the aggregate principal amount of Swing Line Loans at any one time outstanding shall not exceed $55,000,000 or the Optional Currency Equivalent thereof; provided, further, that any Swing Line Loan made to a Subsidiary Borrower which is a resident for taxation purposes in the United Kingdom, Canada, the Netherlands; Belgium or Australia shall be repaid within 364 days and shall be made by an Eligible UK Bank, Eligible Canadian Bank, Eligible Dutch Bank, Eligible Belgian Bank or Eligible Australian Bank, as the context requires. Amounts borrowed by the Borrower or a Subsidiary Borrower under this subsection 2.6 may be repaid and, during the Revolving Credit Commitment Period, reborrowed. All Swing Line Loans in Dollars shall be made as ABR Loans, and Swing Line Loans in Sterling, Canadian Dollars, Belgian Francs, Australian Dollars, and Dutch Guilders shall be made on terms agreed upon by the relevant Swing Line Lender and the Borrower or applicable Subsidiary Borrower. The Borrower or applicable Subsidiary Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent, in the case of Swing Line Loans in Dollars and Canadian Dollars, at or prior to 1:00 P.M., New York City time, and in the case of Swing Line Loans in Sterling, Belgian Francs, and Dutch Guilders at or prior to 1:00 P.M., London time, on the requested Borrowing Date), specifying the amount of each requested Swing Line Loan, which shall be greater than or equal to a minimum amount to be agreed upon by the Borrower or applicable Subsidiary Borrower and the relevant Swing Line Lender. The Borrower or applicable Subsidiary Borrower shall give the Administrative Agent and the relevant Swing Line Lender irrevocable notice (which notice must be received by the Administrative Agent and the relevant Swing Line Lender, in the case of Australian Dollars, at or prior to 1:00 P.M., Sydney time, on the requested Borrowing Date), specifying the amount of each requested Swing Line Loan, which shall be greater than or equal to a minimum amount to be agreed

upon by the Borrower or applicable Subsidiary Borrower and the relevant Swing Line Lender. In giving irrevocable notice, the Borrower or the applicable Subsidiary Borrower shall designate, at its option, one or two Swing Line Lenders to make one or more Swing Line Loans in the relevant currency. Upon such notice, the Administrative Agent shall promptly notify each applicable Swing Line Lender thereof. Each Swing Line Lender which has been designated by the Borrower or the applicable Subsidiary Borrower in its irrevocable notice shall make the amount of its pro rata share of each borrowing in the currency requested available to the Borrower or applicable Subsidiary Borrower in the manner directed by the Administrative Agent on the requested Borrowing Date.

(b) The Swing Line Lenders or any of them at any time and in their or its sole and absolute discretion, may, on behalf of the Borrower or applicable Subsidiary Borrower (which hereby irrevocably directs the Swing Line Lenders to act on its behalf), request each Revolving Credit Lender that is an Eligible U.K. Bank, Eligible Canadian Bank, Eligible Dutch Bank, Eligible Belgian Bank or Eligible Australian Bank, with respect to Swing Line Loans made to Subsidiary Borrowers which are resident for taxation purposes in the United Kingdom, Canada, the Netherlands, Belgium or Australia, respectively, or each Revolving Credit Lender, including each Swing Line Lender, with respect to all other Swing Line Loans, to make a Revolving Credit Loan in the currency of the Swing Line Loan(s) made by such Swing Line Lender(s) an amount equal to such Lender's Revolving Percentage of the amount of the Swing Line Loans (the "Refunded Swing Line Loans") outstanding on the date such notice is given. Unless any of the events described in paragraph (f) of Section 8 shall have occurred (in which event the procedures of paragraph (c) of this subsection 2.6 shall apply), each Revolving Credit Lender shall make the proceeds of its Revolving Credit Loan available to the Administrative Agent for the account of the Swing Line Lenders, at the office of the Administrative Agent prior to 12:00 Noon (New York City time) in funds immediately available on the Business Day next succeeding the date such notice is given. The proceeds of such Revolving Credit Loans shall be immediately applied to repay the Refunded Swing Line Loans.

(c) If, prior to the making of a Revolving Credit Loan pursuant to paragraph (b) of subsection 2.6, one of the events described in paragraph (f) of Section 8 shall have occurred, each Revolving Credit Lender hereby agrees to and will, on the date such Revolving Credit Loan was to have been made, purchase an undivided participating interest in each Refunded Swing Line Loan in an amount equal to its Revolving Percentage of such Refunded Swing Line Loan. Each Revolving Credit Lender will immediately transfer to the Administrative Agent for the account of the Swing Line Lenders, in immediately available funds denominated in Dollars, the Dollar Equivalent (if applicable) of the amount of its participations and, upon its receipt of its pro rata share thereof, each Swing Line Lender will deliver to such Revolving Credit Lender a Swing Line Loan Participation Certificate dated the date of receipt of such funds and in such amount. On such date, any Swing Line Loans not denominated in Dollars shall, without any further action or notice being required, be converted to and become denominated in Dollars in an amount equal to the Dollar Equivalent of the amount thereof on such date.

(d) Whenever, at any time after any Swing Line Lender has received from any Revolving Credit Lender such Revolving Credit Lender's participating interest in a Refunded Swing Line Loan and such Swing Line Lender receives any payment on account thereof, such Swing Line Lender will distribute to such Revolving Credit Lender through the Administrative Agent its participating interest in such Dollar Equivalent amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Revolving Credit Lender's participating interest was outstanding and funded) in funds denominated in Dollars; provided, however, that in the event that such payment received by such Swing Line Lender is required to be returned, such Revolving Credit Lender will return to such Swing Line Lender through the Administrative Agent any portion thereof previously distributed by such Swing Line Lender to it in like funds as such payment is required to be returned by such Swing Line Lender.

II. Consent

1. Compliance with Section 7.3 (Limitation on Fundamental Changes). Pursuant to Section 10.1 of the Credit Agreement, the Required Lenders consent to the Borrower's dissolution of the following subsidiaries of EG Systems, Inc. ("EGS"), which is itself a direct, partially-owned subsidiary of Scotts: (a) Crowley Lawn Service, Inc., (b) John M. Fogarty Enterprises, Inc. and (c) EG Transport Inc. The Required Lenders also consent to the transfer of the existing assets of these three subsidiaries to EGS in conjunction with the dissolution of the subsidiaries. The Required Lenders hereby waive any Default or Event of Default occurring solely in connection with the above-described transactions.

III. General Provisions

1. Representations and Warranties. On and as of the date hereof, and after giving effect to this Amendment, each of the Borrower and each applicable Subsidiary Borrower hereby confirms, reaffirms and restates the representations and warranties set forth in Section 4 of the Credit Agreement mutatis mutandis, and to the extent that such representations and warranties expressly relate to a specific earlier date in which case each of the Borrower and each applicable Subsidiary Borrower hereby confirms, reaffirms and restates such representations and warranties as of such earlier date.

2. Conditions to Effectiveness. This Amendment shall become effective as of the date hereof upon receipt by the Administrative Agent of counterparts of this Amendment, duly executed and delivered by the Borrower, each Subsidiary Borrower, each Subsidiary Borrower, the Administrative Agent and the Required Lenders.

3. Continuing Effect; No Other Amendments. Except as expressly amended or waived hereby, all of the terms and provisions of the Credit Agreement are and shall remain in full force and effect. The Amendments provided for herein are limited to the specific subsections of the Credit Agreement specified herein and shall not constitute an amendment or Amendment of, or an indication of any Lender's willingness to amend or waive, any other provisions of the Credit Agreement or the same subsections for any other date or time period (whether or not such other provisions or compliance with such subsections for another date or time period are affected by the circumstances addressed in this Amendment).

4. Expenses. The Borrower agrees to pay and reimburse the Administrative Agent for all its reasonable costs and expenses incurred in connection with the preparation and delivery of this Amendment, including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent.

5. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

6. Counterparts. This Amendment may be executed by the parties hereto in any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Waiver to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

THE SCOTTS COMPANY

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

OM SCOTT INTERNATIONAL INVESTMENTS LTD.

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

MIRACLE GARDEN CARE LIMITED

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

SCOTTS HOLDINGS LIMITED

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

HYPONEX CORPORATION

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

SCOTTS' MIRACLE-GRO PRODUCTS, INC.

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

SCOTTS-SIERRA HORTICULTURAL PRODUCTS COMPANY

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

REPUBLIC TOOL & MANUFACTURING CORP.

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

SCOTTS-SIERRA INVESTMENTS, INC.

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

SCOTTS FRANCE HOLDINGS SARL

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

SCOTTS FRANCE SARL

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening

Title: Vice President, Corporate Treasurer

SCOTTS HOLDING GMBH

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

SCOTTS CELAFLOR GMBH & CO. KG

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

SCOTTS BELGIUM 2 BVBA

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

THE SCOTTS COMPANY (UK) LTD.

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

SCOTTS CANADA LTD.

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

SCOTTS EUROPE, B.V.

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

ASEF, B.V.

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

SCOTTS AUSTRALIA PTY LTD.

By: /s/ Rebecca J. Bruening

Name: Rebecca J. Bruening
Title: Vice President, Corporate Treasurer

SALOMON SMITH BARNEY INC., as
Syndication Agent

By: /s/ William L. Hartmann

Name: William L. Hartmann
Title: Attorney-in-fact

CREDIT LYONNAIS CHICAGO BRANCH, as
Co-Documentation Agent and as a Lender

By: /s/ Mary Ann Klemm

Name: Mary Ann Klemm
Title: Vice President

BANK ONE, MICHIGAN, as successor to
NBD BANK, as Co-Documentation Agent and
as a Lender

By: /s/ Michael R. Zaksheske

Name: Michael R. Zaksheske
Title: Vice President

THE CHASE MANHATTAN BANK, as
Administrative Agent and as a Lender

By: /s/ Randolph E. Cates

Name: Randolph E. Cates
Title: Vice President

ABN AMRO BANK N.V., Pittsburgh

By:

Name:
Title:

AERIES - II FINANCE LTD.

By:

Name:
Title:

ALLIANCE INVESTMENT OPPORTUNITIES

By:

Name:
Title:

ALLSTATE LIFE INSURANCE CO.

By:

Name:
Title:

ARES LEVERAGED INVESTMENT FUND II, L.P.

By: /s/ David A. Sachs

Name: David A. Sachs
Title: Vice President

ATHENA CDO, LIMITED
By: Pacific Investment Management Company as its investment advisor
By: PIMCO Management Inc., a general partner

By: /s/ Mohan V. Phansalkar

Name: Mohan V. Phansalkar
Title: Senior Vice President

BHF (USA) CAPITAL CORPORATION

By:

Name:
Title:

BHF BANK AKTIENGESELLSCHAFT

By:

Name:
Title:

BW CAPITAL MARKETS, INC.

By: /s/ Ken Waud and /s/ Thomas A. Lowe

Name: Ken Waud and Thomas A. Lowe
Title: Treasurer and Vice President

BALANCED HIGH YIELD FUND II LTD.

By:

Name:
Title:

BANK AUSTRIA

By:

Name:
Title:

BANK OF AMERICA

By:

Name:
Title:

BANK OF HAWAII

By: /s/ Brenda K. Testerman

Name: Brenda K. Testerman
Title: Vice President

THE BANK OF NEW YORK

By: /s/ Edward Dougherty

Name: Edward Dougherty III
Title: Vice President

THE BANK OF NOVA SCOTIA

By: /s/ F.C.H. Ashby

Name: F.C.H. Ashby
Title: Senior Manager Loan Operations

BANK OF TOKYO-MITSUBISHI TRUST
COMPANY

By:

Name:
Title:

BANQUE NATIONALE DE PARIS

By: /s/ Arnaud Collin du Bocage

Name: Arnaud Collin du Bocage
Title: Executive Vice President &
General Manager

BANQUE WORMS CAPITAL CORPORATION

By: /s/ Michele M. Flemming

Name: Michele M. Flemming
Title: Vice President & General Counsel

BLACK DIAMOND CLO 1998-1 LTD.

By:

Name:
Title:

BOEING CAPITAL CORPORATION

By: /s/ David Nelson

Name: David Nelson
Title: Special Credits Officer

CIT GROUP/EQUIPMENT FINANCING, INC.

By:

Name:
Title:

CAPTIVA III FINANCE LTD.

By: /s/ John H. Cullinane

Name: John H. Cullinane
Title: Director

CARAVELLE INVESTMENT FUND, L.L.C.

By:

Name:
Title:

CERES FINANCE, LTD.

By: /s/ John Cullinane

Name: John Cullinane
Title: Director

CITICORP USA, INC.

By: /s/ Nicolas T. Erni

Name: Nicolas T. Erni
Title: Attorney In Fact

COMERICA BANK, Detroit

By: /s/ Anthony L. Davis

Name: Anthony L. Davis
Title: Account Officer

CREDIT AGRICOLE INDOSUEZ, Chicago

By:/s/ Theodore D. Tice /s/ Katherine Abbott

Name: Theodore D. Tice and
Katherine Abbott
Title: Vice President and
First Vice President

CYPRESSTREE INSTITUTIONAL FUND, LLC

By: CypressTree Investment Management
Company, Inc. its Managing Member

By: /s/ Jonathan D. Sharkey

Name: Jonathan D. Sharkey
Title: Principal

CYPRESSTREE INVESTMENT FUND, LLC

By: CypressTree Investment Management
Company, Inc. its Managing Member

By: /s/ Jonathan D. Sharkey

Name: Jonathan D. Sharkey
Title: Principal

DELANO COMPANY

By: Pacific Investment Management
Company as its investment advisor

By: PIMCO Management Inc., a general partner

By: /s/ Mohan V. Phansalkar

Name: Mohan V. Phansalkar
Title: Senior Vice President

DRESDNER BANK, AG

By:

Name:
Title:

EATON VANCE SENIOR INCOME TRUST
By: Eaton Vance Management
as Investment Advisor

By: /s/ Scott H. Page

Name: Scott H. Page
Title: Vice President

ERSTE BANK

By:

Name:
Title:

FIFTH THIRD BANK OF COLUMBUS

By: /s/ Mark Ransom

Name: Mark Ransom
Title: Vice President

FIRST UNION NATIONAL BANK N.C.

By: /s/ Andrew Payne

Name: Andrew Payne
Title: Vice President

FLEET NATIONAL BANK

By: /s/ G. Steven Kalin

Name: G. Steven Kalin
Title: Vice President

FOOTHILL INCOME TRUST, L.P.

By: /s/ Jeff Nikora

Name: Jeff Nikora
Title: Managing Member

FRANKLIN FLOATING RATE TRUST

By: /s/ Chauncey Lufkin

Name: Chauncey Lufkin
Title: Vice President

FREEMONT INVESTMENT & LOAN

By:

Name:
Title:

GENERAL ELECTRIC CAPITAL CORP.

By:

Name:
Title:

HARRIS TRUST AND SAVINGS BANK

By: /s/ C. Scott Place

Name: C. Scott Place
Title: Vice President

HELLER FINANCIAL INC.

By: /s/ Linda W. Wolf

Name: Linda W. Wolf
Title: Senior Vice President

THE HUNTINGTON NATIONAL BANK

By: /s/ J. Stephen Bennett

Name: J. Stephen Bennett
Title: Vice President

IKB DEUTSCHE INDUSTRIEBANK AG

LUXEMBOURG BRANCH

By: /s/ Maria Bissinger /s/ Ana Bohorquez

Name: Maria Bissinger and Ana Bohorquez
Title: Vice President and Manager

INDOSUEZ CAPITAL

By:

Name:
Title:

INDOSUEZ CAPITAL FUNDING IIA, LTD.

By: /s/ Melissa Marano

Name: Melissa Marano
Title: Vice President

KZH APPALOOSA LLC

By:

Name:
Title:

KZH BDC LLC

By:

Name:
Title:

KZH CRESCENT 3 LLC

By: /s/ James J. Fevola

Name:
Title: Authorized agent

KZH III LLC

By: /s/ James J. Fevola

Name: James J. Fevola
Title: Authorized agent

KZH ING-3 LLC

By: /s/ James J. Fevola

Name: James J. Fevola
Title: Authorized agent:

KZH PAMCO LLC

By: /s/ James J. Fevola

Name: James J. Fevola
Title: Authorized agent

KZH RIVERSIDE LLC

By: /s/ James J. Fevola

Name: James J. Fevola
Title: Authorized agent

KZH WATERSIDE LLC

By: /s/ James J. Fevola

Name: James J. Fevola
Title: Authorized agent

KZH CNC LLC

By: /s/ Peter Chin

Name: Peter Chin
Title: Authorized Agent

KZH-CYPRESSTREE-1 LLC

By: /s/ James J. Fevola

Name: James J. Fevola
Title: Authorized Agent

KZH-ING-2 LLC

By: /s/ Peter Chin

Name: Peter Chin
Title: Authorized Agent

KZH-SOLEIL-2 LLC

By: /s/ Peter Chin

Name: Peter Chin
Title: Authorized Agent

KEY BANK NATIONAL ASSOCIATION

By: /s/ Brandon A. Lawlor

Name: Brandon A. Lawlor
Title: Vice President

LEHMAN COMMERCIAL PAPER INC.

By:

Name:
Title:

ML CBO IV (CAYMAN) LTD.

By:

Name:
Title:

ML CLO XII PILGRIM AMERICA (CAYMAN) LTD.

By: Pilgrim Investments, Inc.,
as its investment manager

By: /s/ Jeffrey A. Bakalar

Name: Jeffrey A. Bakalar
Title: Vice President

ML CLO XX PILGRIM AMERICA (CAYMAN) LTD.

By: Pilgrim Investments, Inc.,
as its investment manager

By: /s/ Jeffrey A. Bakalar

Name: Jeffrey A. Bakalar
Title: Vice President

MSDW PRIME INCOME TRUST

By:

Name:
Title:

MEESPIERSON N.V.

By: /s/ Peter Harraty /s/ W. Gibson

Name: Peter Harraty and W. Gibson
Title: Head of Acquisition Firm and
Manager

MERRILL LYNCH PRIME RATE PORTFOLIO

By:

Name:
Title:

MERRILL LYNCH SENIOR FLOATING RATE FUND

By:

Name:
Title:

METROPOLITAN LIFE INSURANCE CO.

By:

Name:
Title:

MONUMENTAL LIFE INSURANCE COMPANY

By:

Name:
Title:

MOUNTAIN CLO TRUST

By:

Name:
Title:

MOUNTAIN CAPITAL CLO I, LTD.

By:

Name:
Title:

BANK ONE, MICHIGAN, as successor to
NBD BANK

By: /s/ Michael R. Zaksheske

Name: Michael R. Zaksheske
Title: Vice President

NATIONAL CITY BANK

By: /s/ David B. Yates

Name: David B. Yates
Title: Vice President

NATIONAL WESTMINSTER BANK, PLC

By:

Name:
Title:

NORSE CBO, LTD.

By:

Name:
Title:

NORTH AMERICAN SENIOR FLOATING RATE FUND

By: CypressTree Investment Management
Company, Inc. as Portfolio Manager

By: /s/ Jonathan N. Sharkey

Name: Jonathan N. Sharkey
Title: Principal

ORIX USA CORPORATION

By: /s/ Hiroyuki Miyauchi

Name: Hiroyuki Miyauchi
Title: Executive Vice President

OAK HILL SECURITIES FUND, L.P.
By: Oak Hill Securities GenPar, L.P.
its General Partner
By: Oak Hill Securities MGP, Inc.
its General Partner

By: /s/ Scott D. Krase

Name: Scott D. Krase
Title: Vice President

OASIS COLLATERALIZED HIGH INCOME

By:

Name:
Title:

OCTAGON LOAN TRUST

By:

Name:
Title:

OSPREY INVESTMENTS PORTFOLIO

By:

Name:
Title:

Oxford Strategic Income Fund

By: EATON VANCE MANAGEMENT
AS INVESTMENT ADVISOR

By: /s/ Scott H. Page

Name: Scott H. Page
Title: Vice President

PACIFICA PARTNERS I, L.P.

By: /s/ Tom Colwell

Name: Tom Colwell
Title: Vice President

PARIBAS

By: /s/ Karen E. Coons /s/ Ann B. McAloon

Name: Karen E. Coons and Ann B. McAlon
Title: Vice President and Vice President

PINEHURST TRADING, INC.

By: /s/ Allen D. Shifflet

Name: Allen D. Shifflet
Title: President

COOPERATIEVE CENTRALE RAIFFEISEN-
BOERENLEENBANK B.A., "RABOBANK
NEDERLAND", New York Branch

By: /s/ Michiel V.M. Van der Voort

Name: Michiel V.M. Van der Voort
Title: Vice President

COOPERATIEVE CENTRALE RAIFFEISEN-
BOERENLEENBANK B.A., "RABOBANK
NEDERLAND", Utrecht Branch

By: /s/ C. de Vries /s/ S.M.F. Klinkert

Name: C. de Vries & S.M.F. Klinkert
Title: Proxy category A/B and Proxy
Category B

SKM LIBERTYVIEW CBO I LTD.

By: /s/ Kenneth C. Kleger

Name: Kenneth C. Kleger
Title: Authorized Signatory

SANKATY HIGH YIELD ASSET PARTNERS

By:

Name:
Title:

SCOTIABANC, INC.

By:

Name:
Title:

SENIOR DEBT PORTFOLIO

By: Boston Management and Research
as Investment Advisor

By: /s/ Scott H. Page

Name: Scott H. Page
Title: Vice President

SUNTRUST BANK, CENTRAL FLORIDA, N.A.

By: /s/ Stephen L. Leister

Name: Stephen L. Leister
Title: Vice President

TORONTO DOMINION (TEXAS) INC.

By: /s/ Sonja R. Jordan

Name: Sonja R. Jordan
Title: Vice President

TRAVELERS INSURANCE COMPANY

By:

Name:
Title:

VAN KAMPEN CLO I, LIMITED
By: Van Kampen Management Inc.,
as Collateral Manager

By: /s/ Darvin D. Pierce
Name: Darvin D. Pierce
Title: Vice President

ACKNOWLEDGEMENT AND CONSENT

In consideration of each Agent's and the Lenders' execution, delivery and performance of the foregoing Amendment No. 1 and Consent (the "Amendment"), each of the undersigned hereby (i) acknowledges the terms and provisions of the Amendment and consents thereto and (ii) confirms and agrees that (x) the Borrower and Domestic Subsidiary Guarantee and Collateral Agreement (the "Guarantee and Collateral Agreement) is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects and shall apply to the Credit Agreement as amended by the Amendment and (y) the guarantees and all of the Collateral (as defined in the Guarantee and Collateral Agreement) do, and shall continue to, secure the payment of all of the Obligations (as defined in the Guarantee and Collateral Agreement) pursuant to the terms of the Guarantee and Collateral Agreement. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement referred to in the Amendment to which this Acknowledgment and Consent is attached.

SCOTTS-SIERRA INVESTMENTS, INC.
SCOTTS PROFESSIONAL PRODUCTS CO.
SCOTTS PRODUCTS CO.
OMS INVESTMENTS, INC.
MIRACLE-GRO LAWN PRODUCTS, INC.
MIRACLE-GRO PRODUCTS LTD.
SCOTTS-SIERRA CROP PROTECTION COMPANY
OLD FORT FINANCIAL CORP.
EARTHGRO, INC.
SANFORD SCIENTIFIC, INC.
EG SYSTEMS, INC.
SWISS FARMS PRODUCTS, INC.

By:

Title:

Exhibit 10(c)

The Scotts Company 1999 Executive and Management Incentive Plan

[SCOTTS LOGO]

1999 SCOTTS EXECUTIVE AND MANAGEMENT INCENTIVE PLAN

CORPORATE PARTICIPANTS

[SCOTTS LOGO]

1999 SCOTTS EXECUTIVE AND MANAGEMENT INCENTIVE PLAN

BUSINESS GROUP PARTICIPANTS
EXECUTIVE LEVEL

[SCOTTS LOGO]

1999 SCOTTS EXECUTIVE AND MANAGEMENT INCENTIVE PLAN

BUSINESS GROUP PARTICIPANTS
MANAGEMENT LEVEL

[SCOTTS LOGO]

1999 SCOTTS EXECUTIVE AND MANAGEMENT INCENTIVE PLAN

OPERATIONS PARTICIPANTS

GENERAL PLAN PROVISIONS

OBJECTIVE: To provide a strong financial incentive that is consistent with and supportive of business strategy and to encourage a team effort towards the achievement of corporate goals.

TARGET AWARDS: Each participant will be assigned a 1999 "Bonus Target Percent of Salary."

RESTRICTIONS: Participants must be actively employed in an eligible position for at least 13 consecutive weeks during the plan year. Payouts will be prorated if employment in an eligible position is for less than the entire plan year. Participants must be employed on the last day of the fiscal year to be eligible for a payout. Participants who terminate their employment during the plan year, except in cases of retirement, will not be eligible for an incentive payment, prorated or otherwise.

Plan eligibility and payout calculation will not be impacted for associates on short term disability at any time during the plan year. However, if an associate is on long term disability, the payout will be prorated to compensate only for periods of active employment or short term disability.

The Plan confers no rights upon any associate to participate in the Plan or remain in the employ of the Company. Neither the adoption of the Plan nor its operation shall in any way affect the right of the associate or the Company to terminate the employment relationship at any time.

The Company reserves the right to suspend the Plan, to withdraw the Plan, and to make substantial alterations in Plan concept.

CORPORATE PARTICIPANTS

Note: Some participants may have a customized incentive plan design. Please refer to your personalized communication for your plan specifics.

MEASUREMENTS:

PARTICIPANTS	CORPORATE EARNINGS PER SHARE ("E.P.S.")	MAJOR GOAL ATTAINMENT
Corporate Participants	80%	20%

EARNED AWARDS:

CORPORATE EARNINGS PER SHARE: As reported in public financial statements.

CORPORATE PERFORMANCE	EARNINGS PER SHARE	INCENTIVE PAYOUT AWARD PERCENTAGE
Minimum	80% - $1.52	25%
Target	100% - $1.90	100%
Maximum	120% - $2.28	250%

Results between performance levels will be incrementally calculated so participants will receive a prorated payout (calculated on a straight-line basis, rounded to the nearest percentile).

For results below the "Minimum": No incentive payout will be made.

For results between "Minimum" and "Target": For each $.01 increase in E.P.S. above the "Minimum", the award percentage increases by 1.97%.

For results between "Target" and "Maximum": For each $.01 increase in E.P.S. above the "Target", the award percentage increases by 3.95%.

For results above the "Maximum": An incentive payout of 250% will be calculated.

MAJOR GOAL ATTAINMENT: Based on the performance and achievement of specific quantifiable goals within the participant's area of responsibility, as established and measured by the CEO and/or the participant's manager.

PERSONAL PERFORMANCE LEVELS	GOAL ATTAINMENT	INCENTIVE PAYOUT AWARD PERCENTAGE
Minimum	Did not achieve goals	0%
Target	Achieved goals on average	100%
Maximum	Exceeded goals on average	200%

Results between performance levels will be rewarded on a payout percentage determined by the CEO and/or the participant's manager (with CEO approval).

SAMPLE CALCULATION:

Salary: $80,000
1999 Target Percentage: 20%

SAMPLE RESULTS:
Earnings Per Share: $2.00
Major Goal Attainment: Accomplished all major goals satisfactorily.

CALCULATION:

Determining the Corporate Earnings Per Share Award Percentage:

Corporate EPS = ((Actual EPS - Target EPS) x Incremental Payout Percentage) + 100%
Award % = (($2.00 - $1.90) x 3.95%) + 100%
= 139.5%

Determining the Incentive Payout:

1999 Target x 80% x Corporate Earnings Per Share Award Percentage
20% x 80% x 139.5% = 22.32%
+
1999 Target x 20% x Major Goal Attainment Award Percentage
20% x 20% x 100% = 4.0%

=Award of 26.32% of pay

FINAL PAYOUT = $80,000 X 26.32% = $21,056

BUSINESS GROUP PARTICIPANTS
EXECUTIVE LEVEL
(EXECUTIVES AND THEIR DIRECT REPORTS)

Note: Some participants may have a customized incentive plan design. Please refer to your personalized communication for your plan specifics.

MEASUREMENTS

PARTICIPANTS	BUSINESS GROUP ADJUSTED CONTRIBUTION MARGIN ("A.C.M.")	CORPORATE EARNINGS PER SHARE ("E.P.S.")	MAJOR GOAL ATTAINMENT
Business Group Participant	50%	30%	20%

EARNED AWARDS:

BUSINESS GROUP A.C.M.: Defined by the attached schedule.

GROUP PERFORMANCE LEVELS	BUSINESS GROUP A.C.M. PERFORMANCE PERCENTAGE	INCENTIVE PAYOUT AWARD PERCENTAGE
Minimum	80%	25%
Target	100%	100%
Maximum	120%	250%

Results between performance levels will be incrementally calculated so participants will receive a prorated payout (calculated on a straight-line basis, rounded to the nearest percentile).

For results below the "Minimum": No incentive payout will be made.

For results between "Minimum" and "Target": For each 1.0% increase in performance percentage above the "Minimum", the award percentage increases by 3.75%.

For results between "Target" and "Maximum": For each 1.0% increase in performance percentage above the "Target", the award percentage increases by 7.5%.

For results above the "Maximum": An incentive payout of 250% will be calculated.

CORPORATE EARNINGS PER SHARE: As reported in public financial statements.

CORPORATE PERFORMANCE	EARNINGS PER SHARE	INCENTIVE PAYOUT AWARD PERCENTAGE
Minimum	80% - $1.52	25%
Target	100% - $1.90	100%
Maximum	120% - $2.28	250%

Results between performance levels will be incrementally calculated so participants will receive a prorated payout (calculated on a straight-line basis, rounded to the nearest percentile).

For results below the "Minimum": No incentive payout will be made.

For results between "Minimum" and "Target": For each $.01 increase in E.P.S. above the "Minimum", the award percentage increases by 1.97%.

For results between "Target" and "Maximum": For each $.01 increase in E.P.S. above the "Target", the award percentage increases by 3.95%.

For results above the "Maximum": An incentive payout of 250% will be calculated.

MAJOR GOAL ATTAINMENT: Based on the performance and achievement of specific quantifiable goals within the participant's area of responsibility, as established and measured by the CEO, President and/or the participant's manager.

PERSONAL PERFORMANCE LEVELS	GOAL ATTAINMENT	INCENTIVE PAYOUT AWARD PERCENTAGE
Minimum	Did not achieve goals	0%
Target	Achieved goals on average	100%
Maximum	Exceeded goals on average	200%

Results between performance levels will be rewarded on a payout percentage determined by the CEO and/or the participant's manager (with CEO approval).

SAMPLE CALCULATION:

Salary: $80,000
1999 Target Percentage: 20%

SAMPLE RESULTS:
Business Group A.C.M.:
Actual $21,000,000
Budget $20,000,000
Earnings Per Share: $2.00
Major Goal Attainment: Accomplished all major goals satisfactorily on average.

CALCULATION:
Determining the Business Group A.C.M. Award Percentage
- - ----------

Business Group A.C.M. = $21,000,000 = 105%

Performance Percentage $20,000,000

Business Group A.C.M. = (Incremental Performance % above "target"x 7.5%) + 100%
Award Percentage = (5 x 7.5%) + 100%
= 137.5%

Determining the Corporate Earnings Per Share Award Percentage:
- - ----------

Corporate EPS = (Actual EPS - Target EPS) x Incremental Payout Percentage
Award Percentage = ($2.00 - $1.90) x 3.95%
= 139.5%

Determining the Incentive Payout:
- - ----------

1999 Target x 50% x Business Group A.C.M. Award Percentage
20% x 50% x 137.5% = 13.75%
+
1999 Target x 30% x Corporate Earnings Per Share Award Percentage
20% x 30% x 139.5% = 8.37%
+
1999 Target x 20% x Major Goal Attainment Award Percentage
20% x 20% x 100% = 4.0%

=Award of 26.12% of pay

FINAL PAYOUT = $80,000 X 26.12% = $20,896
=======

BUSINESS GROUP PARTICIPANTS
MANAGEMENT LEVEL

Note: Some participants may have a customized incentive plan design. Please refer to your personalized communication for your plan specifics.

MEASUREMENTS:

BUSINESS GROUP PARTICIPANT	BUSINESS GROUP ADJUSTED CONTRIBUTION MARGIN ("A.C.M.")	MAJOR GOAL ATTAINMENT
Business Group Participant	80%	20%

EARNED AWARDS:

BUSINESS GROUP A.C.M.: Defined by the attached schedule.

GROUP PERFORMANCE LEVELS	BUSINESS GROUP A.C.M. PERFORMANCE PERCENTAGE	INCENTIVE PAYOUT AWARD PERCENTAGE
Minimum	80%	25%
Target	100%	100%
Maximum	120%	250%

Results between performance levels will be incrementally calculated so participants will receive a prorated payout (calculated on a straight-line basis, rounded to the nearest percentile).

For results below the "Minimum": No incentive payout will be made.

For results between "Minimum" and "Target": For each 1.0% increase in performance percentage above the "Minimum", the award percentage increases by 3.75%.

For results between "Target" and "Maximum": For each 1.0% increase in performance percentage above the "Target", the award percentage increases by 7.5%.

For results above the "Maximum": An incentive payout of 250% will be calculated.

MAJOR GOAL ATTAINMENT: Based on the performance and achievement of specific quantifiable goals within the participant's area of responsibility, as established and measured by the CEO, President and/or the participant's manager.

PERSONAL PERFORMANCE LEVELS	GOAL ATTAINMENT	INCENTIVE PAYOUT AWARD PERCENTAGE
Minimum	Did not achieve goals	0%
Target	Achieved goals on average	100%
Maximum	Exceeded goals on average	200%

Results between performance levels will be rewarded on a payout percentage determined by the CEO and/or the participant's manager (with CEO approval).

SAMPLE CALCULATION:

Salary: $80,000
1999 Target Percentage: 20%

SAMPLE RESULTS:
Business Group A.C.M.:
Actual $21,000,000
Budget $20,000,000
Major Goal Attainment: Accomplished all major goals satisfactorily on average.

CALCULATION:
Determining the Business Group A.C.M. Award Percentage
- - ----------

Business Group A.C.M. = $21,000,000 = 105%

Performance Percentage $20,000,000

Business Group A.C.M. = (Incremental Performance % above "target" x 7.5%) + 100%
Award Percentage = (5 x 7.5%) + 100%
= 137.5%

Determining the Incentive Payout:
- - ----------

1999 Target x 80% x Business Group A.C.M. Award Percentage
20% x 80% x 137.5% = 22.0%
+
1999 Target x 20% x Major Goal Attainment Award Percentage
20% x 20% x 100% = 4.0%

=Award of 26.0% of pay

FINAL PAYOUT = $80,000 X 26.0% = $20,800
=======

OPERATIONS PARTICIPANTS

MEASUREMENTS

BUSINESS GROUP	MAJOR AREA OF RESPONSIBILITY ("M.A.O.R")	INDIVIDUAL AREA OF RESPONSIBILITY ("I.A.O.R.")	BUSINESS GROUP(S) ADJUSTED CONTRIBUTION MARGIN	CORPORATE EARNINGS PER SHARE	MAJOR GOAL ATTAINMENT
Operations	Range: 0% - 60%	Range: 0% - 35%	Range: 0% - 20%	Range: 0% - 30%	20%

EARNED AWARDS

MAJOR AREA OF RESPONSIBILITY: Defined according to the participant.

M.A.O.R. PERFORMANCE LEVELS	AREA OF RESPONSIBILITY MEASURE(S)	INCENTIVE PAYOUT AWARD PERCENTAGE
Minimum	Defined according to the M.A.O.R.	25%
Target	Budget	100%
Maximum	Defined according to the M.A.O.R.	250%

Results between performance levels will be incrementally calculated so participants will receive a prorated payout (calculated on a straight-line basis, rounded to the nearest percentile).

For results below the "Minimum": No incentive payout will be made.

For results above the "Maximum": An incentive payout of 250% will be calculated.

INDIVIDUAL AREA OF RESPONSIBILITY: Defined according to the participant.

I.A.O.R. PERFORMANCE LEVELS	AREA OF RESPONSIBILITY MEASURE(S)	INCENTIVE PAYOUT AWARD PERCENTAGE
Minimum	Defined according to the I.A.O.R.	25%
Target	Budget	100%
Maximum	Defined according to the I.A.O.R.	250%

Results between performance levels will be incrementally calculated so participants will receive a prorated payout (calculated on a straight-line basis, rounded to the nearest percentile).

For results below the "Minimum": No incentive payout will be made.

For results above the "Maximum": An incentive payout of 250% will be calculated.

BUSINESS GROUP(S) A.C.M.: Defined by the attached schedule.

GROUP PERFORMANCE LEVELS	BUSINESS GROUP A.C.M. PERFORMANCE PERCENTAGE	INCENTIVE PAYOUT AWARD PERCENTAGE
Minimum	80%	25%
Target	100%	100%
Maximum	120%	250%

Results between performance levels will be incrementally calculated so participants will receive a prorated payout (calculated on a straight-line basis, rounded to the nearest percentile).

For results below the "Minimum": No incentive payout will be made.

For results between "Minimum" and "Target": For each 1.0% increase in performance percentage above the "Minimum", the award percentage increases by 3.75%.

For results between "Target" and "Maximum": For each 1.0% increase in performance percentage above the "Target", the award percentage increases by 7.5%.

For results above the "Maximum": An incentive payout of 250% will be calculated.

CORPORATE EARNINGS PER SHARE: As reported in public financial statements.

CORPORATE PERFORMANCE	EARNINGS PER SHARE	INCENTIVE PAYOUT AWARD PERCENTAGE
Minimum	80% - $1.52	25%
Target	100% - $1.90	100%
Maximum	120% - $2.28	250%

Results between performance levels will be incrementally calculated so participants will receive a prorated payout (calculated on a straight-line basis, rounded to the nearest percentile).

For results below the "Minimum": No incentive payout will be made.

For results between "Minimum" and "Target": For each $.01 increase in E.P.S. above the "Minimum", the award percentage increases by 1.97%.

For results between "Target" and "Maximum": For each $.01 increase in E.P.S. above the "Target", the award percentage increases by 3.95%.

For results above the "Maximum": An incentive payout of 250% will be calculated.

MAJOR GOAL ATTAINMENT: Based on the performance and achievement of specific quantifiable goals within the participant's area of responsibility, as established and measured by the CEO, President and/or the participant's manager.

PERSONAL PERFORMANCE LEVELS	GOAL ATTAINMENT	INCENTIVE PAYOUT
Minimum	Did not achieve goals	0%
Target	Achieved goals on average	100%
Maximum	Exceeded goals on average	200%

Results between performance levels will be rewarded on a payout percentage determined by the CEO and/or the participant's manager (with CEO approval).

SAMPLE CALCULATION:

Salary: $80,000
1999 Target Percentage: 20%

SAMPLE INCENTIVE MEASUREMENTS:

BUSINESS GROUP	MAJOR AREA OF RESPONSIBILITY	INDIVIDUAL AREA OF RESPONSIBILITY	BUSINESS GROUP(S) A.C.M.	CORPORATE EARNINGS PER SHARE	MAJOR GOAL ATTAINMENT
Sample	25%	0%	25%	30%	20%

SAMPLE RESULTS:
Major Area of Responsibility: Achieved 100% of the budget M.A.O.R.
Business Group A.C.M.:
Actual $21,000,000
Budget $20,000,000
Corporate Earnings per Share: $2.00
Major Goal Attainment: Accomplished all major goals satisfactorily on average.

CALCULATION:
Determining the Business Group A.C.M. Award Percentage

Business Group A.C.M. = $21,000,000 = 105%
Performance Percentage $20,000,000

Business Group A.C.M. = (Incremental Performance % above "target"x 7.5%) + 100%
Award Percentage = (5 x 7.5%) + 100%
= 137.5%

Determining the Corporate Earnings Per Share Award Percentage:

Corporate EPS = (Actual EPS - Target EPS) x Incremental Payout Percentage
Award Percentage = ($2.00 - $1.90) x 3.95%
= 139.5%

Determining the Incentive Payout:

1999 Target x 25% x Major Area of Responsibility Award Percentage
20% x 25% x 100% = 5.00%
+
1999 Target x 25% x Business Group A.C.M. Award Percentage
20% x 25% x 137.5% = 6.88%
+
1999 Target x 30% x Corporate Earnings Per Share Award Percentage
20% x 30% x 139.5% = 8.37%
+
1999 Target x 20% x Major Goal Attainment Award Percentage
20% x 20% x 100% = 4.00%

= Award of 24.25% of pay

FINAL PAYOUT = $80,000 X 24.25% = $19,400

Exhibit 10(d)

The Scotts Company
1996 Stock Option Plan
(reflects amendments through December 8, 1999)

THE SCOTTS COMPANY
1996 STOCK OPTION PLAN
(REFLECTS AMENDMENTS THROUGH DECEMBER 8, 1999)

THE SCOTTS COMPANY
1996 STOCK OPTION PLAN
(REFLECTS AMENDMENTS THROUGH DECEMBER 8, 1999)

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" ("NSO") granted to each Eligible Director pursuant to Section 6.6 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 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 6.6, 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 5,500,000 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 6.6.

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) NSOs. 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. NSOs 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 on the third anniversary 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 who is not a member of a Board committee 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. An Eligible Director who is a member of one or more Board committees, shall receive a grant of 5,500 shares. An Eligible Director who chairs one or more Board committees shall receive a grant of 6,500 shares. 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 (a) 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, or (b) if the Eligible Director ceases to be a member of the Board due to a Director Retirement, any Director Options granted to such Director which are then outstanding (whether or not exercisable prior to the date of such Director Retirement), may be exercised at any time prior to the expiration of the term of the Director Options or within five(5) years following the Director Retirement, whichever period is shorter. For the purposes of this Section 6.6, "Director Retirement" means the retirement of an Eligible Director from service on the Board after having served at least 10 years as a member of the Board and attained the age of 55, unless the Board specifies a shorter period of required service. An Eligible Director may exercise a Director Option in the manner described in Section 6.3.

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, or on such accelerated basis as the Committee may have determined in its discretion, shall remain exercisable until the earlier to occur of (i) the expiration of the term of such Options or (ii) the ninetieth day following the Participant's termination of employment, whichever period is shorter.

7.5 Limitations on Exercisability Following Termination of Employment. No Options shall be exercisable after termination of employment unless the Participant shall have, during the time period in which the Options are exercisable, (a) refrained from serving as an officer, director or employee of any individual, partnership or corporation, or the owner of a business, or a member of a partnership which conducts business in competition with the Company or renders any service (including, without limitation, advertising agencies and business consultants) to competitors with any portion of the business of the Company, (b) been available, if so requested by the Company, at reasonable times and upon a reasonable basis, to consult with, supply information to, and otherwise cooperate with, the Company, and (c) refrained from engaging in a deliberate action which has been determined by the Committee to cause substantial harm to the interests of the Company. If any of these conditions is not fulfilled, the Committee may require the Participant to forfeit all rights to any Options which have not been exercised prior to the date of the breach of the condition.

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 Participant shall be permitted, in his discretion, to surrender any Option (excluding any Director Option) or portion thereof in exchange for a payment in cash of an amount equal to the excess of the Change in Control Price over the exercise price of the Option. Such right to surrender an Option in exchange for a payment in cash shall remain in effect only during the fifteen-day period commencing with the day following the date of a Change in Control. Thereafter, the Option shall only be exercisable in accordance with the terms and conditions of the Stock Option Agreement and the provisions of the Plan.

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 Assignability. With the permission of the Committee, a Participant or a specified group of Participants who has or have been granted a NSO under the Plan, may transfer such Option to a revocable inter vivos trust as to which the Participant is the settlor or may transfer such an Option to a "Permissible Transferee." A Permissible Transferee shall be defined as any member of the immediate family of the Participant, any trust, whether revocable or irrevocable, solely for the benefit of members of the Participant's immediate family, or any partnership or limited liability company whose only partners or members are members of the Participant's immediate family. Any such transferee of a NSO shall remain subject to all of the terms and conditions applicable to such NSO and subject to the rules and regulations prescribed by the Committee. A NSO may not be retransferred by a Permissible Transferee except by will or the laws of descent and distribution and then only to another Permissible Transferee. Other than as described above, an Award granted under the Plan may not be transferred except by will or the laws of descent and distribution and, during the lifetime of the Participant to whom granted, may be exercised only by him, his guardian or legal representative.

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 International Employees. It is the Company's desire to provide the same motivation to materially increase shareholder value and to enable the Company to attract and retain the services of outstanding managers in the international locations where the Company maintains facilities and employs people. To this end, the Company will adopt incentives in its foreign locations that provide as closely as possible the same motivational effect as Options provide to domestic Participants. The Committee may grant Awards to employees who are subject to the tax laws of nations other than the United States, which Awards may have terms and conditions that differ from other Awards granted under the Plan for the purposes of complying with foreign tax laws.

10.8 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.

10.9 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.

10.10 Governing Law. The Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Ohio.

10.11 No Impact On Benefits. Plan Awards are not compensation for purposes of calculating an Employee's rights under any employee benefit plan.

Exhibit 10(l)

Specimen form of Stock Option Agreement for
Non-Qualified Stock Options

STOCK OPTION AGREEMENT JOHN Q. PARTICIPANT
(Non-Qualified Stock Option)

THIS AGREEMENT is made to be effective as of April 5, 1999, by and between The Scotts Company, an Ohio corporation (the "Company"), and JOHN Q. PARTICIPANT (the "Optionee").

W I T N E S S E T H:

WHEREAS, the Board of Directors of the Company adopted The Scotts Company 1996 Stock Option Plan (the "1996 Plan") on February 12, 1996; and

WHEREAS, the shareholders of the Company approved the 1996 Plan at the Annual Meeting of Shareholders of the Company held on April 9, 1996; and

WHEREAS, the shareholders of the Company amended the 1996 Plan at the Annual Meeting of Shareholders of the Company held on March 12, 1997 to increase the number of shares authorized thereunder to 3,000,000; and

WHEREAS, the shareholders of the Company amended the 1996 Plan at the Annual Meeting of Shareholders on February 23, 1999 to increase the number of shares of stock authorized thereunder to 5,500,000; and

WHEREAS, the 1996 Plan, as amended, is hereinafter sometimes referred to as the "Plan"; and

WHEREAS, pursuant to the provisions of the Plan, the Board of Directors of the Company has appointed a Compensation and Organization Committee (the "Committee") to administer the Plan and the Committee has determined that an option to acquire common shares, without par value (the "Common Shares"), of the Company should be granted to the Optionee under the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the premises, the parties hereto make the following agreements, intending to be legally bound thereby:

1. Grant of Option. The Company hereby grants to the Optionee an option (the "Option") to purchase 2,000 Common Shares of the Company. The Option shall be granted under the Plan. The Option is not intended to qualify as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Terms and Conditions of the Option.

(A) Option Price. The purchase price (the "Option Price") to be paid by the Optionee to the Company upon the exercise of the Option shall be $38.50 per share (being 100% of the Fair Market Value (as that term is defined in the Plan) for the Common Shares of the Company on the date of grant of the Option), subject to adjustment as provided in Section 3.

(B) Exercise of the Option. The Option may be exercised on or after APRIL 5, 2002 with respect to 100% of the Common Shares subject to the Option.

Subject to the other provisions of this Agreement and to the provisions of the Plan, if the Option becomes exercisable as to certain Common Shares, it shall remain exercisable as to those Common Shares until the date of expiration of the term of the Option. The Committee may, but shall not be required to (unless otherwise provided in this Agreement or in the Plan), accelerate the schedule of the time or times when the Option may be exercised.

The grant of the Option shall not confer upon the Optionee any right to continue in the employment of the Company nor limit in any way the right of the Company to terminate the employment of the Optionee at any time in accordance with law and the Company's governing corporate documents.

(C) Option Term. The Option shall in no event be exercisable after the expiration of ten years from the above effective date.

(D) Method of Exercise. To the extent that any portion of this Option is exercisable, that portion of such Option may be exercised in whole or in part by delivering to Merrill Lynch a written notice of exercise, signed by the Optionee or, in the event of the death of the Optionee, by such other person as is entitled to exercise the Option. The notice of exercise shall state the number of full Common Shares in respect of which the Option is being exercised. Payment for all such Common Shares shall be made to the Company at the time the Option is exercised. The Option Price may be paid in cash (including check, bank draft or money order) in U.S. dollars, or with the consent of the Committee, by the transfer by the Optionee to the Company of free and clear Common Shares already owned by the Optionee having a Fair Market Value (as that term is defined in the Plan) on the exercise date equal to the Option Price, or by a combination of cash and Common Shares already owned by the Optionee equal in the aggregate to the Option Price for the Common Shares being purchased. After payment in full for the Common Shares to be purchased upon exercise of the Option has been made, the Company shall take all such action as is necessary to deliver appropriate share certificates evidencing the Common Shares purchased upon the exercise of the Option to the Optionee as promptly thereafter as is reasonably practicable.

(E) Satisfaction of Taxes and Tax Withholding Requirements. The Company has the right to withhold, or to require the Optionee to remit to the Company, an amount sufficient to satisfy any applicable federal, state or local withholding tax requirements. The Committee may permit the Optionee to elect (i) to have Common Shares otherwise issuable under the Plan withheld by

the Company or (ii) to deliver to the Company free and clear Common Shares already owned by the Optionee having a Fair Market Value (as that term is defined in the Plan) on the exercise date sufficient to pay all or part of the Optionee's estimated total federal, state and local tax obligations.

3. Adjustments and Changes in the Common Shares. In the event of any share dividend or share 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, appropriate adjustments shall be made by the Committee in the number of Common Shares and Option Price applicable to the Option to reflect such change.

4. Change in Control Provisions. In the event of a Change in Control (as defined in the Plan), the Option shall be canceled in exchange for the payment to the Optionee of cash in an amount equal to the excess of the highest price paid (or offered) for Common Shares of the Company during the preceding 30 day trading period over the exercise price for such Option. Notwithstanding the foregoing, if the Committee determines that the Optionee will receive a new award (or have the Option honored) in a manner which preserves its value and eliminates the risk that the value of the Option will be forfeited due to involuntary termination, no cash payment will be made as a result of a Change in Control. If any cash payment with respect to the Option would result in the Optionee's incurring potential liability under Section 16(b) of the Securities Exchange Act of 1934, the cash payment will not occur unless and until such cash payment can be made without subjecting the individual to such potential liability.

5. Nontransferability of the Option. With the permission of the Committee, the Optionee or a specified group of Optionees, may transfer the Option to a revocable inter vivos trust as to which the Optionee is the settlor or to a Permissible Transferee (as that term is defined in the Plan). Any transferee of the Option shall remain subject to all of the terms and conditions applicable to the Option. The Option may not be retransferred by a Permissible Transferee except by will or by the laws of descent and distribution and then only to another Permissible Transferee. The Option may not otherwise be transferred except by will or by the laws of descent and distribution and during the lifetime of the Optionee, may be exercised only by the Optionee, his guardian or legal representative.

6. Exercise After Termination of Employment.

(A) In the event of the termination of the Optionee's employment by reason of retirement, Disability (as that term is defined in the Plan), or death, the Option may thereafter be exercised in full for a period of five years, subject to the stated term of the Option.

(B) In the event of Optionee's termination of employment for Cause (as that term is defined in the Plan), the Option shall be forfeited.

(C) In the event of the Optionee's termination of employment for any reason other than retirement, Disability, death, or for Cause, the Option shall be exercisable, to the extent exercisable at the date of termination of employment, for a period of 90 days, subject to the stated term of the Option.

7. Limitations on Exercisablility Following Termination of Employment. After termination of the Optionee's employment, the Option shall not be exercisable unless the Optionee has, during the period of exercisablity of the Option, (a) refrained from serving as an officer, director or employee of any individual, partnership or corporation, or the owner of a business, or a member of a partnership, which conducts business in competition with the Company or renders any service (including, without limitation, advertising agencies and business consultants) to competitors with any portion of the Company's business, (b) been available, if so requested by the Company, at reasonable times and upon a reasonable basis, to consult with, supply information to, or otherwise cooperate with, the Company and (c) refrained from engaging in a deliberate action which the Committee shall determine has caused substantial harm to the interests of the Company. If any of the foregoing conditions is not satisfied, the Committee may require the Optionee to forfeit the Option to the extent not exercised prior to the breach of the condition.

8. Restrictions on Transfer of Common Shares. Anything contained in this Agreement or elsewhere to the contrary notwithstanding:

(A) The Option shall not be exercisable for the purchase of any Common Shares subject thereto except for:

(i) Common Shares subject thereto which at the time of such exercise and purchase are registered under the Securities Act of 1933, as amended (the "1933 Act");

(ii) Common Shares subject thereto which at the time of such exercise and purchase are exempt or are the subject matter of an exempt transaction or are registered by description, by coordination or by qualification, or at such time are the subject matter of a transaction which has been registered by description, all in accordance with Chapter 1707 of the Ohio Revised Code, as amended; and

(iii) Common Shares subject thereto in respect of which the laws of any state applicable to such exercise and purchase have been satisfied.

(B) If any Common Shares subject to the Option are sold or issued upon the exercise thereof to a person who (at the time of such exercise or thereafter) is an affiliate of the Company for purposes of Rule 144 promulgated under the 1933 Act, then upon such sale and issuance:

(i) Such Common Shares shall not be transferable by the holder thereof, and neither the Company nor its transfer agent or registrar, if any, shall be required to register or otherwise to give effect to any transfer thereof and may prevent any such transfer, unless the Company shall have received an opinion from its counsel to the effect that any such transfer would not violate the 1933 Act; and

(ii) The Company may cause each share certificate evidencing such Common Shares to bear a legend reflecting the applicable restrictions on the transfer thereof.

(C) Any share certificate evidencing Common Shares issued pursuant to the exercise of an Option may bear such legends and statements as the Company shall deem advisable to ensure compliance with applicable federal and state laws and regulations.

(D) Nothing contained in this Agreement or elsewhere shall be construed to require the Company to take any action whatsoever to make the Option exercisable or to make transferable any Common Shares purchased and issued upon the exercise of the Option.

9. Rights of the Optionee as a Shareholder. The Optionee shall have no rights or privileges as a shareholder of the Company with respect to any Common Shares of the Company covered by the Option until the date of issuance and delivery of a certificate to the Optionee evidencing such Common Shares.

10. Plan as Controlling. All terms and conditions of the Plan applicable to the Option which are not set forth in this Agreement shall be deemed incorporated herein by reference. In the event that any term or condition of this Agreement is inconsistent with the terms and conditions of the Plan, the Plan shall be deemed controlling.

11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio.

12. Rights and Remedies Cumulative. All rights and remedies of the Company and of the Optionee enumerated in this Agreement shall be cumulative and, except as expressly provided otherwise in this Agreement, none shall exclude any other rights or remedies allowed by law or in equity, and each of said rights or remedies may be exercised and enforced concurrently.

13. Captions. The captions contained in this Agreement are included only for convenience or reference and do not define, limit, explain or modify this Agreement or its interpretation, construction or meaning and are in no way to be construed as a part of this Agreement.

14. Severability. If any provision of this Agreement or the application of any provision hereof to any person or any circumstance shall be determined to be invalid or unenforceable, then such determination shall not affect any other provision of this Agreement or the application of such provision to any other person or circumstance, all of which other provisions shall remain in full force and effect, and it is the intention of each party to this Agreement that if any provision of this Agreement is susceptible of two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall have the meaning which renders it enforceable.

15. Number and Gender. When used in this Agreement, the number and gender of each pronoun shall be construed to be such number and gender as the context, circumstances or its antecedent may require.

16. Entire Agreement. This Agreement constitutes the entire Agreement between the Company and the Optionee in respect of the subject matter of this Agreement, and this Agreement supersedes all prior and contemporaneous agreements between the parties hereto in connection with the subject matter of this Agreement. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding upon any party hereto unless contained in a writing signed by the affected party.

17. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns (including successive, as well as immediate, successors and assigns) of the Company.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed, effective as of the date first written above.

COMPANY:

The Scotts Company,
an Ohio corporation

By:

G. Robert Lucas
Executive Vice President, General Counsel

OPTIONEE: John Q. Participant

Signature of Optionee
123-45-6789

Exhibit 10(p)

Letter Agreement, dated March 16, 1999, between the Registrant and Hadia Lefavre

Hadia LeFavre
2105 Pine Street
Philadelphia, PA 19103

Dear Hadia:

I am very pleased to confirm our offer of employment to you as Senior Vice President, Human Resources of The Scotts Company reporting to me.

BASE SALARY AND EXECUTIVE INCENTIVE PLAN

Your initial annual base is $250,000 with a target bonus under the Executive Plan of 45% of salary. Since our fiscal year is October through September, your fiscal 1999 bonus will be prorated based on the number of months you are employed during the fiscal year. Your fiscal 1999 bonus will be guaranteed at a minimum of $75,000. Your salary will be increased by 6% to $265,000 on October 1, 1999.

As discussed, after eighteen (18) months of employment, October 1, 2000, we will review the possibility of changing your title to Executive Vice President.

STOCK OPTIONS

As a key member of the Executive Team, your initial grant of stock options is 60,000 which will be priced at the closing "asked" price on the day you officially join the company. These stock options will vest 1/3 upon joining the company, 1/3 after your first year and 1/3 after two years of employment. You will receive a separate option agreement. In addition, you will receive a minimum of 20,000 options at the time of the annual grant process which is anticipated for the last quarter in the calendar year in both 1999 and 2000.

SIGN ON BONUS/RELOCATION

You will receive a sign on bonus of $125,000, which will be paid during your first week of employment. The sign on bonus is based on your decision not to sell your home in Philadelphia. If you purchase a home in Columbus, we will pay normal closing costs and temporary living expenses according to policy.

CAR ALLOWANCE

Scotts provides Senior Vice Presidents with a car allowance of $10,000 per year. In accordance with IRS regulations, the value of this car allowance will be reflected in your W-2. It is our understanding that you may deduct that part of this value which is for business purpose.

PERSONAL FINANCIAL PLANNING

Personal financial planning services are provided through the AYCO Corporation. The value of the confidential service is added to your W-2. Some or all of this value may be deducted.

SEPARATION AGREEMENT

If your employment is terminated by the Company without Cause, or as a result of your death or Disability, or as a result of a Change of Control, the Company shall pay you (I) your full base salary at the annual base rate in effect immediately prior to the Date of Termination for a period of twenty-four (24) months after the Date of Termination and (ii) incentive compensation for a period of twenty-four (24) months after the Date of Termination equal to the greater of your target percentage in effect at the Date of Termination or the amount of your last actual bonus. If your employment is terminated during the Company's 1999 fiscal year for any reason which would entitle you to receive the payments provided for in the immediately preceding sentence, the amount of incentive compensation which you shall be deemed to have earned for the purpose of calculating the payments owed to you upon termination shall be the sum of $56,250.

STARTING DATE

This letter assumes you will take up your new duties March 22, 1999.

BENEFITS PROGRAM

You will be eligible for coverage under The Scotts Company Comprehensive Benefit Program which will be available the first day of the month following your date of employment. This coverage includes participation in our medical and dental coverage, life insurance including dependent coverage, The Scotts Company Retirement Savings Plan, Executive Retirement Plan, flexible spending account program (medical and dependent), tuition reimbursement program, vacation, stock purchase program and short term and long term disability benefits will be available once the required waiting periods are met.

This offer is contingent upon a satisfactory completion of a drug screen required by all Scotts associates.

* * *

Hadia, I take great pleasure in extending you this offer on behalf of The Scotts Company. Your addition to the company will solidify our team effort to drive the business forward. As a key player in our executive team, all of us at Scotts will extend our resources in support of your effort. We truly look forward to you joining the Scotts family.

Sincerely,

/s/ Charles M. Berger
Charles M. Berger
Chairman, CEO and President

ACCEPTED:

/s/ Hadia LeFavre	March 17, 1999
Hadia LeFavre	Date

Exhibit 10(q)

Letter Agreement, dated July 21, 1999, between the Registrant and David D. Harrison

Charles M. Berger
Chairman, President and
Chief Executive Officer

July 21, 1999

David D. Harrison
17424 Harbor Light Boulevard
Cornelius, North Carolina 28031

Dear David:

I am very pleased to confirm our offer of employment to you as Executive Vice President and Chief Financial Officer of The Scotts Company reporting to me.

BASE SALARY AND EXECUTIVE INCENTIVE PLAN

Your initial annual base is $315,000 with a target bonus under the Executive Plan of 50% of salary. Since our fiscal year is October through September, if you join us by Monday, August 16 you will be guaranteed at least $50,000 as your 1999 bonus, which will be calculated on a pro rata basis. If you join us by September 1, you will be guaranteed at least $25,000 on the same basis.

STOCK OPTIONS

As a key member of the Executive Team, your initial grant of stock options is 100,000 which will be priced at the closing "asked" price on the day you officially join the company. These stock options will cliff vest in 3 years.

SIGN ON BONUS/RELOCATION

You will receive a sign on bonus of $50,000, which will be paid during your first week of employment. If you purchase a home in Columbus, we will pay the normal costs of relocation according to the relocation policy of the company.

PERSONAL FINANCIAL PLANNING

Personal financial planning services are provided through the AYCO Corporation. The value of the confidential service is added to your W-2. Some or all of this value may be deducted.

SEPARATION AGREEMENT

If your employment is terminated by the Company without Cause, or as a result of your death or Disability, or as a result of a Change of Control, the Company shall pay you (i) your full base salary at the annual base rate in effect immediately prior to the Date of Termination for a period of twenty-four (24) months after the Date of Termination and (ii) incentive compensation for a period of twenty-four (24) months after the Date of Termination equal to the greater of your target percentage in effect at the Date of Termination or the amount of your last actual bonus.

STARTING DATE

This letter assumes you will take up your new duties as soon as possible, and no later than, September, 1999.

BENEFITS PROGRAM

You will be eligible for coverage under The Scotts Company Comprehensive Benefit Program, which will be available the first day of the month following your date of employment. This coverage includes participation in our medical and dental coverage, life insurance including dependent coverage, The Scotts Company Retirement Savings Plan, Executive Retirement Plan which includes a supplemental retirement program (SURP), flexible spending account program (medical and dependent), tuition reimbursement program, vacation, stock purchase program and short term and long term disability benefits will be available once the required waiting periods are met. Additional details on the SURP are being compiled and will be forwarded to you shortly.

This offer is contingent upon a satisfactory completion of a drug screen required by all Scotts associates.

* * *

David, I take great pleasure in extending you this offer on behalf of The Scotts Company. Your addition to the company will solidify our team effort to drive the business forward. As a key player in our executive team, all of us at Scotts will extend our resources in support of your effort. We truly look forward to you joining the Scotts family.

Sincerely,

/s/ Charles M. Berger
Chairman, President and CEO

ACCEPTED:

/s/ David D. Harrison — 7/26/99
David D. Harrison — Date

Charles M. Berger
Chairman, President and
Chief Executive Officer

July 21, 1999

David D. Harrison
17424 Harbor Light Boulevard
Cornelius, North Carolina 28031

Dear David:

This is to inform you that the company will provide you with a car allowance of $12,000 per year. In accordance with IRS regulations, the value of this car allowance will be reflected in your W-2. It is our understanding that you may deduct that part of this value, which is for business purpose.

We have also agreed to pay up to $5,000 annually toward a club membership of your choice, upon submission of related club expenses.

Sincerely,

Charles M. Berger
Chairman, President and CEO

ACCEPTED:

/s/ David D. Harrison
- - ----------
David D. Harrison Date: 7/26/99

Exhibit 10(r)

Contract of Employment dated February 28, 1986, between Rhodic (assumed by Scotts France SAS) and Christian Ringuet

MR. CHRISTIAN RINGUET

CONTRACT OF EMPLOYMENT

FEBRUARY 1986

RHODIC,
42, chemin du Moulin-Carron
69130 ECULLY

28th February 1986

Mr. Christian RINGUET,
"Le Verger",
TILCHATEL,
21110 IS S/ TILLE.

Dear Sir,

We would like to confirm your employment with RHODIC, 42, chemin du Moulin-Carron, 69130

ECULLY

o with effect from: the 10th of March 1986

o subject to the conventional three month trial period

o in the position of: Marketing Director in the KB JARDIN Department

This contract is subject to the general terms of the "Engineers & Executives" Codicil of the Convention Collective Nationale des Industries Chimiques ((National Collective Labor Agreement for Chemical Industries), and to the specific terms hereinafter:

1. This contract of employment is concluded for an indefinite period of time. However, should you still be in our employment when you reach the normal retirement age applied in our company at that time, your career shall then come to an end.

2. Your position in our company is subject to the terms hereinafter. These terms shall continue to apply whatever changes may subsequently occur concerning your departmental assignment:

   a. You are sworn to professional secrecy not only during the continuance of your employment with our Company but also, should the case arise, following termination thereof, whatever the reason for termination may be.

      You also undertake not to work, even temporarily or in an advisory capacity, for any company in competition with our Company throughout the duration of your duties.

   b. The department to which you are assigned may subsequently be altered, should the interests of the Group so require.

- o You shall be attached to Group V, ENGINEERS & EXECUTIVES.
- o Your coefficient is 550.
- o Your professional branch is the Commercial Personnel branch.

3. Your monthly salary is set at of FRF 27,693 (twenty seven thousand six hundred and ninety-three French Francs), whatever the number of hours worked.

   Moreover, you shall receive an annual bonus corresponding to one month's salary (the "thirteenth month") , half of which shall be paid in June and the other half in December.

4. In addition, you shall enjoy the fringe benefits which are customary in our Company.

5. You shall be automatically affiliated to our insurance schemes: "Death - Disability" and "Retirement".

   You undertake to accept the deduction of the corresponding contributions from your salary each month.

   You are entitled, if you so wish, to join the RHONE-POULENC AGROCHIMIE mutual insurance company as well as the CAISSE CHIRURGICALE MUTUALISTE DE L'ISERE (CCMI). Contributions to the RP AGROCHIMIE mutual insurance company shall be automatically deducted, however, should you not wish to join this scheme, such contributions shall be reimbursed at your request.

   For our records, please return the enclosed copy of this contract bearing:

   - o the hand-written note "Read and Approved", and
   - o the date and your signature.

Yours faithfully,

G. IVOL
Human Resources Director

/s/ G. Ivol
- - ---------------------------

F. LORAS
Managing director RHODIC

/s/ F. Loras

Exhibit 10(s)

Employment Agreement dated August 1, 1995, between
Scotts Europe B.V. and Laurens J.M. de Kort

EMPLOYMENT AGREEMENT FOR MANAGING DIRECTOR

The undersigned:

The company with limited liability SCOTTS EUROPE B.V., whose registered corporate office is located at Heerlen, The Netherlands, with respect to this matter lawfully represented by Robert A. Stern Vice President, Human Resources, having been given power of attorney by Scotts Sierra Horticultural Products Company (Marysville, Ohio, USA), as its sole shareholder, hereinafter referred to as "The Company"

and

LOUIS DE KORT, residing at Westeinde 56, 5141 AD Waalwyk, The Netherlands, hereinafter referred to as "De Kort",

WHEREAS:

Effective 7th of September 1982. De Kort entered the employment of The Company and effective July 1, 1994 he has been appointed as managing director (statutair directeur) under the articles of associates of The Company. The parties hereto wish to lay down the employment agreement between De Kort and The Company in this written agreement.

HAVE AGREED AS FOLLOWS:

1. Function and term

1.1. The Company hereby appoints De Kort and De Kort hereby accepts the appointment and agrees to serve as managing director under the articles of association of Scotts Europe B.V. with effect from July 1, 1994. De Kort is entitled to use the title "Vice President Europe, Middle East, Africa."

1.2. De Kort shall perform the duties and exercise the powers and functions which from time to time may be assigned to him by The Company. The tasks of De Kort shall, in particular, include but not be limited to the management of the daily affairs of The Company and its subsidiaries. In particular, De Kort shall have all powers to that effect, it being understood that De Kort may need the prior approval of the Supervisory Board of The Company for the decisions and for transactions pursuant to article 10 of the articles of association of The Company.

1.3. During his employment De Kort shall not, without written permission of (the Supervisory Board of) The Company, have - whether with or without remuneration - any jobs or positions, outside the group of companies of which The Company forms a part

1.4. The employment is entered into for an indefinite term, but shall end in any event on the last day of the month in which De Kort shall reach the age of 65. The employment may be terminated by either party subject to observance of a notice period of 6 months.

2. Salary

2.1. By way of remuneration for his services under this employment contract The Company will pay De Kort a base salary, payable in 12 equal monthly installments of NLG 220,000 per year. The salary shall be subject to the usual deductions for tax and social security contributions normally withheld by employers in The Netherlands and the net amount is paid by way of transfer into a bank account to be appointed by De Kort.

2.2. Yearly, the base-salary shall be reviewed for consideration for increase. The consumer price-index as published by the Central Bureau of Statistics will be considered in the augmentation of salary.

2.3. Holiday Pay - The salary referred to under subclause I of this article shall be deemed to be inclusive of statutory holiday pay ("vakantiegeld").

3. Performance Bonus/Incentive

3.1. De Kort is eligible for a performance bonus of 30% of his base salary should The Company achieve its objective and should De Kort successfully meet his individual goals. A copy of the incentive plan is attached to this Agreement.

4. Pension

4.1. De Kort will continue to participate in the collective pension scheme of The Company and The Company will continue to pay the premium as Agreed upon and is entitled to withhold a premium in the amount of 5% of the basis on which the pension is calculated from De Kort through monthly installments.

5. Expenses and Car

5.1. The Company shall reimburse De Kort such reasonable traveling, hotel and other out of pocket expenses as shall from time to time be properly incurred by him in the course of the employment upon production by De Kort of all supporting vouchers and receipts.

5.2. To assist De Kort in performing his duties hereunder, The Company shall provide him with a motor car in accordance with the current company vehicle policy. All operating expenses of the car will be borne by The Company.

6. Insurances

6.1. The Company shall make a contribution of a maximum of 50% of the premium related to a private medical insurance policy maintained by De Kort.

6.2. The Company has covered the risk of incapacity by an insurance covering 100% of the difference between the lost salary on one side and the maximum daily allowance as per the Law on Incapacity on the other side. The premium of this insurance will be for 40% for the account of The Company and for 60% for De Kort's account.

6.3. In case of incapacity of De Kort The Company will pay a supplementary allowance up to the level of the base salary under article 2.1, with a maximum length of one year. In the event the above incapacity shall be or appear to be caused by actionable negligence of one or more third parties in respect of which damages are or may be recoverable, De Kort shall not be entitled to any salary payments during his incapacity. Instead, De Kort shall receive advance payments up to the level as outlined in the first paragraph of this article and De Kort shall immediately assign his claim against such third party to The Company.

6.4. The Company will continue the payment for the life insurance/accident insurance taken out on behalf of De Kort.

6.5. The Company will pay the insurance allowance (A.O.V.) above the value of the incapacity as per Dutch law, as stated in the insurance policy from Scotts Europe B.V.

This is according to the general labor condition of Scotts Europe B.V.

6.6. Scotts Europe will pay an additional premium not to exceed NLG 25,000 net premium cost/year as adjusted in subsequent years for the official inflation rate as published by the Dutch government to provide for pension and other insurance coverage in excess of these coverages on base salary. In no case will coverage be provided in excess of target (base salary and annual bonus) income amounts.

7. Vacation

7.1. In addition to the usual Dutch public holidays and normal days of closure of The Company De Kort shall be entitled in each calendar year to 30 working days holiday at full salary to be taken at such reasonable time or times as may be agreed with (the Supervisory Board of) The Company.

8. Secrecy

8.1. During his employment as well as after termination thereof De Kort shall maintain strict secrecy concerning everything that has come to his knowledge in his capacity of managing director of The Company and the companies and/or business associated with it. The duty of secrecy includes all information obtained by De Kort in his capacity of managing director of The Company from customers or other relations of The Company and the companies and/or businesses associated with The Company.

9. Termination

9.1. For the purpose of calculating termination compensation, Target Income includes and is limited to the base salary in effect at the time of notification of termination and the annual performance bonus percentage of that base salary.

9.2. In case of termination of the employment before De Kort will have reached pensionable age by or at the request of The company, which is not entirely or mainly caused by acts or omissions of De Kort, as for example in the case of dissolution of The Company, merger, take over or reorganization resulting in a substantive impact on the actual responsibility, authority and/or scope of the work of De Kort, at the discretion of The Company, the Company shall pay compensation to De Kort. This compensation is equal to 2.5 times the Target Income in effect at the time that De Kort is notified of his termination.

9.3. In the event that the employment of De Kort is terminated by him or at his own request based on a substantive impact on the actual responsibility, authority and/or scope of the work of De Kort as a result of merger, take over or reorganization of The Company, The Company will pay De Kort a compensation of one year's Target Income.

9.4. Upon termination of the employment for whatever reason De Kort shall deliver to The Company all books, documents, papers, material and other property related to the business of The Company which may then be in his possession or under his control and shall not at any time represent himself in any way connected with the business of The Company and shall not at any time either on his own account or for any other person, firm or company endeavour to entice away from The Company or its subsidiaries any employee of The Company or its subsidiaries.

10. Miscellaneous

10.1. The various provisions of this contract are severable and if any court of competent jurisdiction hereof shall hold any provision invalid or unenforceable then such invalidity or unenforceability shall not affect the remaining provisions of this contract.

10.2. This contract shall be governed by the laws of The Netherlands and the parties hereto submit themselves to the exclusive jurisdiction of the Dutch courts.

10.3. Signed in duplicate at De Meern the 1st day of August 1995.

The Company	The Employee
/s/ Robert A. Stern	/s/ Louis De Kort
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1995 SCOTTS EUROPE INCENTIVE FOR SENIOR MANAGEMENT

Base Period - October 1, 1994 to September 30, 1995

Incentive Payment (%)
30% of base salary, of which:
80% of incentive based on Scotts Europe performance
20% of incentive based on The Scotts Company performance

100% of Payment - based on 108% of 1994 EBIT* for Scotts Europe B.V.

Target** (100% = '94 EBIT + 8%)	% Incentive Payment
0	0
79	0
80	60
90	80
100	100
110	120
120	140
125	150
126	151
130	155
140	165

Will include currency translation gains/losses within the Scotts Europe organization, but not related to U.S. Guilder translation.

EBIT will be stated in Dutch guilders and will not include unusual charges or gains that are based on the following items, but not limited to:

o Unexpected/unforecasted cross charges from The Scotts Company

o Expenses/investments required by The Scotts Company which were unplanned.

*Will include currency translations gains/losses within the Scotts Europe organization but not related to US-Guilder translation.

**Target which falls between the ranges above will be determined by interpolation.

Exhibit 10(t)

Service Agreement dated September 9, 1998, between Levington Horticulture Limited (nka The Scotts Company (UK) Ltd.)and Nicholas Kirkbride

SERVICE AGREEMENT

DATE 9 September 1998

PARTIES

1. LEVINGTON HORTICULTURE LIMITED whose registered office is at Salisbury House, Weyside Park, Catteshall Lane, Godalming, Surrey SU7 IXE ("the Company"); and

2. NICHOLAS KIRKBRIDE of Kelbrook House, 44 Whielden Street, Amersham,

Bucks HP7 OHU ("the Executive")

1 COMMENCEMENT AND TERM

1.1 The Executive's employment pursuant to this Agreement shall begin on 2 November 1998 or such later date as may reasonably be agreed between the parties (the "Commencement Date"). The Executive's period of continuous employment for statutory purposes shall be the Commencement Date.

1.2 The employment of the Executive shall continue following the Commencement Date (subject to the provisions of Clause 14) unless and until terminated by either party giving to the other not less than twelve months' notice in writing such notice to be given at any time.

1.3 The Company may at its absolute discretion elect to terminate the employment of the Executive with immediate effect by paying to the Executive 12 months' salary (including benefits) in lieu of notice. The Executive is required to mitigate his loss where he is dismissed and any payment in lieu of notice may be reduced to take account of mitigation and to take account of the payment or of any part of the payment being made earlier than the date of payment of the salary or benefits to which he would otherwise be entitled under this Agreement.

2 OBLIGATIONS DURING EMPLOYMENT

2.1 The Executive shall during the continuance of his employment:-

2.1.1 serve the Company to the best of his ability in the capacity of Managing Director of the UK consumer business or in such other capacity (of similar status and responsibility) as the Board may from time to time determine:

2.1.2 work towards the integration of the Company's UK consumer business namely the Levington and Miracle subsidiaries of Scotts' UK business;

2.1.3 to act as Managing Director. of the Company and the Group's UK consumer business once integration has been completed;

2.1.4 faithfully and diligently perform such duties and exercise such powers consistent with them as the Board (or anyone authorized by the Board) may from time to time properly assign to or confer upon him;

2.1.5 if and so long as the Board so directs perform and exercise the said duties and powers on behalf of any Associated Company and act as a director or other officer of any Associated Company;

2.1.6 do all in his power to protect promote develop and extend the business interests and reputation of the Group;

2.1.7 at all times and in all respects conform to and comply with the lawful and reasonable directions of the Board;

2.1.8 promptly give to the Board (in writing if so requested) all such information explanations and assistance as it may require in connection with the business and affairs of the Company and any Associated Company for which he is required to perform duties; 2.1.9 unless prevented by sickness injury or other incapacity or as otherwise agreed by the Board devote the whole of his time attention and abilities during his hours of

work (which shall be normal business hours and such additional hours as may be necessary for the proper performance of his duties) to the business and affairs of the Company and any Associated Company for which he is required to perform duties; and

2.1.10 work at the Company's offices at Salisbury House, Weyside Park, Catteshall Lane, Godalming, Surrey or at such other place of business of the Company or any Associated Company within the United Kingdom which the Board may reasonably require for the proper performance and exercise of his duties and powers and the Executive may be required to travel on the business of the Company and any Associated Company for which he is required to perform duties.

3 FURTHER OBLIGATIONS OF THE EXECUTIVE

3.1 During the continuance of his employment the Executive shall not without the prior written consent of the Board (such Consent not to be unreasonably withheld or delayed) directly or indirectly carry on or be engaged concerned or interested in any other business trade or be interested as a holder or beneficial owner solely for investment purposes of more than 5 per cent in aggregate of any class of shares debentures or other securities in issue from time to time of any company which are for the time being quoted or dealt in on any recognised investment exchange (as defined by Section 207(1) of the Financial Services Act 1986).

3.2 The Executive may, during the continuance of his employment and with the prior written consent of the Company, hold non-executive directorships in companies provided:

3.2.1 such companies do not directly or indirectly carry on any business which competes or may compete with any business of a kind carried on by the Company or any Associated Company including in particular (but without limitation) the business of the production, development and sale of garden and professional horticultural products: and

3.2.2 such appointments do not or may not in the opinion of the Board prejudice the performance by the Executive of his duties pursuant to this Agreement. Any loss

of Company time incurred as a result of the non-executive directorships referred to above will be made up in full by the Executive.

3.3 During the continuance of his employment the Executive:

3.3.1 shall not directly or indirectly procure accept or obtain for his own benefit (or for the benefit of any other person) any payment material rebate discount commission vouchers gift entertainment or other benefit ("Gratuities") from any third party in respect of any business transacted or proposed to be transacted (whether or not by him) by or on behalf of the Company or any Associated Company; and

3.3.2 shall observe the terms of any policy issued by the Company in relation to Gratuities; and

3.3.3 shall immediately disclose and account to the Company for any Gratuities received by him (or by any other person on his behalf or at his instruction).

4 REMUNERATION

4.1 The Company shall pay to the Executive during the continuance of his employment a salary (which shall accrue from day to day) at the rate of (pound)138,000 per year inclusive of any directors' fees payable to the Executive under the Articles of Association of the Company or any Associated Company (and any such fees as the Executive shall receive he shall pay to the Company). The salary shall be payable by equal monthly installments in arrears on or about the 30th day of each calendar month. The salary shall be reviewed in each year of the Executive's employment based on the Executive's performance and the performance of the Company during the relevant period. Salary reviews shall be conducted annually in accordance with the Company's pay review policy from time to time in force and any increase shall have effect from the anniversary of the Commencement Date.

4.2 The Executive shall be granted options to acquire 25,000 common shares in the capital of The Scotts Company ("Shares') on and subject to the Rules of The Scotts Company 1996 Stock Option Plan (as amended from time to time) (the "Plan"). Such options shall be granted to the Executive at the first meeting of the

Committee (as defined in the Plan) to be held following the Commencement Date. The Executive shall, in addition, be given the opportunity to participate in the Plan and to earn additional stock options at the Company's discretion following the Commencement Date.

4.3 Upon termination of his employment, the Executive shall have no claim against the Company for loss arising out of ineligibility to exercise any Share options granted to him which have not vested at the date of termination or otherwise in relation to the Plan and the rights of the Executive shall be determined solely by the rules of such Plan in force at the date of termination of his employment.

5 BONUS

The Executive shall be entitled to participate in such bonus arrangements as the Board may specify from time to time. The Company may, in its absolute discretion, award the Executive an annual bonus of up to 30% of his salary as defined in Clause 4.1 above, dependent upon the attainment by the Executive of operational and financial targets, such targets to be agreed between the Company and the Executive each year.

6 PENSION SCHEME

The Company shall during the Executive's employment under this Agreement:

6.1 pay monthly contributions in respect of the Executive to a personal pension scheme nominated by him at the rate of 13.5% of his basic monthly salary under Clause 4.1 (subject to applicable Inland Revenue limits); or

6.2 allow the Executive to become a member of the appropriate Company pension scheme ("the Pension Scheme") subject to the terms of its trust deed and rules in force from time to time, provided that the Executive shall commence making contributions to the Pension Scheme within 6 months of the Commencement Date.

6.3 A contracting-out certificate will be in force at the commencement of the employment of the Executive.

7 INSURANCES

7.1 Subject to his complying with and satisfying any applicable requirements of the relevant insurers the Company shall during the continuance of his employment:

7.1.1 provide at the Company's expense for the Executive and his spouse and children under the age of 21 years membership of PPP or of such other private medical expenses insurance scheme providing equivalent benefits as the Company may in its absolute discretion from time to time decide;

7.1.2 provide at the Company's expense the Executive with accident insurance cover which in the event of the Executive's sustaining injuries in the course of his employment which result in his permanent disablement or death shall pay to the Executive or his chosen dependants (as the case may be) a lump sum equal to 3 times the Executive's then annual rate of salary;

7.1.3 provide the Executive with membership of the Company's permanent health insurance scheme.

7.2 The Company shall at its absolute discretion be entitled to cease to provide any or all of the insurances referred to in subclauses 7.1.1 to 7.1.3 if the medical condition of the Executive is or becomes such that the Company is unable to secure any such insurance under the rules of any applicable scheme or otherwise except at a rate or premium in excess of 250 per cent of the initial premium agreed for such Executive.

8 COMPANY CAR

8.1 Subject to Clause 8.2, the Company shall pay to the Executive a car allowance of(pound)750 per month less tax and national insurance.

8.1.1 The Company shall reimburse the Executive for private and business fuel costs.

8.1.2 The Executive shall be responsible for all other running costs including the costs of servicing, taxing and insurance.

8.1.3 For all purposes connected with the calculation of any severance or termination payment, the benefit of the car allowance provided pursuant to Clause 8.1 shall not be taken into account and it shall not form part of the Executive's pensionable salary.

8.2 If the Executive completes more than 15,000 business miles in any one year he shall have the option of being provided with a company car of a lease value not in excess of (pound)750 per month in replacement of the car allowance in Clause 8.1 above. If the Executive wishes to exercise this option, he shall notify the Company in writing not less than one month prior to the date when he wishes the car to be provided.

8.3 The Executive shall at all times and in all respects conform to and comply with any policy which may from time to time be made by the Company in relation to cars provided by it for the use of its employees.

9. EXPENSES

9.1 The Company shall, subject to Clause 19.2. during the continuance of his employment reimburse the Executive in respect of:

9.1.1 all reasonable travelling accommodation entertainment and other similar out-of-pocket expenses wholly exclusively and necessarily incurred by him in or about the performance of his duties;

9.1.2 the rental and unit charges attributable to the telephone at his home to reflect business use; and

9.1.3 all reasonable household and removal expenses incurred by him as a result of a move from his then current address necessitated by the Company's requiring him to work permanently at another location.

9.2 Except where specified to the contrary all expenses shall be reimbursed on a monthly basis subject to the Executive providing appropriate evidence (including receipts, invoices, tickets and/or vouchers as may be appropriate) of the expenditure in respect of which he claims reimbursement.

10 HOLIDAYS

10.1 The Executive shall (in addition to the usual public and bank holidays) be entitled during the continuance of his employment to 26 working days' paid holiday in each holiday year of the Company. The Company's holiday year runs from 1 January to 31 December.

10.2 The Company may require the Executive to work on any public or bank holiday but in such event the Executive shall be entitled to take paid time off in lieu.

10.3 The Company reserves the right to nominate up to 5 days on which holiday must be taken by the Executive.

10.4 The Executive shall be entitled to carry forward up to 5 days of his annual holiday entitlement from one holiday year to the next. This entitlement will not, however, extend beyond a period of any two consecutive years.

10.5 Upon the termination of his employment the Executive's entitlement to accrued holiday pay shall be calculated on a pro rata basis in respect of each completed month of service in the holiday year in which his employment terminates and the appropriate amount shall be paid to the Executive provided that if the Executive shall have taken more days' holiday than his accrued entitlement the Company is hereby authorised to make an appropriate deduction from the Executive's final salary payment.

11 INCAPACITY

11.1 Subject to his complying with the Company's procedures relating to the notification and certification of periods of absence from work the Executive shall continue to be paid his salary (inclusive of any statutory sick pay or social security benefits to which he may be entitled) during any periods of absence from work due to sickness injury or other incapacity in accordance with the Company's regulations.

11.2 If any incapacity of the Executive shall be caused by any alleged action or wrong of a third party and the Executive shall decide to claim damages in respect thereof, then the Executive shall use all reasonable endeavours to recover damages for loss of earnings over the period for which salary has been or will be paid to him by the Company under Clause 11.1, and shall account to the Company for any such damages recovered (in an amount not exceeding the actual salary paid or payable to him by the Company under Clause 11.1 in respect of the said period) less any costs borne by him in achieving such recovery. The Executive shall keep the Company informed of the commencement, progress and outcome of any such claim.

12 INTELLECTUAL PROPERTY

12.1 Subject to the relevant provisions of the Patents Act 1977 the Registered Designs Act 1949 and the Copyright Designs and Patents Act 1988 if at any time in the course of his employment the Executive makes or discovers or participates in the making or discovery of any Intellectual Property relating to or capable of being used in the business of the Company or any Associated Company he shall immediately disclose full details of such Intellectual Property to the Company and at the request and expense of the Company he shall do all things which may be necessary or desirable for obtaining appropriate forms of protection for the Intellectual Property in such parts of the world as may be specified by the Company and for vesting all rights in the same in the Company or its nominee.

12.2 The Executive hereby irrevocably appoints the Company to be his attorney in his name and on his behalf to sign execute or do any instrument or thing and generally to use his name for the purpose of giving to the Company or its nominee the full benefit of the provisions of this Clause and in favour of any third party a certificate in writing signed by any director or the secretary of the Company that any instrument or act falls within the authority conferred by this Clause shall be conclusive evidence that such is the case.

12.3 The Executive hereby waives all of his moral rights (as defined in the Copyright Designs and Patents Act 1988) in respect of any acts of the Company or any acts of third parties done with the Company's authority in relation to any Intellectual Property which is the property of the Company by virtue of Clause 12.1.

12.4 All rights and obligations under this Clause in respect of Intellectual Property made or discovered by the Executive during his employment shall continue in full force and effect after the termination of his employment and shall be binding upon the Executive's personal representatives.

13 CONFIDENTIALITY

13.1 The Executive shall not (other than in the proper performance of his duties or with the prior written consent of the Board or unless ordered by a court of competent

jurisdiction) at any time either during the continuance of his employment or after its termination disclose or communicate to any person or use for his own benefit or the benefit of any person other than the Company, any Associated Company or his solicitor any confidential information which may come to his knowledge in the course of his employment and the Executive shall during the continuance of his employment use his best endeavours to prevent the unauthorised publication or misuse of any confidential information provided that such restrictions shall cease to apply to any confidential information which may enter the public domain other than through the default of the Executive.

13.2 All notes and memoranda of any trade secret or confidential information concerning the business of the Company and any Associated Companies or any of its or their suppliers, agents, distributors, customers or others which shall have been acquired received or made by the Executive during the course of his employment shall be the property of the Company and shall be surrendered by the Executive to someone duly authorised in that behalf at the termination of his employment or at the request of the Board at any time during the course of his employment.

13.3 For the avoidance of doubt and without prejudice to the generality of Clauses 13.1 and 13.2 the following is a non-exhaustive list of matters which in relation to the Company and the Associated Companies are considered confidential and must be treated as such by the Executive:-

13.3.1 any trade secrets of the Company or any Associated Company;

13.3.2 any information in respect of which the Company or any Associated Company is bound by an obligation of confidence to any third party, provided that the Executive is aware of the obligation of confidence;

13.3.3 marketing strategies and plans;

13.3.4 customer lists and details of contacts with or requirements of customers;

13.3.5 pricing strategies;

13.3.6 discount rates and sales figures;

13.3.7 lists of suppliers and rates of charge;

13.3.8 information which has been supplied in confidence by clients, customers or suppliers:

13.3.9 any invention technical data know-how or other manufacturing or trade secrets of the Group and their clients/customers; and

13.3.10 any other information made available to the Executive which is identified to the Executive as being of a confidential nature.

13.4 The Executive shall not without the prior written consent of the Board either directly or indirectly publish any opinion fact or material or deliver any lecture or address or participate in the making of any film radio broadcast or television transmission or communicate with any representative of the media or any third party relating to the business or affairs of the Group or to any of its or their officers employees customers/clients suppliers distributors agents or shareholders or to the development or exploitation of Intellectual Property. For the purpose of this Clause 'media' shall include television (terrestrial satellite and cable) radio newspapers and other journalistic publications. This Clause shall not preclude impromptu press comment in relation to trade matters when appropriate.

14 TERMINATION OF EMPLOYMENT

14.1 The employment of the Executive may be terminated by the Company forthwith without notice or (except in the case of 14.1.7) by payment in lieu of notice if the Executive:

14.1.1 is proven to have committed any serious or persistent breach or non-observance of any of the material terms, conditions or stipulations contained in this Agreement; or

14.1.2 is proven guilty of any serious negligence or gross misconduct in connection with or affecting the business or affairs of the Company or any Associated Company for which he is required to perform duties; or

14.1.3 is proven guilty of conduct which brings or is likely to bring himself or the Company or any Associated Company into disrepute; or

14.1.4 is convicted of an arrestable criminal offence (other than an offence under road traffic legislation in the United Kingdom or elsewhere for which a non-custodial penalty is imposed); or

14.1.5 is adjudged bankrupt or makes any arrangement or composition with his creditors or has an interim order made against him pursuant to Section 252 of the Insolvency Act 1986, or

14.1.6 is or becomes prohibited by law from being a director; or

14.1.7 is on the basis of an independent medical report supplied to the Company following his having undergone a medical examination unfit to perform his duties.

14.2 If the Executive shall have been absent from work due to sickness injury or other incapacity for periods in excess of six months in aggregate in any period of twelve consecutive months the Company, notwithstanding the provisions of Clause 7.1.3, may terminate his employment by giving to him not less than three months' notice in writing expiring at any time provided that the Company shall withdraw such notice if during its currency the Executive returns to full-time work and provides the Company with a medical certificate stating that he has fully recovered and that no recurrence of such incapacity may reasonably be anticipated.

14.3 If either party gives notice to terminate this Agreement, the Executive agrees that for the period of notice in Clause 1.3 above the Board may in its absolute discretion require the Executive to perform only such duties as it may allocate to him or not to perform any of his duties and may require him not to have any contact with customers of the Company or any Associated Company nor any

contact (other than purely social contact) with such employees of the Company and any Associated Company as the Board shall determine and/or may exclude him from any premises of the Company or of any Associated Company (without providing any reason for doing so); and that such action on the part of the Company shall not constitute a breach of this Agreement nor shall the Executive have any claim against the Company in respect of any such action Provided always that throughout such period the Executive's salary and contractual benefits shall not cease to be paid or provided (unless and until his employment is terminated).

14.4 Upon the termination of his employment (for whatever reason and howsoever arising) the Executive:

14.4.1 shall not take away conceal or destroy but shall immediately deliver up to the Company all documents (which expression shall include but without limitation notes memoranda correspondence drawings sketches plans designs and any other material upon which data or information is recorded or stored) relating to the business or affairs of the Company or any Associated Company or any of their clients/customers shareholders employees officers suppliers distributors and agents (and the Executive shall not be entitled to retain any copies or reproductions of any such documents) together with any other property belonging to the Company or any Associated Company which may then be in his possession or under his control:

14.4.2 shall at the request of the Board immediately resign without claim for compensation from office as a director of the Company and any Associated Company and from any other office held by him in the Company or any Associated Company (but without prejudice to any claim he may have for damages for breach of this Agreement) and in the event of his failure to do so the Company is hereby irrevocably authorised to appoint some person in his name and on his behalf to sign and deliver such resignations to the Board; and

14.4.3 shall not at any time thereafter make any untrue or misleading oral or written statement concerning the business and affairs of the Company or any Associated Company nor represent himself or permit himself to be held out as being in any way connected with or interested in the business of the Company or any Associated Company (except as a former employee for the purpose of

communicating with prospective employers or complying with any applicable statutory requirements); and

14.4.4 shall not at any time thereafter use the name "Levington", "Murphy", "Scotts" or "Miracle-Gro" or any other product name, brand, trade or business name used by the Group at the date of termination of this Agreement or during the period of two years preceding the date of termination of this Agreement or any name capable of confusion therewith (whether by using such names as part of a corporate name or otherwise), and

14.4.5 shall immediately repay all outstanding debts or loans due to the Company or any Associated Company and the Company is hereby authorised to deduct from any wages (as defined by Section 27 of the Employment Rights Act 1996) of the Executive a sum in repayment of all or any part of any such debts or loans.

14.5 If the employment of the Executive is terminated by reason of the liquidation of the Company for the purpose of reconstruction or amalgamation or as part of any arrangement for the amalgamation or reconstruction of the Company not involving insolvency and the Executive is offered employment with any concern or undertaking resulting from the reconstruction or amalgamation on terms and conditions which taken as a whole are not less favourable than the terms of this Agreement then the Executive shall have no claim against the Company in respect of such termination.

15 EXECUTIVE'S COVENANTS

15.1 The Executive acknowledges that during the course of his employment with the Company he will receive and have access to confidential information of the Group (including without limitation those matters specified in Clause 13.3 of this Agreement) and he will also receive and have access to detailed client/customer lists and information relating to the operations and business requirements of those clients/customers and accordingly he is willing to enter into the covenants described in Clause 15.2 in order to provide the Group with what he considers to be reasonable protection for those interests.

15.2 The Executive hereby Covenants with the Company that he will not without the previous

written consent of the Board either alone or jointly with or on behalf of any person:

15.2.1 in the Restricted Territories for the period of twelve months following the date of termination of this Agreement directly or indirectly in competition with the Company or any Associated Company deal with or engage in business with or be in any way interested in or connected with any concern, undertaking, firm or body corporate which engages in or carries on within any part of the Restricted Territories any business which competes with any business carried on by the Company or any Associated Company at the date of termination of this Agreement in which the Executive was involved during the period of two years prior to the termination of this Agreement including in particular the business of the production, development and sale of the Restricted Products Provided that (for the avoidance of doubt only) if any such concern undertaking, firm or body corporate has a separately distinguishable division that does not compete with the business of the Company or any Associated Company as at the date of termination of this Agreement the Executive may be employed or engaged in such division with duties and carrying out activities which do not compete and do not assist competition with such business;

15.2.2 in the Restricted Territories for the period of twelve months following the date of termination of this Agreement directly or indirectly:

15.2.2.1 interfere with or, in competition with the Company or any Associated Company, offer or agree to provide Restricted Products or solicit with a view to providing Restricted Products or endeavour to entice away from the Company or any Associated Company the custom of any person, firm or body corporate which. at any time during the period of two years ending on the date of termination of this Agreement, has been a customer or client of, or in the habit of dealing with, the Company or any Associated Company or which, at any time during that period, was to his knowledge negotiating with the Company or any

Associated Company in relation to the provision of Restricted Products and with whom the Executive has had dealings as part of his employment by the Company;

15.2.2.2 interfere or seek to interfere with contractual or other trade relations between the Company or any Associated Company and any of its or their respective suppliers in existence or under negotiation at any time during the period of two years ending on the date of termination of this Agreement; or

15.2.2.3 solicit the services of or endeavour to entice away from the Company or any Associated Company any director, senior or highly skilled employee or consultant of the Company or any Associated Company known personally to the Executive (whether or not such person would commit any breach of his contract of employment or engagement by reason of leaving the service of such company) or knowingly employ, assist in or procure the employment by any other person, firm or body corporate of any such person.

15.3 The Executive agrees that having regard to the facts and matters above, the restrictions contained in Clause 15.2 are reasonable and necessary for the protection of the legitimate interests of the Company and that, having regard to those facts and matters, those restrictions do not work harshly on him. It is nevertheless agreed that, if any of those restrictions shall, taken together or separately, be held to be void or ineffective for any reason but would be held to be valid and effective if part of its wording were deleted, that restriction shall apply with such deletions as may be necessary to make it valid and effective.

15.4 The Executive hereby agrees that he will at the cost of the Company enter into a direct agreement or undertaking with any Associated Company whereby he will accept restrictions and provisions corresponding to the restrictions and provisions in Clause 15.2

above (or such of them as may be appropriate in the circumstances) in relation to such activities and such area and for such periods as such Associated Company may reasonably require for the protection of its legitimate business interests.

15.5 The restrictions contained in the sub-Clauses of Clause 15.2 shall be construed as separate and individual restrictions and shall each be capable of being severed without prejudice to the other restrictions or to the remaining provisions of this Agreement.

15.6 The Executive hereby undertakes that during and after the continuance of this Agreement he will immediately notify the Company of any offer of employment or any other engagement or arrangement made to the Executive by any third party or parties which may give rise to a breach of one or more of the covenants contained in Clause 15.2 ("a notifiable offer") and further undertakes that on receipt of any notifiable offer he will immediately inform the third party or parties responsible for the notifiable offer of the existence of those covenants.

15.7 If the Company requires the Executive not to perform any of his duties and/or excludes the Executive from the Company's premises ("garden leave") as set out in Clause 14.3 above for some or all of any period of notice, the period of the post-termination restrictions set out in this Clause 15 shall be reduced by the length of the garden leave served before the date this Agreement terminates.

16 DISCIPLINARY AND GRIEVANCE PROCEDURES

16.1 For statutory purposes there is no formal disciplinary procedure in relation to the Executive's employment. The Executive shall be expected to maintain the highest standards of integrity and behaviour.

16.2 If the Executive is not satisfied with any disciplinary decision taken in relation to him he may apply in writing within 14 days of that decision to the Chief Executive of the Scotts Company whose decision shall be final.

16.3 If the Executive has any grievance in relation to his employment he may raise it in

writing with the Chief Executive of the Scotts Company whose decision shall be final.

17 DIRECTORSHIP

17.1 The Executive shall not during his employment voluntarily resign from his office as a director of the Company (except in circumstances where to continue to hold office as a director may as a matter of law result in the Executive incurring personal liability under the Insolvency Act 1986) and he shall not do or fail to do anything which causes or is likely to cause him to be prohibited by law from continuing to act as a director.

17.2 The removal of the Executive from the office of director of the Company shall terminate the Executive's employment under this Agreement and such termination shall, except where the Company was entitled at the time of such removal to terminate his employment pursuant to Clause 14.1, be without prejudice to any claim which the Executive may have for damages for breach of this Agreement.

18 NOTICES

18.1 Any notice to be given under this Agreement shall be given in writing and shall be deemed to be sufficiently served by one party on the other if it is delivered personally or is sent by registered or recorded delivery pre-paid post (air mail if overseas) addressed to either the Company's registered office for the time being or the Executive's last known address as the case may be.

18.2 Any notice sent by post shall be deemed (in the absence of evidence of earlier receipt) to be received 2 days after posting (6 days if sent air mail) and in proving the time such notice was sent it shall be sufficient to show that the envelope containing it was properly addressed stamped and posted.

19 Miscellaneous

19.1 Any benefits provided by the Company to the Executive or his family which are not expressly referred to in this Agreement shall be regarded as ex gratia benefits

provided at the entire discretion of the Company and shall not form part of the Executive's contract of employment.

19.2 The Company shall be entitled with reasonable notice to the Executive at any time during the Executive's employment to set off and/or make deductions from the Executive's salary or from any other sums properly due and owing to the Executive from the Company or any Associated Company in respect of any overpayment of any kind made to the Executive or in respect of any debt or other sum due from him.

19.3 Any rules and regulations of the Company contained in any handbook, procedure or policy documents shall be deemed to form part of this Agreement.

20 DEFINITIONS AND INTERPRETATION

20.1 In this Agreement unless the context otherwise requires words and phrases defined in Part XXVI of the Companies Act 1985 have the same meanings thereby attributed to them and the following expressions have the following meanings:-

ASSOCIATED COMPANY: any company which is from time to time a holding company of the Company, a subsidiary of the Company or a subsidiary of a holding company of the Company. The words "holding company" and "subsidiary" have the meanings given to them by Section 736 Companies Act 1985 (as amended by the Companies Act 1989);

THE BOARD: the Board of Directors for the time being of Scotts Holdings Limited including any duly appointed committee thereof;

GROUP: the Company and the Associated Companies,

INTELLECTUAL PROPERTY: patents, petty patents, registered and unregistered trademarks, registered designs (in each case for the full period thereof), applications for any of the foregoing, inventions, confidential information (which shall include for these purposes the matters listed in Clause 13.3). know-how, business names, trade names, brand names, copyright and rights in the nature of copyright, design rights

and get-up, such rights as there may in any product registrations or product licences and similar rights subsisting in any country;

KNOW HOW: any know-how, industrial information and techniques including, without limitation, drawings, specifications, formulations, test and technical reports, operating and testing manuals, instruction manuals, quality control procedures, packaging procedures and tables of operating conditions and procedures used in the Business at the date hereof,

RESTRICTED PRODUCTS: horticultural fertilizers, horticultural growing media, horticultural chemicals and grass seed;

RESTRICTED TERRITORIES: the United Kingdom, the Channel Islands, the Isle of Man and the Republic of Ireland.

20.2 The headings in this Agreement are for convenience only and shall not affect its construction or interpretation.

20.3 References in this Agreement to Clauses and paragraphs and the First Schedule are references to Clauses and paragraphs and the First Schedule (which is hereby specifically incorporated in this Agreement) to this Agreement.

20.4 Any reference in this Agreement to a person shall where the context permits include a reference to a body corporate and to any unincorporated body of persons.

20.5 Any word in this Agreement which denotes the singular shall where the context permits include the plural and vice versa and any word in this Agreement which denotes to the masculine gender shall where the context permits include the feminine and/or the neuter genders and vice versa.

20.6 Any reference in this Agreement to a statutory provision shall be deemed to include a reference to any statutory amendment modification or re-enactment of it.

20.7 This Agreement contains the entire understanding between the parties and supersedes all (if any) subsisting Agreements arrangements and understandings.

20.7 This agreement contains the entire understanding between the parties and supersedes all (if any) subsisting Agreements arrangements and understandings (written or oral) relating to the employment of the Executive which such Agreements, arrangements, and understandings shall be deemed to have been terminated by mutual consent. The Executive acknowledges that he has not entered into this Agreement in reliance on any warranty representation or undertaking which is not contained in or specifically incorporated in this Agreement.

20.8 The various Clauses and sub-Clauses of this Agreement are severable and if any Clause or sub-Clause or identifiable part thereof is held to be invalid or unenforceable by any court of competent jurisdiction then such invalidity or unenforceability shall not affect the validity or enforceability of the remaining Clauses or sub-Clauses or identifiable parts thereof in this Agreement.

20.9 This Agreement is governed by and shall be construed in accordance with English law and the parties to this Agreement hereby submit to the exclusive jurisdiction of the English courts.

IN WITNESS whereof this Agreement has been executed 11/8/98 by the parties hereto and is intended to be and is hereby delivered on the date first above written.

Signed by)

LEVINGTON HORTICULTURE)

LIMITED)

/s/ L. Robert Stohler

Director

/s/ David Higgins

Director

SIGNED by NICHOLAS)
KIRKBRIDE in the presence of:) /s/ Nicholas Kirkbride

Signature /s/ Amanda Hardwick

Name Mrs. A. Hardwick

Address F. Laverdene Avenue, Totley

Sheffield S17 4117

Occupation: Primary Teacher

Exhibit 10(v)

* Amended and Restated Exclusive
Agency and Marketing Agreement
dated as of September 30, 1998
between Monsanto Company and The Scotts Company

* Certain portions of this Exhibit, indicated in the text by asterisk, have been omitted based upon a request for confidential treatment filed with the Securities and Exchange Commission ("SEC"). The non-public information has been filed separately with the SEC in connection with that request.

AMENDED AND RESTATED EXCLUSIVE AGENCY AND MARKETING AGREEMENT

BY AND BETWEEN

MONSANTO COMPANY

AND

THE SCOTTS COMPANY

SEPTEMBER 30, 1998

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AMENDED AND RESTATED EXCLUSIVE AGENCY AND MARKETING AGREEMENT

THIS AMENDED AND RESTATED EXCLUSIVE AGENCY AND MARKETING AGREEMENT by and between Monsanto Company, a Delaware corporation ("Monsanto"), and The Scotts Company, an Ohio corporation (the "Agent"), shall be deemed effective as of September 30, 1998, and amended and restated as of November 11, 1998, and shall supersede in its entirety the previous such agreement between the parties hereto, dated as of September 30, 1998. Monsanto and the Agent are some times referred to herein as the "parties."

WITNESSETH:

WHEREAS, Monsanto is engaged in the research, development, and commercialization of certain agricultural products;

WHEREAS, Monsanto has developed and sells Roundup Products (as defined below) and is the exclusive owner of all rights, patents, licenses, and trademarks associated therewith, and possesses the knowledge, know-how, technical information, and expertise regarding the process and manufacture of Roundup Products;

WHEREAS, the Agent has certain expertise in the promotion, distribution, marketing, and sale of home and garden products;

WHEREAS, except to the extent that Central (as defined below) remains a nonexclusive agent and distributor of Roundup Products prior to the termination of the Central Agreements (as defined below), Monsanto does not currently possess, nor desire to establish, a distribution system for Roundup Products;

WHEREAS, the Agent's distribution system is well-suited for the promotion, distribution, marketing, and sale of Roundup Products;

WHEREAS, Monsanto desires that the Agent serve as Monsanto's exclusive agent for the marketing and distribution of Roundup Products, and the Agent desires to so serve, all on the terms set forth in this Agreement; and

NOW, THEREFORE, in consideration of the foregoing, the terms and provisions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1- DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.1 DEFINITIONS. As used herein, the following terms shall have the meanings ascribed to them below:

"Acquiror" shall have the meaning as set forth in the definition of a "Change of Significant Ownership."

"Affiliate" of a person or entity shall mean: (i) any other person or entity directly, or indirectly through one or more intermediaries, controlling, controlled by, or under common control with such person or entity, (ii) any officer, director, partner, member, or direct or indirect beneficial owner of any 10% or greater of the equity or voting interests of such person or entity, or (iii) any other person or entity for which a person or entity described in clause (ii) acts in such capacity.

"Agent" means The Scotts Company, an Ohio corporation.

"Ag Market" means professionals who purchase and use Roundup Ag Products for Ag, professional and industrial uses.

"Annual Business Plan" shall have the meaning set forth in Section 2.2(a) hereof.

"Approved Expense" shall have the meaning set forth in Section 3.3(a) hereof.

"Allocated" means allocated pursuant to the Allocation Rules set forth in Schedule 3.3(c) hereof.

"Assigned Employees" shall have the meaning set forth in Section 4.3(b) hereof.

" Budget" shall have the meaning set forth in Section 3.3(a) hereof.

"Business Unit" shall have the meaning set forth in Section 4.3(a).

"Central" means Central Garden & Pet Company, a Delaware corporation.

"Central Agreements" means collectively, that certain Master Agreement by and between The Solaris Group ("Solaris"), a strategic business unit of Monsanto, and Central, dated as of July 21, 1995; that certain Exclusive Agency and Distributor Agreement by and between Solaris and Central, dated as of July 21, 1995; that Compensation Agreement by and between Solaris and Central, dated as of July 21, 1995; that Implementation and Transition Agreement by and between Solaris and Central, dated as of July 21, 1995.

"Change of Control" means, with respect to a Person, (i) the acquisition after the date hereof by any individual (or group of individuals acting in concert), corporation, company,

association, joint venture or other entity, of beneficial ownership of 50% or more of the voting securities of such Person; or (ii) the consummation by such Person of a reorganization, merger or consolidation, or exchange of shares or sale or other disposition of all or substantially all of the assets of such Person, if immediately after giving effect to such transaction the individuals or entities who beneficially own voting securities immediately prior to such transaction beneficially own in the aggregate less than 50% of such voting securities immediately following such transaction excluding the merger or similar transaction currently contemplated between Monsanto and American Home Products; or (iii) the consummation by such Person of the sale or other disposition of all or substantially all of the assets of such Person other than to an Affiliate of such Person; or (iv) the consummation by such Person of a plan of complete liquidation or dissolution of such Person.

"Change of Significant Ownership" means, with respect to a Person, (i) the acquisition (by purchase, reorganization, merger, consolidation, exchange of shares, or otherwise), by any individual (or group of individuals acting in concert), corporation, company, association, joint venture, or other entity (collectively, the "Acquiror"), but excluding any member of the Hagedorn family or their respectively controlled entities, of beneficial ownership of 25% or more of the voting securities of such Person; and (ii) such Acquiror (A) currently engages (directly or through its Affiliates) in the manufacture, sale, marketing, or distribution of any product containing Glyphosate or any similar active ingredient, or (B) currently sells, markets, or distributes (directly or through its Affiliates) any product(s) in the Lawn and Garden Channels for Lawn and Garden Use, which such product(s), in Monsanto's reasonable commercial opinion, compete in a material manner with Roundup Products, or (C) may, in Monsanto's reasonable commercial opinion, materially detract from, or diminish, the Agent's ability to fulfill its duties and obligations with regard to the Roundup Business, or (D) competes in any material respect with Monsanto in Monsanto's "Ag" (including seed) or biotech businesses.

"Commission" shall have the meaning set forth in Section 3.6(a) hereof.

"Commission Statement" means, for any given Program Year, the statement prepared by the Agent on behalf of Monsanto pursuant to Section 3.6(c) detailing Program EBIT and the amount of the Commission for such Program Year.

"Conflict" shall have the meaning set forth in Section 7.1 hereof.

"Conflicting Provision" shall have the meaning set forth in Section 7.3 hereof.

"Contribution Payment" shall have the meaning set forth in Section 3.5(a) hereof.

"Cost of Goods Sold" means, for any given Program Year, the aggregate cost, as determined in accordance with GAAP applied on a consistent basis, of Roundup Products sold for such Program Year; provided, however, in computing this amount, the cost of Glyphosate, which is a component of this Cost of Goods Sold, shall equal the amount set forth in the Transfer Price, for such Program Year.

"Customers" means, with respect to the Included Markets, any Lawn and Garden Channel purchaser of Roundup Products for resale to the Lawn and Garden Market.

"EDI" means electronic data interchange.

"Effective Date" means September 30, 1998.

"Egregious Injury" means the occurrence of an event (caused directly or indirectly by an act or omission of the Agent, its officers, directors, or Affiliates), that in Monsanto's reasonable commercial opinion, has a material adverse effect on the Roundup L&G Business, the Roundup brand or the agricultural Roundup market; provided, however, no such event shall be deemed to be an Egregious Injury if such event (or the act or omission resulting in such event) resulted from the exercise by Monsanto's Ag president of his or her right of veto, or was caused primarily by an act or omission of Monsanto or its Affiliates, and such result or causal link, as the case may be, shall be demonstrated by the Agent.

"EU Countries" means each country belonging (by treaty or otherwise) to the world organization commonly known as the European Union.

"EU Term" shall have the meaning set forth in Section 10.1 hereof.

"Event of Default" shall have the meaning set forth in Section 10.4(b) hereof.

"Excluded Markets" means each country not expressly set forth in the Included Markets.

"Expense(s)" shall mean any expense or cost, direct or Allocated, incurred by either party in connection with the Roundup L&G Business, including (i) general, marketing, administrative and technical costs or expenses which shall include (a) 50% of the Allocated cost of the salary and bonus of the members of the Global Support Team, (b) 100% of the Allocated cost of the salary and bonus of the Assigned Employees and (c) the Allocated portion of the salary and bonus of the employees of Agent's Business Units to the extent such employees are working on matters related to the Roundup L&G Business, (ii) service costs directly related to the Roundup L&G Business, including any expenses due under the Central Agreement, and (iii) any capital expenses approved by the Steering Committee.

"FIFRA" means the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C.A. Section 135, et seq., as amended.

"Formulation Agreement" means that certain Formulation Agreement by and between Monsanto and the Agent for the manufacture and packaging by the Agent of Roundup Products solely for North America to be entered by the parties upon closing of the sale of the Non-Roundup Assets.

"GAAP" means generally accepted accounting principles as applied as of the Effective Date, as referred to in paragraphs 10 and 11 of the American Institute of Certified Public Accountants Statement on Auditing Standards No. 69.

"Global Support Team" shall have the meaning set forth in Section 4.4(a) hereof.

"Glyphosate" means N-phosphonomethylglycine in any form, including, but not limited to its acids, esters, and salts.

"Import Price" means an amount within $0.75 of the weighted average import statistics price on approved Glyphosate, expressed in U.S. Dollars per kg of Glyphosate acid equivalent 100%; provided, however, if such statistic is not available for a particular country within the Included Markets, then the amount shall be within $0.75 of the weighted average price on approved Glyphosate for Argentina, plus such additional amounts which Monsanto reasonably determines to equal all additional costs which it would otherwise incur to import Glyphosate to such country (including, without limitation, import duties, shipping, and broker fees).

"Included Markets" means each country listed on Schedule 1.1(a); provided, however, Schedule 1.1(a) may be amended from time to time in the reasonable discretion of the Steering Committee, upon either the Agent, Monsanto, or the Global Support Team proposing to the Steering Committee such terms and conditions of amendment, including a proposed (i) term (i.e., duration of amendment), (ii) adjustment to the calculation for the Commission, and (iii) adjustment to the Commission Thresholds, provided, however, the proposal for inclusion of a new country demonstrates, in the reasonable opinion of the Steering Committee (x) the existence of, or the potential for, a distinct and profitable Lawn & Garden market, (y) the value added by the Agent in terms of sales and distribution network and synergies, and (z) the lack of adverse impact on Monsanto's existing agricultural Roundup market.

"Income Taxes" means federal, state, local, or foreign taxes imposed on net income or profits; provided, however, such term shall not include any "sales or use" taxes or "ad valorem" taxes (as such terms are customarily used) imposed on or resulting from the sale of Roundup Products.

"Industrial Property" shall have the meaning set forth in Section 6.14 hereof.

"Insolvency" of the Agent means that the Agent is generally not paying its debts as they become due, or admits in writing its inability to pay its debts generally, or makes a general assignment for the benefit of creditors or institutes any proceeding or voluntary case seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors, or seeks the entry of any order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property; or the Agent takes any action to authorize any of the actions described above in this definition, or any proceeding is instituted

against the Agent seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property, and, as to any such proceeding, if being contested by the Agent in good faith, such proceedings remain undismissed or unstayed for a period of sixty (60) days.

"Lawn and Garden Channels" include: (i) retail outlets primarily serving the Lawn and Garden Market; (ii) independent nurseries and hardware co-ops; (iii) home centers (like Home Depot or Lowes); (iv) mass merchants (like Wal-Mart or K-Mart); (v) membership/warehouse clubs serving the Lawn and Garden Market; and (vi) other current or future channels of trade generally accepted and practiced as Lawn and Garden channels in the industry as may be determined from time to time by the Steering Committee.

"Lawn and Garden Employee" shall have the meaning set forth in Section 6.13(e).

"Lawn and Garden Market" means non-professionals who purchase and use Roundup Products for Lawn and Garden Uses.

"Lawn and Garden Use" means (a) Residential Use as defined in 40 C.F.R. 152.3(u), and (b) any use for which a pesticide can be registered for use under FIFRA or other statutes, rules and regulations throughout the Included Markets in connection with vegetation control in, on or around homes, residential lawns, and residential gardens.

"Laws" shall mean, with respect to any country, such country's statutes, regulations, rules, ordinances, or all other applicable laws.

"MM" means after each number million in U.S. Dollars.

"Marketing Fee" shall have the meaning as set forth in Section 3.7 hereof.

"MAT Expenses" means the expenses related to the Roundup L&G Business specified as such in Schedule 3.3(c).

"Material Breach" shall mean:

(a) as to the Agent, a breach of this Agreement, which, as initially determined by Monsanto, with the written agreement of the Agent, or as determined by the Arbitrators pursuant to Section 10.4(g) of this Agreement: (i) is material; (ii) has not been cured within ninety (90) days after written notice thereof has been provided to Agent in accordance with Section 11.9 hereof; and (iii) is not remediable either by the payment of damages by Agent to Monsanto or by a decree of specific performance issued against Agent.

(b) as to Monsanto, a breach of this Agreement, which, as initially determined by Agent, with the written agreement of Monsanto, or as determined by the Arbitrators pursuant to Section 10.4(g) of this Agreement: (i) is material; (ii) has not been cured within ninety (90) days after written notice thereof has been provided to Monsanto in accordance with Section 11.9 hereof; and (iii) is not remediable either by the payment of damages by Monsanto to Agent or by a decree of specific performance issued against Monsanto.

"Material Fraud" shall mean:

(a) as to Agent, one or more fraudulent acts or omissions committed by Agent or its officers or employees, which, as initially determined by Monsanto, with the written agreement of the Agent, or as determined by the Arbitrators pursuant to Section 10.4(g) of this Agreement: (i) is material; (ii) was engaged in with the intent to deceive Monsanto; and (iii) either a) has not been cured within ninety (90) days after written notice thereof has been provided to Agent in accordance with Section 11.9 hereof, or b) cannot be cured in the commercially reasonable opinion of Monsanto, and, if applicable, the Arbitrators.

(b) as to Monsanto, one or more fraudulent acts or omissions committed by Monsanto or its officers or employees, which, as initially determined by Agent, with the written agreement of Monsanto, or as determined by the Arbitrators pursuant to Section 10.4(g) of this Agreement: (i) is material; (ii) was engaged in with the intent to deceive Agent; and (iii) either a) has not been cured within ninety (90) days after written notice thereof has been provided to Monsanto in accordance with Section 11.9 hereof, or b) cannot be cured in the commercially reasonable opinion of Agent, and, if applicable, the Arbitrators.

"Material Willful Misconduct" shall mean:

(a) as to Agent, one or more acts or omissions committed by Agent or its officers or employees, which, as initially determined by Monsanto, with the written agreement of the Agent, or as determined by the Arbitrators pursuant to Section 10.4(g) of this Agreement: (i) is material; (ii) constitutes willful misconduct; and (iii) either a) has not been cured within ninety (90) days after written notice thereof has been provided to Agent in accordance with Section 11.9 hereof, or b) cannot be cured in the commercially reasonable opinion of Monsanto, and, if applicable, the Arbitrators.

(b) as to Monsanto, one or more acts or omissions committed by Monsanto or its officers or employees, which, as initially determined by Agent, with the written agreement of Monsanto, or as determined by the Arbitrators pursuant to Section 10.4(g) of this Agreement: (i) is material; (ii) constitutes willful misconduct; and (iii) either a) has not been cured within ninety (90) days after written notice thereof has been provided to Monsanto in accordance with Section 11.9 hereof, or b) cannot be cured in the commercially reasonable opinion of Agent, and, if applicable, the Arbitrators.

"Monsanto" means Monsanto Company, a Delaware corporation.

"Netbacks" means the expenses related to the Roundup L&G Business specified as such in Schedule 3.3(c).

"Net Commission" shall have the meaning set forth in Section 3.5(b) hereof.

"New Product" shall have the meaning set forth in Section 6.11 hereof.

"Non-Roundup Assets" means the Lawn and Garden business of the Solaris division of Monsanto, comprised of all products other than the Roundup Products being sold separately to the Agent by Monsanto.

"North America" means the United States of America, Canada and Puerto Rico.

"Person" means an individual, partnership, limited liability company, joint venture, association, corporation, trust, or any other legal entity.

"Prime Rate" means, on any given date, the prime rate as published in the Wall Street Journal, for such date or, if not published therein, in another publication having national distribution.

"Product Offer" shall have the meaning set forth in Section 6.11 hereof.

"Program EBIT" means, for any given Program Year, the amount of Program Sales Revenues for such Program year, less the amount of Program Expenses for such Program Year, provided, however, for purposes of determining the Agent's Commission, (i) the amount of the Program EBIT for the 1999 Program Year (as otherwise determined herein) shall be increased by an amount equal to $15MM, (ii) the portion of the aggregate amount representing product returns, inventory not salable in the ordinary course of business, bad debts on trade accounts receivable or any other charge-offs of trade or other receivables which in total exceeds $4MM for the Program Year 1999 shall not be part of the Program Expenses for such Program Year, and (iii) any and all expenses with respect to any Program Year prior to 1999 shall be excluded from Program Expenses for the 2000 Program Year and thereafter, except to the extent any such item is fully reserved as of the Effective Date.

"Program Expenses" means, for any given Program Year, applied on a consistent basis and in accordance with GAAP and the terms of this Agreement, the sum (without duplication) of (i) the aggregate Approved Expenses for such Program Year and (ii) the Cost of Goods Sold for such Program Year.

"Program Sales Revenue" means, for any given Program Year, applied on a consistent basis and in accordance with GAAP, all revenues received or accrued by any party hereto from the sale of Roundup Products, less reasonable amounts for returns and credits, consistent with past practice.

"Program Year" means the period of time beginning on October 1st of a specific calendar year and ending on September 30th of the immediately following calendar year, or such shorter period if a particular Program Year starts or ends in the middle of such Program Year. For example, the first Program Year during the term of this Agreement shall be the 1999 Program Year (i.e., commencing October 1, 1998 and ending September 30, 1999).

"Quarter" means any consecutive three-month period of a calendar year.

"Roundup L&G Business" means the marketing, sale, and distribution of Roundup Products through Lawn and Garden Channels to the Lawn and Garden Market for Lawn and Garden Uses.

"Roundup Bank Accounts" shall have the meaning set forth in section 3.2(d) hereof.

"Roundup P&L" shall have the meaning set forth in Section 3.2(a) hereof.

"Roundup Products" means (i) for each of the specific countries part of the Included Markets the products registered for sale solely for Lawn and Garden Uses under a primary or alternate brand now containing the Roundup or Ortho Kleeraway trademarks as listed on Schedule 1.1(d) attached hereto in the specific container sizes and formulations described thereon, it being understood that any change of container size or formulation in any given country part of the Included Markets shall require the approval of the Steering Committee, and (ii) such products as may be added from time to time by mutual agreement of the parties in accordance with the terms of this Agreement.

"Roundup Records" shall have the meaning as set forth in Section 6.4 hereof.

"Roundup Sale" means (i) any sale, transfer, assignment or other disposition of all or substantially all of the assets or capital stock of the Roundup L&G Business or (ii) the license of all or substantially all of the Industrial Property.

"Sell-Through Business" means, with respect to any region, unit volume sales determined by Program Year point-of-sale unit movement at those Customers for which measurable data on a consistent basis is reasonably available and which (i) are among the top 20 Customers in such region for each of the Program Years in question and (ii) provide measurable data on a consistent basis for each of the Program Years in question. Such point-of-sale information shall be based on census data gathered from such top 20 Customers and transmitted via electronic data interchange (EDI) on a weekly reported basis.

"Significant Deviation" shall have the meaning set forth in Section 4.3(c) hereof.

"Steering Committee" shall have the meaning set forth in Section 4.1 hereof.

"Transfer Price" equals, for any given Program Year, expressed in kg of Glyphosate acid on a 100% acid equivalent basis, the following amounts:

Program Years 1999-2001: Transfer Price equals *; and

Program Year 2002 and each subsequent Program Year: Transfer Price equals the Import Price.

"USEPA" means the United States Environmental Protection Agency.

SECTION 1.2. RULES OF CONSTRUCTION AND INTERPRETATION.

(a) Section References. When a reference is made in this Agreement to an Article, Section, Paragraph, Exhibit or Schedule such reference shall be to an Article, Section or Paragraph of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated. Unless otherwise indicated, the words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole, and not to any particular Article, Section, Paragraph or clause in this Agreement.

(b) Construction. Unless the context of this Agreement clearly requires otherwise: (i) references to the plural include the singular and vice versa, (ii) "including" is not limiting and (iii) "or" has the inclusive meaning represented by the phrase "and/or."

(c) Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(d) No Interpretation against Author. For purposes of contract interpretation the parties to this Agreement agree they are joint authors and draftspersons of this Agreement.

(e) Conflicts with related Documents. The parties contemplate that various forms, including forms for submitting purchase orders, acceptance of orders, shipping and transportation, will be used in carrying out this Agreement. In the event of conflict between any such forms or other documents of like import and this Agreement, the provisions of this Agreement shall be controlling.

ARTICLE 2 - EXCLUSIVE AGENCY AND DISTRIBUTORSHIP

SECTION 2.1. APPOINTMENT OF THE EXCLUSIVE AGENT. Subject to the terms and conditions hereof, Monsanto hereby appoints and agrees to use the Agent, and the Agent hereby agrees to serve, as Monsanto's exclusive agent in the Lawn and Garden Market, commencing on the Effective Date, to provide certain services in connection with Monsanto's marketing, sales, and distribution of Roundup Products to Customers within the Included Markets. Except as otherwise provided in this Agreement, commencing on the Effective Date, Monsanto shall exclusively use the Agent for the performance of all of the services contemplated by this Agreement.

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* Confidential provision omitted and filed separately with the SEC, based upon a request for confidential treatment filed with the SEC.

SECTION 2.2. THE AGENT'S OBLIGATIONS AND STANDARDS.

(a) Services to be Performed by the Agent.

(i) It is the anticipation of the parties that for the duration of the term of the Central Agreements, Central and its subagents and subdistributors will continue to perform its duties and obligations under the Central Agreements, and Monsanto's payments to Central for services provided by Central, subagents and subdistributors with respect to the 1999 Program Year only, under the Central Agreements as amended or renegotiated, it being the intention of the parties to amend or terminate the Central Agreements prior to the end of the 1999 Program Year, shall be included in the Expenses payable under this Agreement.

(ii) It is the understanding of the parties that the Agent currently is not able to perform all or part of the services described hereunder and that Monsanto shall perform such services, or have such services performed, during a certain transition period which may vary according to region and service being contemplated. Accordingly the parties agree to negotiate in good faith and agree, within ninety (90) days from the date of this Agreement, on the terms and conditions pursuant to which Monsanto shall continue to perform or have performed on its behalf, all or part of the services referred to hereunder, provided (x) Monsanto shall provide such services on a basis necessary to service the Customer's needs and in accordance with the Budget prescribed in the 1999 Program Year Annual Business Plan, and (y) Monsanto shall be solely responsible for any MAT Expenses in excess of the amount provided therefor in such Budget incurred with respect to any such transition services wherever performed. Upon agreement of the parties, such terms and conditions shall be attached as Schedule 2.2(a)(ii) and shall be deemed to form a part of this Agreement ab initio. Such Schedule 2.2(a)(ii) shall contain but not be limited to, the allocation rules applicable in any such region, the prior written notice to be given by the Agent to Monsanto prior to taking over the performance of any given service, the amount of severance cost, if any, which shall be shared by the Agent in case of termination of such Monsanto employee(s) in charge of performing the service being terminated, the obligations of each party with regard to data information, order processing and invoicing, and the Agent's right of audit.

Notwithstanding the foregoing, and excluding any duties or obligations which Central continues to perform for the duration of the Central Agreements or Monsanto during the above-mentioned transition period, the Agent shall perform some or all of the following duties and obligations within the parameters and to the extent required to implement the Annual Business Plan approved by the Steering Committee:

(1) SALES. Pursuant to the Annual Business Plan, the Agent shall perform selling, sales management, and other services related to the sale of Roundup Products.

(2) MERCHANDISING AND IN-FACILITY SERVICES. The Agent shall perform in-store merchandising, store set-up, and other services related to the in-store promotion of Roundup Products.

(3) WAREHOUSING AND INVENTORY.

(i) Warehousing. The Agent shall arrange for warehouse services for all Roundup Products until such time as the products are delivered to proper carriers. The Agent agrees to comply with all applicable environmental rules and regulations in owning or operating any warehouse.

(ii) Inventory. The Agent shall be responsible for:

- coordinating and staffing annual physical inventory for all Roundup Products (including raw materials, packaging- when the Agent shall formulate under the Formulation Agreement- and finished goods). Physical inventories shall be conducted by September 30 of every calendar year and Monsanto shall have the right to request physical counts on specific product at any time upon reasonable request (which shall be at Monsanto's cost if there are more than two such counts in any Program Year) and to observe or conduct physical counts with Monsanto's representatives;

- reconciling the physical inventory to perpetual records;

- physically moving the Roundup Products out of the warehouse by following a First In, First Out ("FIFO") policy; and

- arranging for warehousing of adequate inventory levels of Roundup Products in sufficient quantities to satisfy the criteria set forth in the Annual Business Plan.

(4) ORDER AND GENERAL ADMINISTRATION. The Agent shall have the authority and shall so perform all order taking, order processing, invoicing, collection, reconciliation, general administration, and other related services necessary for the marketing, sales, and distribution of Roundup Products, all of which shall be subject to the Annual Business Plan and the terms of this Agreement. Pursuant to the terms of this Agreement, the Agent shall be responsible for the following obligations:

(i) The Agent shall offer to the Customers Roundup Products at such price and under such terms as set forth in the Annual Business Plan or as otherwise established by the Steering Committee.

(ii) The Agent shall accept orders for the sale of Roundup Products; provided, however, the Agent shall accept all such orders subject to the availability of Roundup Products on the requested delivery dates.

(iii) The Agent shall administer all claims and adjustments for Roundup Products which are damaged during shipment or warehousing.

(iv) Subject to Section 5.1, the Agent shall (i) maintain or contract for adequate facilities and technologies to manage consumer information and complaint calls or written correspondence and (ii) be responsible for all reports relating thereto, including (without limitation) reports to any regulatory or governmental authority pursuant to any applicable Law.

(5) RETURNS OF ROUNDUP PRODUCTS. The Agent shall manage requests by Customers that Roundup Products, previously sold or shipped, should be returned for credit, either because such Roundup Products are defective or for some other reason. The Agent shall receive any such returned Roundup Products into its warehouses and prepare the appropriate credit memos, subject to the joint approval of the Business Unit and the Global Support Team for any return exceeding $500,000.

(6) INFORMATION ON ROUNDUP PRODUCTS AND CONSUMER INQUIRIES. The Agent shall provide Customers or potential customers with detailed information concerning the characteristics, uses and availability of Roundup Products as shall be supplied by the Global Support Team. The Agent shall be responsible for maintaining a consumer response center relating to Roundup Products; provided that, unless the Business Unit and the Global Support Team otherwise agree, any human and animal-related health calls shall be automatically or via operator forwarded, with respect (i) to human emergency calls to the Cardinal Glennon Poison Control Center and (ii) to animal emergency calls to the National Animal Poison Control Center.

(7) PROMOTION OF ROUNDUP PRODUCTS. Continuously throughout the term of this Agreement, the Agent shall promote the sale of Roundup Products no less aggressively than any other product or product line that the Agent sells and shall perform its duties as Agent in such a manner as to promote goodwill, and particularly customer goodwill, toward Monsanto and Roundup Products.

(8) ADVERTISING AND PROMOTIONAL PROGRAMS TO CUSTOMERS. The Agent shall provide Customers with detailed information concerning the advertising and promotional programs of Roundup Products and facilitate the use by its Customers of such programs to the fullest extent possible (as set forth in the Annual Business Plan).

(9) ROUNDUP BRAND IMAGE AND STEWARDSHIP. The Agent, in consultation with the Global Support Team, shall promote, in accordance with the Annual Business Plan or as directed by the Steering Committee, the sales and consumer acceptance of Roundup Products using messages and vehicles that are not inconsistent with the brand image established by Monsanto's Ag division in support of its Roundup branded products and seeds, including but not limited to:

(i) Advertising in local and national media;

(ii) Providing suitable training of the Agent's representatives or employees in the areas of product knowledge, product stewardship, sales training, display techniques, promotion and advertising;

(iii) Determining the description of consumer and trade communication programs to Customers regarding the sales and distribution of Roundup Products; and

(iv) The handling of product complaints with the intent of achieving consumer satisfaction.

(10) RETAIL RELATIONSHIPS. The Agent shall maintain retail relationships between the Agent and the Customers, including relationships at headquarters and regional stores.

(11) MERCHANDISING AND DISPLAY TECHNIQUES. The Agent shall provide Customers with full information concerning the merchandising and display techniques as set forth in the Annual Business Plan. The Agent shall use, fully support and recommend, that Customers fully utilize all such merchandising and display techniques.

(12) ANNUAL BUSINESS PLAN. The Business Units, jointly and in cooperation with the Global Roundup Support Team, shall, prepare and deliver to the Steering Committee (i) a preliminary draft for the annual business plan no later than June 15 of each Program Year and (ii) a definitive version thereof no later than September 15 of each Program Year (the "Annual Business Plan"), which establishes the general marketing, distribution, sales information, and specifications of Roundup Products for such Program Year (or shorter period, if applicable) including the Agent's short and long-term sales goals with respect to Roundup

Products for such Program Year, and more specifically all of the items listed on Schedule 2.2(a). Notwithstanding the foregoing, for the 1999 Program Year, the parties shall have sixty (60) days to agree to the detailed costs and sales components of the Annual Business Plan. Upon approval by the Steering Committee, the Annual Business Plan shall serve as the Agent's parameters for implementing the day-to-day operation of the Roundup Business; any Significant Deviations from such Annual Business Plan shall require the prior approval of the Steering Committee unless already approved by the Global Support Team and the Business Unit pursuant to Section 4.2.(c).

(13) ADDITIONAL ACTIONS. The Agent shall perform such additional actions, consistent with this Agreement, as directed by the Steering Committee, to implement any Significant Deviations from the Annual Business Plans.

(b) Employee Performance Standards. The Annual Business Plan shall set forth the employee performance standards required in the parties' opinion to promote the achievement of the income targets for the Roundup L&G Business in each given Program Year. The Annual Business Plan shall also specify the impact which the failure to meet such performance standards may have on the incentive schemes and bonus plans of the individual members of the Global Support Team and those employees who are part of the Business Units in charge of the Roundup L&G Business.

SECTION 2.3 APPOINTMENT OF SUB-AGENTS AND SUB-DISTRIBUTORS. The Agent shall have the right to delegate part of its obligations under this Article 2 to sub-agents and sub-distributors; provided, however, the Agent shall remain primarily liable for all of its obligations hereunder and shall be primarily liable for any act or omission of any such sub-agent or sub-distributor. To the extent this Agreement creates any obligations on the Agent, such obligations shall apply with respect to any sub-agents or sub-distributors, as the case may be. In connection with the foregoing, any reports or other information to be given to Monsanto shall be given by the Agent and shall include any information applicable to sub-agents or sub-distributors, as the case may be. Notwithstanding the foregoing, the Steering Committee shall have the exclusive right to approve the appointment or termination of any sub-agent or sub-distributor and the terms of any sub-agency or sub-distributorship agreement (including any change or amendment thereto).

SECTION 2.4 LIMITATIONS ON AGENT. Notwithstanding anything in this Agreement to the contrary, the Agent shall not, without the written consent of the Steering Committee, take (or initiate) any of the following actions:

(a) Sell Roundup Products at a price or under terms not permitted under the Annual Business Plan;

(b) Possess or use any property of Monsanto, except to the extent necessary for Agent to perform its duties and obligations hereunder (e.g., in-store displays);

(c) Hold itself out as authorized to make on behalf of Monsanto any oral or written warranty or representation regarding Roundup Products other than what is stated on the applicable Roundup Products label or in other written material furnished to the Agent by Monsanto; or

(d) Intentionally dilute, contaminate, adulterate, or substitute any Roundup Products or sell any Roundup Products for which the indicated measure or any other information on the label is known to the Agent to be grossly false, misleading, or inadequate.

ARTICLE 3 - ACCOUNTING AND CASH FLOW FOR THE ROUNDUP L&G BUSINESS

The accounting and cash flow procedures and services described in this Article 3 are intended to govern North America only, it being the understanding of the parties that different procedures and services (including the terms thereof) are required in regions other than North America. In addition, the parties understand and agree that the services described in this Article 3 with respect to North America will continue to be provided by Monsanto until and unless the Agent acquires the Non-Roundup Assets. Accordingly, the parties agree to negotiate in good faith and agree, within ninety (90) days from the date of this Agreement, on the terms and conditions pursuant to which Monsanto shall perform the services contemplated by this Article 3 in regions other than North America. Upon agreement of the parties, such terms and conditions shall be attached as Schedule 3.1 and shall be deemed to form a part of this Agreement ab initio. Until the Agent assumes the performance of the services described in this Article 3 with respect to North America and the services to be described in Schedule 3.1 with respect to all other regions, Monsanto shall continue to provide the services contemplated by this Article 3 on a basis necessary to service the Customers' needs and in accordance with the Budget prescribed in the Annual Business Plan for the 1999 Program Year, including the $35 MM cap on MAT Expenses.

SECTION 3.1. BOOKKEEPING AND FINANCIAL REPORTING.

(a) Bookkeeping. The Agent shall, on behalf of Monsanto, be responsible for all the bookkeeping for the Roundup L&G Business, which shall include, but not be limited to, (i) setting up a separate set of accounting records reflecting all the items of income, profit, gain, loss and deduction with respect to the Roundup L&G Business, including a profit and loss statement ("Roundup P&L") and all other records relating to the Roundup L&G Business including sales invoices and customer data (the "Roundup Records") in accordance with the written set of accounting policies (including the currency exchange methodology used by Monsanto) as shall be provided by Monsanto; provided, that if any change in Monsanto's accounting policies would adversely affect the Agent's Commission (other than in a de minimis amount), the parties shall negotiate in good faith to change the thresholds and/or the Commission, as appropriate, to eliminate such adverse affect; (ii) collecting, recording and safeguarding receipts of all receivables and payables, costs or expenses either directly incurred by the Roundup L&G Business or Allocated thereto by either party pursuant to the terms of

Section 3.3 hereof. At all times, the Agent shall make available via computer and/or original documentation, to the Assigned Employees designated by Monsanto continuous access to the Roundup Records as appropriate on a need-to-know basis, such access shall include, but not be limited to, daily sales updates.

(b) Financial Reporting. The Agent shall provide to Monsanto monthly financial statements, including (i) the Roundup P&L, balance sheet and cash flow statements, (ii) the Netback expense detail (accruals and actuals), (iii) all other Expense detail (accruals and actuals), and (iv) Cost of Goods Sold detail. Such monthly financial statements shall be provided (i) in their preliminary form, no later than four (4) business days following the end of the calendar month, and (ii) in their final form, together with an estimate of sales for the current month, no later than six (6) business days following the end of the calendar month.

(c) Audit. Monsanto shall have the right to periodically audit or have an independent accountant audit, on Monsanto's behalf, all the Roundup Records. The audit shall be at the cost of Monsanto unless any material error has been committed by the Agent, in which case the Agent shall bear the cost of the audit. Upon exercise of its right of audit, and discovery of any disputed item, Monsanto shall provide written notice of dispute to the Agent. The parties shall resolve such dispute in the manner set forth in Section 3.4 hereof.

SECTION 3.2. ORDERING, INVOICING AND CASH FLOW CYCLE.

(a) Ordering and Invoicing. The Agent shall perform, on behalf of Monsanto, all order taking, order processing and invoicing for the Roundup Products, it being understood that orders filled for Roundup Products shall be invoiced on the invoices used by the Agent for its other non-Roundup products provided such invoices or their EDI version shall (i) identify the Agent as an agent for Monsanto for the sale of all Roundup Products and Monsanto as the actual transferor of title to Roundup Products; (ii) direct payment of such invoice to be made directly to the account designated by the Agent; and (iii) include all taxes (other than Income Taxes), duties, and other charges imposed by governmental authorities based on the production or sale of Roundup Products or their ownership or transportation to the place and time of sale

(b) Customer Remittances. Customers of Roundup Products shall be directed, as per the invoices, to remit directly the invoiced amounts for all Roundup Products to the Agent's designated bank account.

(c) Daily Receipts. On or before October 31, 1998, the parties shall determine, based on the Program Year ending on September 30, 1998, the average daily pro rata share of Customers' remittances for the purchase of Roundup Products versus the non-Roundup products sold by Monsanto to said Customers during such period. Using said daily pro rata share, the Agent shall, on a daily basis, remit to the account designated by Monsanto for such purposes, the estimated portion of Customers' remittances for the Roundup Products. At the end of each month, the Agent shall verify the actual amount of the Customers' remittances for the Roundup Products paid over the past month and shall send to Monsanto a monthly reconciliation

statement, either with a check in the event the actual amount exceeds the total daily prorated estimate paid out to Monsanto for such month or with an adjustment request in the event the actual amount is below the total daily prorated estimate paid out to Monsanto for such month. Customer payment deductions that do not initially, clearly apply to Roundup Products shall not be withheld by the Agent from the daily remittances to Monsanto. If the Agent subsequently determines any of such payment deductions apply to sales of Roundup Products, the Agent shall be reimbursed therefor as part of the monthly cash reconciliation. Monsanto and the Agent agree that general Customer payment deductions will be prorated based on applicable sales, for which the Agent will also be reimbursed in the monthly cash reconciliation. Any non-Roundup Product payment deductions, for whatever reason, shall not be applied against Roundup Products.

(d) Roundup Bank Accounts. Monsanto shall establish or use existing bank accounts (the "Roundup Bank Accounts") to serve as the bank accounts dedicated exclusively to the Roundup L&G Business (i) for the receipt of Monsanto's daily disbursements as described in Section 3.2(c), and (ii) for making any and all payments incurred in connection with the Roundup L&G Business either as direct Expenses of the Roundup L&G Business or as reimbursements to either party for services rendered or out of pocket costs related to the Roundup L&G Business as described more particularly in Section 3.3 hereof. Monsanto shall grant the Agent's nominee the authority to manage the Roundup Bank Accounts on Monsanto's behalf, and more generally take any and all actions requested for the payment of all the Roundup L&G Business Expenses in compliance with the terms of Section 3.3 hereunder as per the Cash Flow Chart attached hereto as Schedule 3.2(d); provided that checks in an amount over $25,000 shall also require the co-signature of an Assigned Employee or a member of the Global Support Team. Monsanto shall further cause such Roundup Bank Accounts to have at all times a zero balance account but to receive immediate and automatic funding upon presentation of any checks. Monsanto may perform its own reconciliation of the Roundup Bank Accounts and may conduct a weekly review of the check register.

SECTION 3.3. EXPENSES AND ALLOCATION RULES

(a) Expenses. Each and every Expense, either as a direct expense or an allocated one, shall only be charged to the Roundup L&G Business and consequently taken into account in the Program EBIT statements set forth in Section 3.6(c) hereto if part of a category of Expenses specifically authorized by the terms of the Annual Business Plan and within the aggregate amount prescribed in the Annual Business Plan for such category of Expense ("Budget") ("Approved Expense"). Any Expense which shall exceed its prescribed Budget shall solely be the responsibility of the party incurring it unless such expense is required to implement an approved Significant Deviation from the Annual Business Plan or is necessary to support sales orders above budgeted sales pursuant to sales programs contemplated by the Annual Business Plan.

(b) Direct vs. Allocated. Each party shall have the right to verify whether any particular Expense is an Approved Expense by sending a written inquiry to that effect to the Agent's nominee. The party incurring an Expense shall endeavor to promptly provide upon

request of the Agent's nominee the appropriate documentary evidence supporting such Expense. Upon failure by the said party to provide the appropriate documentary evidence, the inquiring party shall have the right to send a written notice of dispute to the other party and the parties shall resolve such dispute in the manner set forth in Section 3.4 hereof. Upon determination by such Independent Accountant (as defined below) that the Expense was not Approved, such Expense shall be deducted from the Program Expenses and the party having incurred such Expense shall either promptly reimburse it to the Roundup Bank Account, or shall withdraw its request for reimbursement if not reimbursed yet.

Expenses shall be classified into (i) direct expenses of the Roundup L&G Business payable to vendors, which shall be submitted directly to the Agent's nominee for payment out of the Roundup Bank Account or (ii) as Allocated Expenses which shall be submitted by either party to the Agent's nominee for reimbursement out of the Roundup Bank Account. Payment of any direct expenses incurred by either party on behalf of the Roundup L&G Business shall be made as they become due in accordance with the applicable commercial terms agreed upon with each vendor.

Allocated Expenses shall be paid on the fifteenth (15th) day of each month provided such allocated Expenses shall be submitted in writing no more than five (5) days after the end of each month to the Agent's nominee in charge of the Roundup Bank Account.

(c) Allocation Rules. In the performance of their obligations under this Agreement, each party shall incur allocated Expenses directly related to the Roundup L&G Business. Each allocated Approved Expense, regardless of the party incurring it, shall be reimbursed as described in Section 3.5(b) provided such expense shall be allocated in accordance with the Allocation Rules set forth for each category of cost and service per country or region, as the case may be, in Schedule 3.3(c) attached hereto ("Allocated Expense").

SECTION 3.4. RESOLUTION OF DISPUTES ARISING UNDER ARTICLE 3. Unless otherwise agreed by the parties, each party shall have the right, within twenty (20) days of receipt of the quarterly or annual financial statements to send a written notice of dispute to the other party. Upon receipt of such notices of dispute, the parties shall undertake the following steps:

(i) First, for a period of fifteen (15) days, the parties shall negotiate in good faith for the purposes of attempting to mutually agree upon the item in dispute;

(ii) Second, if parties are unable to mutually agree upon the item in dispute, then within seven (7) business days following the expiration of such fifteen (15) day period, the parties shall agree in writing upon the selection of a nationally recognized independent accounting firm (the "Independent Accountant") to resolve the dispute. If the parties cannot agree upon such Independent Accountant within such time frame, then the Independent Accountant shall thereupon be selected by the American Arbitration Association (the "AAA"), with preference being given by the AAA in making such selection to any one of the "Big Five" accounting firms (except for any firm which performs accounting services for either party)

willing to perform the services required hereunder. The Independent Accountant shall be instructed to act within thirty (30) days to resolve the dispute, and its decisions with respect to the dispute shall be final and binding upon the parties. The fees and expenses of the Independent Accountant with respect to the settlement of the dispute shall be borne equally by the parties.

SECTION 3.5. FIXED CONTRIBUTION TO EXPENSES

(a) Amount and Purpose. Each Program Year the Agent shall make a fixed contribution to the overall Expenses of the Roundup L&G Business in an amount equal to twenty million U.S. Dollars ($20,000,000) ("Contribution Payment"). Such Contribution Payment shall be payable by the Agent to Monsanto in twelve equal monthly installments which shall be due on the first day of each month and shall not be subject to any "set-off".

(b) Temporary Deferral. Notwithstanding the foregoing, but subject to Section 10.9, for the first three Program Years, all or part of the Contribution Payment shall be deferred as shown in Table 1 set forth below. Such forty million U.S. Dollars ($40,000,000) deferral shall not be deemed to constitute a loan by either party but a mere cash flow adjustment between the parties.

Table 1

Year	Contribution Payment	Amount Deferred
1999	-0-	$20MM
2000	$ 5MM	$15MM
2001	$15MM	$ 5MM
2002	$20MM	
2003-18	$25MM until the full $40MM bearing an 8% interest (starting to run on the date each monthly installment would otherwise be due) is entirely recovered by Monsanto, at which point the Contribution Payment shall revert to $20MM per Program Year.	

Notwithstanding the above payment schedule shown in Table 1 beginning in Program Year 2001, recovery of such deferral shall be accelerated with the Contribution Payment being increased by 50% of the amount by which the Agent's Net Commission exceeds the amounts shown in Table 2 set forth below. Any such increase of the Contribution Payment shall be paid by adjusting the latest monthly installment upon receipt of the final Program EBIT statement by November 30 of every calendar year. For purposes of this Section 3.5(b), "Net Commission" means the Commission as determined pursuant to the terms of Section 3.6(a) less the Contribution Payment applicable pursuant to this Section 3.5.

Table 2

Year	Net Commission Level
2001	$32.5MM
2002	$28.1MM
2003	$26.7MM
2004	$30.5MM
2005	$34.6MM
2006	$38.9MM
2007	$43.5MM
2008	$49.0MM

Upon termination of this Agreement for any reason other than Egregious Injury, Material Fraud or Material Willful Misconduct on the part of the Agent, Monsanto shall forfeit recovery of any portion of the $40MM (or interest thereon) unpaid on the date of termination.

SECTION 3.6. COMMISSION.

(a) Amount of Commission. In consideration to the Agent for performance of its duties and obligations hereunder, the Agent shall be entitled to a Commission ("Commission"). Such Commission shall represent a percentage of the Program EBIT realized by the Roundup L&G Business, which percentage shall vary in accordance with the formula set forth below.

	Amount of Program EBIT	
Year	First Commission Threshold	Second Commission Threshold
1999-2000	$30,000,000	$80MM
2001	$31,250,000	$80MM
2002	$32,531,250	$80MM
2003	$33,844,531	$80MM
2004	$35,190,645	$80MM
2005	$36,570,411	$80MM
2006	$37,984,471	$80MM
2007	$39,434,288	$80MM
2008	$40,920,145	$80MM
2009+	$30,000,000	$80MM

The Commission shall be equal to:

	Amount of Program EBIT	Multiplied By
(1)	0 - First Commission Threshold:	0%
(2)	Second Commission Threshold less First Commission Threshold:	46% in Program Year 1999* 44% in Program Year 2000 40% thereafter
(3)	Above the Second Commission Threshold:	50%**

*1999 Program EBIT shall be increased by $15MM.

**subject to Section 3.5(b).

Provided both the First and Second Commission Thresholds set forth above may be amended from time to time by mutual agreement of the parties following the inclusion or exclusion of either new or existing countries in the Included Markets. In the event of a Regional Performance Default in the UK or in France, there shall be no adjustment to either the First Commission Threshold or the Second Commission Threshold. In the event of a Regional Performance Default in any region other than the UK and France, both thresholds shall be reduced by such region's pro rata contribution to the preceding Program EBIT. Notwithstanding the foregoing, in the event of the non-renewal of the EU Term due to Monsanto, the First Commission Threshold shall be reduced to -0- for the remainder of the term of this Agreement.

(b) Payment of Commission. Within thirty (30) days following the end of each month, the Agent, on behalf of Monsanto shall determine whether a Commission becomes payable, i.e., whether the cumulative Program EBIT for the Program Year up to the preceding month equals an amount in excess of the First Commission Threshold. If so, the Agent, on behalf of Monsanto shall by check or wire transfer, to the Agent's designated account for the payment of the applicable Commission pursuant to the formula set forth in Section 3.6(a) subject to any adjustments pursuant to Section 3.6(c).

(c) Final Determination. Within fifteen (15) days following the end of each Program Year, the Agent shall deliver to Monsanto a Commission statement which shall contain the final determination of the Commission due at the expiry of the Program Year and shall set forth any eventual adjustments, to the amounts paid up to the Agent under Section 3.6(b) during the preceding Program Year. If within fifteen (15) days following the receipt of such Commission statement by the Agent, Monsanto does not provide the Agent written notice of objection to the Commission statement, the amount of the Commission for such Program Year shall be as provided thereon. If within such fifteen (15) days following receipt of such Commission statement by Monsanto, Monsanto does provide the Agent written notice of objection to the Commission statement, the parties shall resolve such dispute in the manner set forth in Section 3.4 hereof.

SECTION 3.7. MARKETING FEE. In consideration for the rights and benefits granted to the Agent hereunder exclusively for North America as hereby expressly acknowledged and agreed to by both parties, the Agent shall pay to Monsanto, on or before September 30, 1998, an amount equal to thirty-two million U.S. Dollars ($32,000,000) (the "Marketing Fee") in immediately available funds.

SECTION 3.8. ADDITIONAL COMMISSION

(a) The parties acknowledge that Monsanto currently sells Glyphosate-based products current under the Roundup trademark, directly or indirectly, to professional, industrial and agricultural users ("Roundup Ag Products"). Monsanto acknowledges that one of such Roundup Ag Products, the 2.5 gallon SKU containing 41% concentration of Glyphosate (the "2.5 Gallon SKU"), is currently being sold through those certain Lawn and Garden Channels in the United States set forth on Schedule 3.8 attached hereto and may be purchased by consumers in the Lawn and Garden Market. Schedule 3.8 also sets forth Monsanto's (but not its distributions) sales into Lawn and Garden Channels in the U.K. and France. Monsanto also acknowledges its obligations pursuant to Section 6.13(b) hereof.

(b) On and after the Effective Date, the Agent shall support and manage the sale of the 2.5 Gallon SKUs that were previously being sold directly by Monsanto through such Lawn and Garden Channels. As compensation therefor, in addition to the Commission otherwise payable to the Agent hereunder, the Agent shall be paid a 10% commission on all such sales of 2.5 Gallon SKUs sold through the Lawn and Garden Channels in the United States set forth on Schedule 3.8. The parties acknowledge that the sales resulting from such 2.5 Gallon SKUs shall not be included in the Program Sales Revenues hereunder.

(c) Except to the extent provided in Section 3.8(b) above, on and after the Effective Date, Monsanto shall use its reasonable efforts to ensure that Roundup Ag Products are not sold, directly or indirectly, through Lawn and Garden Channels to consumers in the Lawn and Garden Market in the Included Markets. In the event that in the normal course of business the Agent determines based on satisfactory evidence that a material amount of the 2.5 Gallon SKU is being sold directly by Monsanto through Lawn and Garden Channels for Lawn and Garden Use in the United States other than as set forth on Schedule 3.8 or a material amount of additional Roundup Ag Products above historical sales levels as of the date of this Agreement is being sold through Lawn and Garden Channels to consumers for Lawn and Garden Use in the Included Markets, the parties shall negotiate in good faith to include, subject to the principles set forth in Section 3.8(e), an appropriate percentage of such incremental sales to reflect such Lawn and Garden Use within the definition of Program Sales Revenues so that the Agent receives credit therefor for purposes of calculating the Agent's Commission.

(d) Prior to the finalization of the Annual Business Plan for each program Year, Monsanto shall provide the Agent with notice of any significant changes in the pricing of any Roundup Ag Product that may be sold through Lawn and Garden Channels for Lawn and Garden Use in any Included Market during such Program Year. For the thirty (30) days after receipt of such notice, the parties shall negotiate in good faith, and the Steering Committee shall affect, if so agreed, an appropriate adjustment to the Agent's Commission and/or Thresholds to address the impact of such proposed pricing changes on the Annual Business Plan for such Program Year. In the event the parties are unable to reach agreement within such thirty (30) day period, the Agent's Commission and/or Thresholds shall remain unchanged provided that at the end of the such Program Year the Agent shall have the right to request a retroactive adjustment of the Commission or Threshold for such Program Year upon demonstrating, based on actual numbers for such Program Year, a significant impact on the Roundup Lawn and Garden Business.

(e) In implementing the foregoing, the parties shall follow the following principles: (i) that Monsanto's sales of Roundup Ag products are not intended for Lawn and Garden Use and that Monsanto shall not sell Roundup Ag Products directly or promote the indirect sale thereof, through Lawn and Garden Channels to consumers for Lawn and Garden Use in the Included Markets and (ii) that there shall be no transfer of historical or future sales of Roundup Ag products in the Ag Market into Program Sales Revenues. Furthermore, the parties acknowledge that Roundup Ag Products having a formulation consisting of 41% or more Glyphosate and in container sizes over 2.5 gallons in the United States or over one liter in the other Included Markets shall be presumed to have no Lawn and Garden Use and therefor that sales of such Roundup Ag Products shall not be deemed to compete with Roundup Products in a manner that would justify adjustment of the calculation of Program Sales Revenues; provided that if the Agent is able to demonstrate to the Steering Committee that a material change in the amount of such Roundup Ag Products above historical sales levels as of the date of this Agreement are being sold through Lawn and Garden Channels to consumers for Lawn and Garden Use in the Included Markets, the parties shall negotiate in good faith pursuant to Section 3.8(c) to adjust the calculation of Program Sales Revenues.

(f) In order to demonstrate the foregoing, by way of example only: (i) Assume that sales of 2.5 Gallon SKUs in the U.S. by Monsanto, directly or indirectly, through Lawn and Garden Channels in the Included Markets set forth on Schedule 3.8 for the 1999 Program Year are $10MM; (ii) assume that the sales of such 2.5 Gallon SKUs for the corresponding period from October 1, 1997 through September 30, 1998 were $6MM; and (iii) assume that of such incremental $4MM of sales in the 1999 Program Year, 40% are to consumers in the Lawn and Garden Market and 60% are to consumers in the Ag Market. In such event, with respect to the 1999 Program Year, the Agent would be entitled to an additional commission equal to $840,000, comprised of 10% of $6MM (the historical sale level of 2.5 Gallon SKUs) and 10% of $2.4MM (60% of the $4MM in incremental sales of 2.5 Gallon SKUs), and that Program Sales Revenues for the 1999 Program year will be increased by $1.6MM (40% of the incremental $4MM in sales). A similar analysis would apply to sales of other Roundup Ag Products, other than the 2.5 Gallon SKU, through Lawn and Garden Channels to consumers in the Lawn and Garden Market.

ARTICLE 4 - ROUNDUP L&G BUSINESS MANAGEMENT STRUCTURE

SECTION 4.1. UNDERLYING PRINCIPLES FOR THE ROUNDUP L&G BUSINESS MANAGEMENT STRUCTURE

(a) The Roundup L&G Business management structure, as described in this Article and in Schedule 4.1(a), has been created for the purposes of fostering and promoting the following interests of the parties:

(i) Common Interests:

(A) achieve the maximum volume and profit levels for the Roundup Business;

(B) continue to strengthen the Roundup brand; and

(C) leverage the strengths of both parties while working together in a constructive and harmonious way.

(ii) Monsanto's Interests:

(A) retain ability to resume full management of the Roundup Business upon termination of this Agreement;

(B) retain control over key business decisions; and

(C) provide global stewardship of the Roundup brand.

(iii) The Agent's Interests:

(A) manage the Roundup Business within the parameters of approved Annual Business Plans;

(B) have clear reporting relationship to Business Units heads for all Assigned Employees within the Business Units; and

(C) have clear definition of roles and responsibilities for all Assigned Employees within the Business Units.

(b) The parties understand that such structure may be amended from time to time by mutual agreement of the parties provided any such change shall take into account the respective interests of each party as described hereunder.

SECTION 4.2. STEERING COMMITTEE.

(a) Appointment. Monsanto and the Agent shall each appoint by April 1 of each year two (2) executives to a steering committee ("Steering Committee") provided, however, any vacancy shall be filled in such a manner that the parties shall maintain their respective proportionate representation on the Steering Committee and that upon failure by either party to appoint said two (2) executives by such time, the two (2) executives previously appointed by such party shall be deemed appointed for another Program Year. Notwithstanding the foregoing, the members of the Steering Committee for the Program Year 1999 shall be the individuals whose names are set forth as Schedule 4.2(a) attached hereto. In addition, the head of the North America Business Unit shall be entitled to participate, with no voting right, at every meeting of the Steering Committee, and to invite, as the need may arise, the heads of the other Business Units to said meetings (equally without voting rights).

(b) Meetings, Quorum and Voting Requirements.

(1) Meetings. The Steering Committee shall meet at least once a year for purposes of approving the Annual Business Plan no later than September 15 of every calendar year. Any member of the Steering Committee shall have the right to call a special meeting of the Steering Committee provided a prior written notice of at least fifteen (15) days shall be given to each member together with an agenda for such meeting.

(2) Quorum and Voting Requirements. The quorum for any meeting of the Steering Committee shall require the participation of all four (4) members except that any member shall be deemed present when participating via phone or video conference. Any decisions by the Steering Committee may be taken by the affirmative vote of a majority of three (3) of the members of the Steering Committee. In the event of a deadlock, when a particular vote is divided equally between the four members, the matter shall be submitted to the president of Monsanto's Ag division, who shall have the exclusive discretion to resolve the matter and such decision shall bind the Steering Committee to such action or inaction. Notwithstanding any future assignment of this Agreement to a third party by reason of a Roundup Sale, the President of Monsanto's Ag division shall retain its right of veto in case of deadlock of the Steering Committee.

For every meeting of the Steering Committee, minutes shall be kept and circulated for approval to all four members. Every decision of the president of Monsanto's Ag division shall also be recorded in writing and distributed to the members of the Steering Committee.

(c) Authority. The Steering Committee shall:

(i) approve all Annual Business Plans, and any Significant Deviations (as described in Section 4.3(c)) therefrom not previously approved jointly by the Business Units and the Global Support Team;

(ii) approve any and all strategic plans;

(iii) review monthly reports submitted by the Business Units for the purposes of monitoring achievement and redirecting the Business Units by issuing a formal amendment to the Annual Business Plan then in effect;

(iv) monitor and redirect, if need be, the performance of the Global Support Team;

(v) approve any decisions relating to key personnel assigned to the Roundup Business within the Business Units, including Monsanto's and the Agent's employees;

(vi) resolve any disagreement occurring between a Business Unit and the Global Support Team; and

(vii) decide any other matter mutually agreed upon by Monsanto and the Agent.

SECTION 4.3. BUSINESS UNITS.

(a) Role and Reporting. The Roundup L&G Business shall be managed, on behalf of the Agent, by its respective pesticide business units in North America, Europe and Asia ("Business Units") provided that, for the management of the Roundup L&G Business, the head of each of the three Business Units shall report directly to the Steering Committee.

(b) Monsanto's Assigned Employees. For the term of this Agreement, Monsanto shall assign the equivalent of fifteen (15) of its own employees ("Assigned Employees") to fulfill the functions set forth in Schedule 4.3(b) within the three Business Units. The number of said Assigned Employees may vary from time to time upon mutual agreement. Monsanto may, from time to time, with the Agent's written approval, substitute individuals to serve as the Assigned Employees, by providing prior written notice thereof to the Agent. The Assigned Employees shall serve under the guidance and supervision of the Business Unit head of the Business Unit they shall join.

Monsanto shall remain the employer of the Assigned Employees for all purposes of any and all liability and health insurance, employee benefit plans, and workers compensation coverage, and shall be responsible for all compensation and other benefits. Performance reviews shall be first recommended by the Business Unit head in charge of such Assigned Employees.

(c) Duties. The three Business Units shall be responsible for:

(i) taking any and all necessary actions to implement the approved Annual Business Plan and strategic plans, as may be amended from time to time, either by mutual agreement of the Business Unit and the Global Support Team or by the Steering Committee as described in Section 4.2(c);

(ii) managing the day-to-day Roundup L&G Business;

(iii) developing and submitting, in cooperation with the Global Support Team all strategic and Annual Business Plans;

(iv) communicating, in writing or via meetings, on a regular basis, with the Global Support Team on all significant issues affecting the Roundup L&G Business; and

(v) notifying the Global Support Team of any deviation to the Annual Business Plan, which, in their view, is reasonably likely to have a financial impact on the Program EBIT of at least $500,000 or constitutes a significant deviation from a non-financial item approved in the Annual Business Plan ("Significant Deviation").

SECTION 4.4. GLOBAL SUPPORT TEAM.

(a) Appointment. Monsanto shall name three (3) individual employees of Monsanto to form a support team (the "Global Support Team") whose names and individual responsibilities are described on Schedule 4.4(a) as attached hereto. Monsanto may from time to time substitute any individual serving on the Global Support Team, with the written approval of the Agent, by providing a prior written notice to the Agent to such effect.

(b) Duties. The Global Support Team shall be responsible to:

(i) participate actively in the development of all strategic and Annual Business Plans;

(ii) act as a liaison between any of Monsanto's functions or departments providing a support service to the Roundup Business (such as R&D, regulatory, etc.) and monitor the quality of services rendered;

(iii) provide stewardship for the Roundup brand image worldwide;

(iv) prepare internal assessments of the performance of the Roundup L&G Business for Monsanto management;

(v) review, and approve any performance reviews prepared by the Business Unit head for any of the Assigned Employees;

(vi) participate in planned key customer interactions and program presentations, either by participation in meetings or in preparatory sessions therefor;

(vii) review and approve any material change or deviation in consumer communication, mass media, packaging design or any other marketing tactic that directly impacts the consumer perception and interface with the brand which may occur from time to time;

(viii) review and approve any Significant Deviation from the Annual Business Plan; and upon failure to agree with the Business Unit, prepare a recommendation to submit to the Steering Committee for resolution, provided that the Business Unit may similarly prepare a recommendation to submit to the Steering Committee.

ARTICLE 5 - DUTIES AND OBLIGATIONS OF MONSANTO

SECTION 5.1. MONSANTO'S OBLIGATIONS AND RIGHTS. Subject to Section 2.2(a)(ii) and Article 3, unless and until expressly directed otherwise by the Business Units, with the prior written approval of the Steering Committee Monsanto shall continue to support the Roundup L&G Business by performing necessary services. Notwithstanding the foregoing, at all times during the term of this Agreement, Monsanto shall be solely responsible for the following functions:

(a) Research and Development. Monsanto shall, in its sole discretion, continue to develop new Glyphosate-based herbicide formulations more particularly as described in Section 6.10 hereof;

(b) Regulatory Compliance. Monsanto shall be responsible for ensuring that all Roundup Products and the labels for such products comply with the USEPA and applicable Laws of each state and country within the Included Markets, including obtaining and maintaining all governmental registrations, registration applications, temporary registrations, all data pertaining to such registrations as submitted to governmental agencies, experimental use permits, applications and emergency use exemptions, all with respect to the Roundup Products;

(c) FIFRA 6(a)(2). Monsanto shall be responsible for maintaining a customer response center relating to Roundup Products, which will solely manage the medical response calls (including human and animal health-related calls) and related FIFRA 6(a)(2) issues (the "CRC"). Monsanto shall be responsible for all reports related thereto, including (without limitation) reports to any regulatory or government authority pursuant to any applicable Law; and

(d) Sales Promotion. Monsanto shall, in accordance with the Annual Business Plan, promote the sales and consumer acceptance of Roundup Products by:

(i) providing suitable training to the Agent's representatives or employees in the areas of product knowledge and product stewardship; and

(ii) providing the Agent and Customers with technical and product information, manuals, promotional bulletins, presentation kits and other sales aid materials.

SECTION 5.2. WARRANTIES. For Roundup Products with which Monsanto offers a "written warranty," whether within the meaning of the Magnuson-Moss Warranty--Federal Trade Commission Improvement Act, 15 United States Code Annotated, Section 2301, or otherwise, Monsanto shall honor those warranties in accordance with such terms.

ARTICLE 6 - REPORTS AND ADDITIONAL OBLIGATIONS OF THE PARTIES

SECTION 6.1. COOPERATION. The Agent and Monsanto shall cooperate with each other so as to facilitate the objectives set forth in this Agreement and shall act in good faith and in a commercially reasonable manner in performing their respective duties hereunder.

SECTION 6.2. USE OF EDI. Monsanto, the Agent, the Steering Committee, and the Global Support Team will exchange a broad range of operating data on a periodic basis. The method of exchange will be approved by the Steering Committee and will include both file transfer and EDI protocol.

SECTION 6.3. THE AGENT'S SYSTEMS AND REPORTING OBLIGATION. The Agent shall establish and maintain all such systems and procedures (financial, logistical, or otherwise) as reasonably requested by Monsanto or the Steering Committee in connection with the Agent's performance under this Agreement. For all reports, the data will include current period and current YTD; and comparisons with same period and YTD for the year previous. Specifically, the Agent shall provide the following reports:

(a) Weekly Reports. On the second business day of each week, the Agent shall provide to the Global Support Team update reports for the prior week, showing: (i) dollar and case shipments by the top 25 Customers and by SKU (stock keeping unit), (ii) inventory levels by SKU for North America, (iii) collection activities by the top 25 Customers, (iv) agency fill rate for the top 10 Customers (Roundup Products ordered by Customers and shipped by the Agent by line item, unit and dollar amount), and (v) POS sell-through by SKU by the top 7 Customers that provide such information.

(b) Monthly Reports. On the sixth business day of each Month, the Agent shall provide to the Steering Committee and Monsanto (i) the type of data contained in the weekly reports (as set forth in Section 6.3(a)) for the prior calendar month and the current year-to-date, (ii) full P&L, balance sheets and cash flow statements, (iii) Netback expense detail (accruals and actuals), (iv) Expense detail (accruals and actuals), (v) Cost of Goods Sold detail, in each case comparing such information against budget, and against the previous year.

(c) Quarterly Reports. The Agent shall provide to the Steering Committee and Monsanto, on a Quarterly basis and on a form provided by the Steering Committee (i) a summary of purchases of Roundup Products, in total cases or units, made by each Customer which is designated by the Steering Committee, (ii) inventory level by SKU by Customer and (iii) updated full year forecast.

(d) Annual Reports. The Agent shall provide to the Steering Committee and Monsanto, on an Annual basis and on a form provided by the Steering Committee (i) bridge and tracking capability from Program Year to calendar year, (ii) a budget and (iii) a long range plan.

(e) Other Reports. In addition, the Agent shall provide Monsanto or the Steering Committee with such other reports as may be reasonably requested within a period not to exceed thirty (30) days from such request.

SECTION 6.4. EMPLOYEE INCENTIVES. Recognizing that, as Monsanto's exclusive agent for sale and distribution of Roundup Products, the Agent is to promote the sale of Roundup Products NO LESS aggressively than any other product or product line that the Agent sells, the Agent shall cause its appropriate officers and other management to devote an appropriate portion of their personal efforts to the sale and distribution of Roundup Products covered by this Agreement. Further, the Agent shall ensure that the appropriate personnel are compensated in a manner to encourage them to promote the sale of Roundup Products no less aggressively than any other product or product line that the Agent sells.

SECTION 6.5. INSURANCE. The Agent, shall, during the term of this Agreement, maintain full insurance against the risk of loss or damages to the Roundup Products for any Agents' warehouse where Roundup Products are under the custody of the Agent and, upon request, shall furnish Monsanto with satisfactory evidence of the maintenance of said insurance. Further, each party shall make all contributions and pay all payroll taxes required under federal social security laws and state unemployment compensation laws or other payments under any laws of a similar character as to its own personnel involved in the Roundup L&G Business (including any purported "independent contractors" subsequently classified by any authority under any Law, as an employee) in connection with the performance of this Agreement.

SECTION 6.6. LIENS. Subject to the provisions of any existing intercreditor agreement to which Monsanto is currently a party (as the same may be amended, modified or terminated) and except as may otherwise be agreed to by Monsanto, which agreement shall not be unreasonably withheld in the case of similar arrangements with existing or future institutional lenders, the Agent agrees not to allow any liens or encumbrances of any nature to attach to Roundup Products. At Monsanto's request, the Agent, sub-agent, or sub-distributor shall execute such financing statements, security agreements and other documents as Monsanto may reasonably request to create, perfect, and continue in effect its security interests hereunder.

SECTION 6.7. PROMOTING SAFE USE-PRACTICES. Roundup Products may be or become hazardous unless used in strict accordance with Monsanto's product labels. The Agent shall use commercially reasonable methods to inform and familiarize its employees, agents, Customers, contractors (including warehousemen and transporters) and others who may handle or use Roundup Products of the potential hazards pertaining thereto (including accidental breakage or fire), and shall stress the safe use and application of Roundup Products in strict accordance with Monsanto's product labels. In addition, the Agent shall provide HM126F training to its personnel as required by the United States Department of Transportation (and such other training as may be required by other countries within the Included Markets). The Agent shall have the responsibility to dispose of waste materials in accordance with all applicable Laws.

SECTION 6.8. MONSANTO INSPECTION RIGHTS. From time to time, as Monsanto or the Steering Committee may request, the Agent shall permit, upon reasonable request and during normal business hours, representatives of Monsanto or the Steering Committee to inspect, with regard to Roundup Products, the Agent's inventories, warehousing, and shipping procedures.

SECTION 6.9. RECALLS. The Agent shall cooperate with Monsanto, and promptly take such actions as requested by Monsanto, with respect to any defective product including any "stop-sales" or recalls for Roundup Products.

SECTION 6.10. NEW ROUNDUP PRODUCTS. During the term of this Agreement, Monsanto covenants and agrees to first offer (the "Product Offer") to the Agent the exclusive agency and distribution rights to any newly created non-selective herbicide product, which is not marketed for Lawn and Garden Use as of the date of this Agreement, and which Monsanto, in its exclusive, reasonable discretion, determines to be suitable for sale as a new product for Lawn and Garden Use (the "New Product"); provided, however, that for the Lawn and Garden Market, that any new product containing Glyphosate or another non-selective herbicide shall be considered to be a New Product. The Product Offer shall be in writing, shall be in sufficient detail describing such New Product, and shall be made within sixty (60) days of the date of commercialization of such New Product for uses other than Lawn and Garden Use. In no event shall Monsanto, directly or indirectly, commercialize any New Product for Lawn and Garden Use without first offering such New Product to the Agent pursuant to the terms of this Section 6.10. If the Agent agrees in writing within ninety (90) days of receipt of the Product Offer to accept the New Product, then such New Product shall be, without further action or amendment, included within the definition of Roundup Products and be subject to the terms and conditions of this Agreement. In such event, the parties shall adjust the Commission Thresholds to reflect this additional source of revenue unless the New Product is a Glyphosate-based product or an improvement of any existing Roundup Products in which case the Commission Thresholds shall remain the same. If the Agent fails to agree in writing to accept the Product Offer within such ninety (90) days of receipt, then Monsanto shall have the exclusive right to manufacture, package, promote, distribute, and sell such New Product, regardless of any actual or potential conflict with the terms of Agreement.

SECTION 6.11. [Intentionally Omitted.]

SECTION 6.12. CONFIDENTIALITY. Except as necessary for its performance under this Agreement, except as may be required by the federal securities laws or other applicable laws and except to the extent required under certain existing agreements to which Monsanto is a party (i.e., AHP Merger Agreement), neither party shall at any time or in any manner, either directly or indirectly, and neither party shall permit its employees to use, divulge, disclose or communicate to any person or entity any "confidential information" of the other party. For purposes of this Section 6.12, "confidential information" includes any information of any kind, nature, or description that is proprietary, treated as confidential by, owned by, used by, or concerning any matters affecting or relating to the business of a party or the subject matter of this Agreement, including but not limited to, the names, business patterns and practices of any of its customers, its marketing methods and related data, the names of any of its vendors and suppliers, the prices it obtains or has obtained or at which it sells or has sold products or services, lists, other written records, and information relating to its manner of operation. Notwithstanding the foregoing, "confidential information" shall not include any information which (i) is or becomes public knowledge through no fault or wrongful act of the party disclosing such information or its employees, (ii) was known by such party prior to any agency or distributor relationship with the other party or any predecessor, (iii) is received by such party pursuant to the Formulation Agreement and which is not otherwise confidential information, or (iv) is received from a third party who is not obligated to keep such information confidential. All "confidential information" in any form (electronic or otherwise) shall be and remain the sole property of the party possessing such information and shall be returned to such party upon the termination of this Agreement upon such party's reasonable request.

SECTION 6.13. NONCOMPETITION.

(a) Noncompetition Period. The "Noncompetition Period" shall be the term of this Agreement, and for the two-year period following the termination, cancellation or non-renewal of this Agreement; provided, however, that in the event (i) Monsanto terminates this Agreement pursuant to Section 10.4(a)(2), (ii) Monsanto does not renew the EU Term pursuant to Section 10.2 or (iii) the Agent terminates this Agreement pursuant to Section 10.5(a), the Noncompetition Period shall be deemed to terminate simultaneously upon the effective date of the termination of this Agreement or, in the case of non-renewal of any EU Term pursuant to Section 10.2 upon termination thereof with respect to EU Countries only.

(b) Monsanto Covenant. Except as provided for in Section 3.8, Monsanto covenants and agrees that for the Noncompetition Period, Monsanto will not, nor will it permit any Affiliate to, directly or indirectly, own, manage, operate or control, or participate in the ownership, management, operation or control of, or be connected with or have any interest in, as a shareholder, partner, creditor or otherwise, any "Competitive Business." A Competitive Business shall be any business which, anywhere within the Included Markets, (x) manufactures, sells, markets or distributes any non-selective weed control product, whether residual or non-residual, for Lawn and Garden Use or (y) competes with the Roundup L&G Business; provided,

however, this Section 6.13(b) shall not apply to those actions of Monsanto or any Affiliate (i) to the extent such actions are expressly contemplated by this Agreement, for the duration of this Agreement, (ii) to the extent that immediately upon termination of this Agreement for whatever reason Monsanto or any Affiliates or successor to the Roundup L&G Business shall continue to operate the Roundup L&G Business without infringing this covenant, or (iii) to the extent that Monsanto's interest in a Competitive Business, as a shareholder, partner, creditor or otherwise, is equal to or less than 5%. Furthermore, this Section 6.13(b) shall not apply to any actions taken by Monsanto as authorized by Section 10.7(a) during and after any period when Monsanto has given notice of termination in accordance with Section 10.4(b).

(c) Agent's Covenant. The Agent covenants and agrees that during the Noncompetition Period, the Agent will not, nor will it permit any Affiliate to, directly or indirectly, own, manage, operate or control, or participate in the ownership, management, operation or control of, or be connected with or have any interest in, as a shareholder, partner, creditor or otherwise, any Competitive Business; provided, however, this Section 6.13(c) shall not apply to those actions of the Agent or any Affiliate (i) to the extent such actions are expressly contemplated by this Agreement, for such term of this Agreement; (ii) to the extent such actions relate to the products listed on Exhibit D hereto in the countries listed therein, the products that the Agent either owns, has contracted to purchase or entered into a letter of intent with respect to as of the Effective Date and such additional products as the parties may from time to time agree (the "Permitted Products"); (iii) to the extent that the Agent's interest in a Competitive Business, as a shareholder, partner, creditor or otherwise, is equal to or less than 5%; or (iv) to any separate agreement with Monsanto with respect to transgenic technology sharing. The parties agree to compile a list of the Permitted Products within sixty (60) days after the Effective Date which shall be substituted as Exhibit D.

(d) Non-Solicitation by Monsanto. Monsanto agrees that for the duration of the Noncompetition Period and for the two years thereafter, without the prior written consent of the Agent, it will not, nor will it permit any of its Affiliates to (i) solicit for employment any person then employed by the Agent or any of its Affiliates or (ii) knowingly employ any employee of the Agent or any of its Affiliates who voluntarily terminates such employment with the Agent (or such Affiliate) after the Effective Date, until three months have passed following termination of such employment.

(e) Non-Solicitation by the Agent. The Agent agrees that for the duration of the Noncompetition Period, without the prior written consent of Monsanto, it will not, nor will it permit any of its Affiliates to (i) solicit for employment any person then employed who works primarily with Roundup Products or with other products with Lawn & Garden Uses ("Lawn & Garden Employee") by Monsanto or any of its Affiliates or (ii) knowingly employ any Lawn & Garden Employee of Monsanto or any of its Affiliates who voluntarily terminates such employment with Monsanto (or such Affiliate) after the Effective Date, until three months have passed following termination of such employment.

(f) Consideration. The consideration for the agreements contained in this Section 6.13 are the mutual covenants contained herein, the agreement of the parties to consummate the purchase of the Non-Roundup Assets, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged.

(g) Modification. In the event a court (or other authority) refuses to enforce the covenants and agreements contained in this Section 6.13, either because of the scope of the geographical area specified in this Section 6.13, the duration of the restrictions, or otherwise, the parties hereto expressly confirm their intention that the geographical areas covered hereby, the time period of the restrictions, or such other provision, be deemed automatically reduced to the minimum extent necessary to permit enforcement.

(h) Injunctive Relief. The parties acknowledge and agree that the extent of damages to one party (the "non-breaching party") in the event of an actual or threatened breach of this Section 6.13 by the other party (the "breaching party") may be impossible to ascertain and there may be available to the non-breaching party no adequate remedy at law to compensate the non-breaching party in the event of such an actual or threatened breach by the breaching party. Consequently, the parties agree that, in the event that either party breaches or threatens to breach any such covenant or agreement, the non-breaching party shall be entitled, in addition to any other remedy or relief to which it may be entitled, including without limitation, money damages, to seek to enforce any or all of such agreements or covenants against the breaching party by injunctive or other equitable relief ordered by any court of competent jurisdiction.

SECTION 6.14. INDUSTRIAL PROPERTY.

(a) Monsanto represents and warrants that Monsanto or Affiliates are the exclusive owners of the trademarks, trade names, packages, copyrights and designs used in the sale of Roundup Products (hereinafter referred to as "Industrial Property"). To Monsanto's knowledge, the conduct of the Roundup L&G Business as now being conducted and the use of the Industrial Property in the conduct of the Roundup L&G Business, do not infringe or otherwise conflict with any trademarks, registrations, or other intellectual property or proprietary rights of others, nor has any claim been made that the conduct of the Roundup L&G Business as now being conducted infringes or otherwise is covered by the intellectual property of a third party, except for any conflict or infringement which would not have a material adverse effect. To the knowledge of Monsanto, none of the Industrial Property is currently being infringed upon by a third party.

(b) The Agent acknowledges the validity of the trademarks which designate and identify Roundup Products. The Agent further acknowledges that Monsanto is the exclusive owner of the Industrial Property.

(c) The Agent agrees that, to the extent it uses Industrial Property, such Industrial Property shall be used in its standard form and style as it appears upon Roundup Products or as instructed in writing by Monsanto. No other letter(s), word(s), design(s),

symbol(s) or other matter of any kind shall be superimposed upon, associated with or shown in such proximity to the Industrial Property so as to tend to alter or dilute such Industrial Property, and the Agent further agrees not to combine or associate any of such Industrial Property with any other industrial property. The generic or common name of "Roundup" must always follow Roundup Products' trademarks.

(d) In all advertisements, sales and promotional or other printed matter in which any Industrial Property appears, the Agent shall identify itself by full name and address and state its relationship to Monsanto. In all such material, the Roundup trademark shall be identified as a trademark owned by Monsanto Company. In the case of a registered trademark, a (R) shall be placed adjacent to the trademark with the (R) referring to a footnote reading "(R) Registered trademark of Monsanto Company." In the case of unregistered trademarks, a "TM" shall be placed adjacent to the trademark with the "TM" referring to a footnote reading "TM Trademark of Monsanto Company."

(e) On its letterheads, business cards, invoices, statements, etc., the Agent may identify itself as a distributor for the Industrial Property.

(f) The Agent agrees that it will never use any Industrial Property or any simulation of such Industrial Property as part of the Agent's corporate or other trading name or designation of any kind.

(g) Upon expiration or in the event of any termination of this Agreement, the Agent shall promptly discontinue every use of the Industrial Property and any language stating or suggesting the Agent is a distributor for Roundup Products. All advertising and promotional materials which use Industrial Property shall be destroyed.

(h) The Agent shall not use or facilitate the use of promotional materials which disparage Roundup Products or Industrial Property. If the Agent should become aware of any suspected counterfeiting of Roundup Products or Industrial Property, the Agent shall promptly notify Monsanto of such suspected counterfeiting. The Agent shall cooperate in any investigation or legal proceedings that Monsanto deems desirable to protect its rights in the Industrial Property. The Agent shall not promote the sale of products using trademarks, packages or designs which are in Monsanto's opinion deceptively similar to Industrial Property.

SECTION 6.15. CONFLICTS OF INTEREST. Conflicts of interest relating to this Agreement are strictly prohibited. Except as otherwise expressly provided herein, neither party nor any of its directors, employees or agents, or its subcontractors or vendors shall give to or receive from any director, employee or agent of the other party any gift, entertainment or other favor of significant value, or any commission, fee or rebate. Likewise, neither party nor its directors, employees or agents or its subcontractors or vendors shall, without prior written notification thereof to the other party, enter into any business relationship with any director, employee, or agent of the other party or any of its Affiliates unless such person is acting for and on behalf of such party. Each party shall promptly notify the other of any violation of this Section 6.15 and any consideration received as a result of such violation shall be paid over or credited to the other party.

SECTION 6.16. RECORDS RETENTION. The Agent and Monsanto shall each maintain true and complete records in connection with this Agreement and shall retain all such records for at least forty-eight (48) months following the termination or expiration of this Agreement. This obligation shall survive the termination or expiration of this Agreement.

ARTICLE 7 - CENTRAL AGREEMENTS

SECTION 7.1. ACKNOWLEDGMENT OF CENTRAL AGREEMENTS. The parties acknowledge that Monsanto is a party to, and bound by the terms and obligations of, the Central Agreements (which are attached hereto as Exhibit A). Accordingly, the parties acknowledge that (i) some of the terms and conditions of this Agreement may conflict with the terms and conditions of the Central Agreements, and/or (ii) some of the terms and conditions of the Central Agreements may conflict with, or be prohibited by, the terms and conditions of this Agreement. (Every such conflict or prohibited term or condition within the meaning of clause (i) or (ii) of this Section 7.1 shall collectively be referred to as a "Conflict"). This Article 7 sets forth the parties' agreement as to the effect on this Agreement of such a Conflict.

SECTION 7.2. NOTICE OF TERMINATION. Monsanto hereby represents and warrants to the Agent that on June 26, 1998, Monsanto provided to Central proper notice of Monsanto's intent to terminate the Central Agreements, effective September 30, 1999, which such notice is attached hereto as Exhibit B.

SECTION 7.4. CONFLICT. Notwithstanding anything in this Agreement (or any agreement between the parties) to the contrary, during the duration of the term of the Central Agreements (as may be further amended subject to the prior written consent of the Agent), to the extent that any term or provision (taken alone or in conjunction with any other term or provision) of this Agreement results in a Conflict (such term(s) or provision(s) being referred to herein as a "Conflicting Provision"), (i) the provision(s) of the Central Agreement shall control and such Conflicting Provision shall be unenforceable against all parties to this Agreement during the pendency of such Conflict, and (ii) neither party shall be considered to be in breach or default of any such Conflicting Provision, either directly or as a result of such Conflict, on any other terms and conditions of this Agreement; provided, however, in such instance of a Conflict, all other provisions of this Agreement (i.e. all provisions, excluding all Conflicting Provisions) shall be interpreted and enforced in such manner as is reasonable and necessary to further the intentions and contemplations of this Agreement.

SECTION 7.6. ACTION BY PARTIES AND ASSIGNMENT OF RIGHTS. The parties covenant and agree to jointly develop an approach to establishing arrangements or relationships with Central to account for any Conflicting Provisions. In this regard, Monsanto covenants and agrees that, upon notification by the Agent of a Conflict, the Agent may, to the extent reasonable and with the Steering Committee's prior written consent (which such consent shall not be unreasonably

held), enter into a contract (or other arrangement) directly (or on behalf of Monsanto) with Central for such time until September 30, 1999, as the Agent deems necessary so that the parties to this Agreement can further the intentions and contemplations hereof. Furthermore, Monsanto covenants and agrees that, to the extent reasonable and pre-approved by the Steering Committee (which such approval shall not be unreasonably held), Monsanto will assign to the Agent any and all rights it has pursuant to the Central Agreements, which the Agent reasonably requests, if such assignment would benefit the parties in furthering the intentions and contemplations hereof.

ARTICLE 8 - REPRESENTATIONS, WARRANTIES, AND COVENANTS

SECTION 8.1. THE AGENT'S REPRESENTATIONS AND WARRANTIES. The Agent hereby represents and warrants that all of the following are true:

(a) The Agent is a corporation duly incorporated, validly existing and in good standing under the laws of Ohio and has all requisite corporate power and authority to carry on and conduct its business as it is now being conducted, to own or lease its assets and properties and is duly qualified and in good standing in every jurisdiction in which the conduct of its business or ownership of its assets requires it to be so qualified.

(b) (i) The Agent has the full authority and legal right to carry out the terms of this Agreement; (ii) the terms of this Agreement will not violate the terms of any other material agreement, contract or other instrument to which it is a party, and no consent or authorization of any other person, firm, or corporation is a condition precedent to the Agent's execution of this Agreement; (iii) it has taken all action necessary to authorize the execution and delivery of this Agreement; and (iv) this Agreement is a legal, valid, and binding obligation of the Agent, enforceable in accordance with its terms.

(c) The Agent is in compliance in all material respects with all applicable Laws relating to its business.

(d) There is no material suit, investigation, action or other proceeding pending or threatened before any court, arbitration tribunal, or judicial, governmental or administrative agency, against the Agent which would have a material adverse effect on the ability of the Agent to perform its obligations hereunder or which seeks to prevent the consummation of the transactions contemplated herein.

(e) The Agent has available, and will have available on September 30, 1998, sufficient immediately available funds to enable the Agent to pay the Marketing Fee to Monsanto and to effect the consummation of the transactions described herein.

(f) There are no material disputes with underwriters under the Agent's insurance policies; each such policy is valid and enforceable in accordance with its terms and is in full force and effect; there exists no default by the Agent under any such policy, and there has been no material misrepresentation or inaccuracy in any application therefor, which default,

misrepresentation or inaccuracy would give the insurer the right to terminate such policy, binder, or fidelity bond or to refuse to pay a claim thereunder; and the Agent has not received notice of cancellation or non-renewal of any such policy.

SECTION 8.2. MONSANTO'S REPRESENTATIONS AND WARRANTIES. Monsanto hereby represents and warrants that all of the following are true:

(a) Monsanto is a corporation duly incorporated, validly existing and in good standing under the laws of Delaware and has all requisite corporate power and authority to carry on and conduct its business as it is now being conducted, to own or lease its assets and properties and is duly qualified and in good standing in every jurisdiction in which the conduct of its business or ownership of its assets requires it to be so qualified.

(b) (i) Monsanto has the full authority and legal right to carry out the terms of this Agreement; (ii) the terms of this Agreement will not violate the terms of any other material agreement, contract or other instrument to which it is a party, and no consent or authorization of any other person, firm, or corporation is a condition precedent to this Agreement; (iii) it has taken all action necessary to authorize the execution and delivery of this Agreement; and (iv) this Agreement is a legal, valid, and binding obligation of Monsanto, enforceable in accordance with its terms.

(c) Monsanto is in compliance, in all material respects, with all applicable Laws relating to its business.

(d) There is no material suit, investigation, action or other proceeding pending or threatened before any court, arbitration tribunal, or judicial, governmental or administrative agency, against Monsanto which would have a material adverse effect on the ability of Monsanto to perform its obligations hereunder or which seeks to prevent the consummation of the transactions contemplated herein.

ARTICLE 9 - INDEMNIFICATION

SECTION 9.1. INDEMNIFICATION AND CLAIMS PROCEDURE.

(a) Indemnification. Each party hereto agrees to indemnify, defend and hold harmless the other party and its employees, officers, directors, agents and assigns from and against any and all loss (including reasonable attorneys' fees), damage, injury or liability and asserted by or on behalf of a third party for injury to or death of a person for loss of or damage to property, including employees and property of the indemnified party ("Loss"), to the extent resulting directly or indirectly from the indemnifying party's (i) breach of a duty, representation, or obligation of this Agreement, or (ii) negligence or willful misconduct in the performance of its obligations under this Agreement, except to the extent that such indemnification is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Agreement.

(b) Claims Procedure. Promptly after receipt by either party hereto (the "Indemnitee") of any notice of any demand, claim or circumstances which, with the lapse of time, would or might give rise to a claim or the commencement (or threatened commencement) of any action, proceeding or investigation (an "Asserted Liability") that may result in a Loss, the Indemnitee shall give notice thereof (the "Claims Notice") to the party obligated to provide indemnification pursuant to Section 9.1(a). The Claims Notice shall describe the Asserted Liability in reasonable detail, and shall indicate the amount (estimated, if necessary to the extent feasible) of the Loss that has been or may be suffered by the Indemnitee. Thereafter, the following procedures shall apply:

(1) The indemnifying party may elect to compromise or defend, at its own expense by its own counsel, any Asserted Liability;

(2) If the indemnifying party elects to compromise or defend such Asserted Liability, it shall within thirty (30) days (or sooner if the nature of the Asserted Liability so requires) notify the Indemnitee of its intent to do so, and the Indemnitee shall cooperate, at the expense of the indemnifying party, in the compromise of, or defense against, such Asserted Liability, and shall make available to the indemnifying party any books, records or other documents within its control that are necessary or appropriate for such defense;

(3) If the indemnifying party has elected to defend the Asserted Liability, any offer to compromise or settle transmitted to the indemnifying party shall thereafter be transmitted in writing to the Indemnitee. If, after a reasonable period of time to consider such offer -- which time shall be deemed to be ten (10) days from the date of transmittal of such offer using the notice procedures set forth in Section 11.9, unless the circumstances otherwise require -- the Indemnitee refuses to give consent to the settlement or compromise of the Asserted Liability, then the liability of the indemnifying party with respect to such Asserted Liability shall be thereafter limited to the amount of the offer of settlement or compromise. This cap on liability shall not be applicable if the Indemnifying Party does not elect to defend Indemnitee against the Asserted Liability;

(4) Notwithstanding the foregoing, neither the indemnifying party nor the Indemnitee may settle or compromise any claim over the objection of the other, provided however, that consent to settlement or compromise shall not be unreasonably withheld;

(5) If the indemnifying party elects not to compromise or defend the Asserted Liability, fails to notify the Indemnitee of its election as herein provided, or contests its obligation to indemnify under this Agreement, the Indemnitee may pay, compromise or defend such Asserted Liability, with a reservation of all rights to seek indemnification hereunder against the indemnifying party; and

(6) Notwithstanding the foregoing, the Indemnitee and the indemnifying party may participate, in all instances, and at their own expense, in the defense of any Asserted Liability.

ARTICLE 10 - TERMS, TERMINATION, AND FORCE MAJEURE

SECTION 10.1. TERMS. Notwithstanding anything in this Agreement to the contrary, for all EU Countries within the Included Markets, this Agreement shall be subject to the initial term and the renewal terms, as set forth in Section 10.2(a) (collectively, the "EU Term"). For all other countries within the Included Markets, excluding the EU Countries, this Agreement shall commence as of the Effective Date and shall continue unless and until terminated as provided herein.

SECTION 10.2. EU INITIAL TERM AND RENEWAL.

(a) For each of the EU Countries within the Included Markets, the initial term of this Agreement shall commence as of the Effective Date, and continue through September 30, 2005, unless and until sooner terminated as provided herein. Following the initial term of this Agreement, the parties have the following options to renew the EU Term of this Agreement, subject to Section 10.3 below, under the same terms and conditions of this Agreement, unless and until sooner terminated as provided herein:

(1) The parties may mutually agree to renew the initial EU Term of this Agreement for three (3) years, unless otherwise prohibited herein;

(2) Following the renewal of the EU Term pursuant to Section 10.2(a)(1), the parties may mutually agree to renew the EU Term of this Agreement for an additional seven (7) years, unless otherwise prohibited herein; and

(3) Following the renewal of the EU Term pursuant to Section 10.2(a)(2), the parties may mutually agree to renew the EU Term of this Agreement for three (3) years, unless otherwise prohibited herein.

SECTION 10.3. PROCEDURE TO RENEW.

EU Term. Not later than 6 months preceding the date in which the initial EU Term, or any renewal EU Term, of this Agreement terminates pursuant to section 10.2(a), the parties may (if otherwise permitted herein), mutually agree in writing to renew the EU Term of this Agreement as provided in Section 10.2(a).

SECTION 10.4. TERMINATION BY MONSANTO.

(a) Termination Rights. In addition to its right to terminate this Agreement pursuant to Section 10.9, Monsanto shall have the right to terminate this Agreement by giving the Agent a termination notice specified for each termination event upon the occurrence and continuance of either of the following:

(1) An Event of Default occurring at any time; or

(2) A Change of Control with respect to Monsanto (excluding the merger currently contemplated with American Home Products) or a Roundup Sale by giving the Agent a notice of termination, which termination shall be effective at the end of the later of twelve (12) months or the next Program Year, provided that in the event of a Change of Control or a Roundup Sale, neither Monsanto nor the successor to the Roundup L&G Business shall have the right to terminate this Agreement prior to the end of the fifth (5th) Program Year.

(b) Event of Default. An Event of Default shall mean any of the following occurrences:

(1) a Material Breach of this Agreement committed by the Agent and established in accordance with the provisions of Section 10.4(g) of this Agreement;

(2) a Material Fraud committed by the Agent and established in accordance with the provisions of Section 10.4(g) of this Agreement;

(3) Material Willful Misconduct committed by the Agent and established in accordance with the provisions of Section 10.4(g) of this Agreement;

(4) (i) the occurrence of an Egregious Injury which is not cured within ninety (90) days following the Agent's receipt of written notice thereof, or (ii) the occurrence of an Egregious Injury which, in the commercially reasonable opinion of Monsanto cannot be cured within a ninety (90) day period;

(5) subject to Section 10.8, any decline of the Sell-Through Business on a three (3) Program Years cumulative basis or two (2) consecutive Program Years with a decline in the Sell-Through Business in each Program Year in excess of five percent (5%) either in North America, the UK or France or in the Rest of the World, ("Regional Performance Default") unless Agent demonstrates to the Arbitrators in accordance with Section 10.4(g), in any manner reasonably requested by the Arbitrators that (A) such decline is directly caused by the exercise by Monsanto's Ag president of his or her right of veto as provided for in Section 4.2(b) or (B) such decline was caused primarily by a severe decline of the general economic conditions or an overall severe decline in the market for lawn and garden consumables products in such region rather than by the Agent's failure to perform its duties hereunder and further provided that any Regional Performance Default shall only cause the termination of this Agreement with respect to the region where such Regional Performance Default occurs;

(6) the Insolvency of Agent;

(7) the occurrence of a Change of Control of the Agent, without the prior written consent of Monsanto; provided that the Acquiror in such Change of Control (i) currently engages (directly or through its Affiliates) in the manufacture, sale, marketing, or distribution of any product containing Glyphosate or any similar active ingredient, or (ii) currently sells, markets, or distributes (directly or through its Affiliates) any product(s) in the Lawn and Garden Channels for Lawn and Garden Use, which such product(s), in Monsanto's reasonable commercial opinion, compete in a material manner with Roundup Products, or (iii) may, in Monsanto's reasonable commercial opinion, materially detract from, or diminish, the Agent's (or such successor's) ability to fulfill its duties and obligations with regard to the Roundup Business, or (iv) competes in any material respect with Monsanto in Monsanto's Ag (including seed) or biotech businesses.

(8) the occurrence of a Change of Significant Ownership of the Agent, without the prior written consent of Monsanto; or

(9) except to the extent permitted herein, (i) the assignment of all, or substantially all, of the Agent's rights, or (ii) the delegation of all, or substantially all, of the Agent's obligations hereunder, in either instance without the prior written consent of Monsanto.

As to any Event of Default defined in Sections 10.4(b)(1)-(4), such termination shall take effect on the later of the first business day following the thirtieth (30th) day after the sending of a termination notice to the Agent in accordance with the provisions of Section 11.9, or the date designated by Monsanto in said termination notice. As to an Event of Default defined in Section 10.4(b)(5), such termination shall take effect at the later of twelve (12) months or the end of the next Program Year. As to any Event of Default defined in Sections 10.4(b)(6)-(9), such termination shall take effect on the later of the first business day following the seventh (7th) day after the sending of a termination notice to Agent, or the date designated by Monsanto in said notice of termination.

(c) Payment of Termination Fee. Except for termination of this Agreement by Monsanto upon any Event of Default, a Termination Fee (as specified in Section 10.4.(d)) shall only be paid either by Monsanto or by the successor to the Roundup Business, as the case may be, upon the following terms and conditions:

(1) in the event the Agreement is effectively terminated by either Monsanto or its successor or by the Agent upon Material Breach, Material Fraud or Material Willful Misconduct by Monsanto as provided for in Section 10.5.(c);

(2) no later than the effective date of the applicable termination notice and no later than the effective date of the termination; and

(3) only in the event the Agent does not become the successor to the Roundup Business, in which case the Termination Fee shall not be paid but shall be credited against the purchase price as described in Section 10.4(d).

(d) Termination Fee.

Monsanto and the Agent stipulate and agree that the injury which will be caused to the Agent by the termination of this Agreement under the circumstances which shall give rise to the payment of the Termination Fee are difficult or impossible of accurate estimation; that by establishing the Termination Fee they intend to provide for the payment of damages and not a penalty; and that the sum stipulated for the Termination Fee is a reasonable pre-estimate of the probable loss which will be suffered by the Agent in the event of such termination.

The Termination Fee payable shall vary in accordance with the Table hereunder:

Program Year	Termination Fee
0-5	$150MM#
6	$140MM
7	$130MM
8	$120MM
9	$110MM
10	$100MM
11-20	Seven and a half percent (7.5%) of the portion of the purchase price for the Roundup Sale above * (which shall be no less than $16MM in any event) provided that in the event of a Change of Control and subsequent termination of this Agreement by the successor to the Roundup Business and the absence of any purchase price, the fair market value of the Roundup Business shall be determined by an independent accounting firm mutually agreeable to the parties.

#$185MM if Monsanto or any successor terminates within the first five (5) years for anything other than an Event of Default on the part of the Agent.

(e) Remedies for Monsanto. Subject to Section 10.4(g), in case of termination by Monsanto upon any of the Events of Default by the Agent specified in Section 10.4(b)(1)-(4), Monsanto shall be entitled to exercise all remedies available to it, either at law or in equity. In case of termination by Monsanto upon the Event of Default by the Agent specified in Section 10.4(b)(5), termination of this Agreement shall be the exclusive remedy of Monsanto. In

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* Confidential provision omitted and filed separately with the SEC, based upon a request for confidential treatment filed with the SEC.

the case of termination by Monsanto upon any of the Events of Default specified in Sections 10.4(b)(6)-(9), the remedies of Monsanto shall be limited to (i) termination of this Agreement and (ii) the recovery of reasonable and customary out-of-pocket expenses incurred by Monsanto in transferring the Agent's duties hereunder to a new agent; provided that in no case shall the amount of expenses recoverable under this provision exceed $20MM.

(f) Exclusive Remedy. The payment of a Termination Fee to the Agent under Section 10.4(c) shall be deemed to constitute the exclusive remedy for any damages resulting out of the termination of this Agreement by Monsanto or the successor to the Roundup Business pursuant to Section 10.4(c) and the Agent shall waive its right to exercise any other remedies otherwise available at law or in equity.

(g) Arbitration. In the event either party claims that a Material Breach, a Material Fraud, or Material Willful Misconduct has been committed by the other party (the "Breaching Party"), the following procedures shall apply:

(1) After the asserted occurrence of a Material Breach, a Material Fraud, or Material Willful Misconduct, the party who contends that such breach, fraud or misconduct has occurred (the "Claimant") shall send to the Breaching Party a notice, in accordance with the notice provisions of Section 11.9 of this Agreement, in which the Claimant shall: (i) identify the Material Breach, Material Fraud, or Material Willful Misconduct which it contends has occurred; (ii) appoint an arbitrator; and (iii) demand that the Breaching Party appoint an arbitrator.

(2) Within fifteen (15) days after receipt of the notice, the Breaching Party shall send a response to the Claimant, in accordance with the notice provisions of Section 11.9 of this Agreement, in which the Breaching Party shall: (i) indicate whether it contests the asserted occurrence of the Material Breach, Material Fraud, or Material Willful Misconduct, as the case may be; and (ii) if it does contest such asserted occurrence, appoint a second arbitrator. The failure on the part of the Breaching Party to timely respond to the notice, and/or to timely appoint its arbitrator, shall be deemed to constitute acceptance of the arbitrator designated by the Claimant as the sole arbitrator.

(3) If the Breaching Party appoints an arbitrator, then within fifteen (15) days after the receipt of the Breaching Party's response by the Claimant, the two arbitrators shall jointly appoint a third arbitrator. If the arbitrators selected by the parties are unable or fail to agree upon the third arbitrator, the third arbitrator shall be selected by the American Arbitration Association. Upon their selection by either means, the three arbitrators (the "Arbitrators") shall expeditiously proceed to determine whether a Material Breach, Material Default or Material Willful Misconduct has occurred, in accordance with the procedures hereafter set forth.

(4) Except as specifically modified herein, the arbitration proceeding contemplated by this section (the "Arbitration") shall be conducted in accordance with Title 9 of the US Code (United States Arbitration Act) and the Commercial Arbitration Rules of the American Arbitration Association, and judgment on the award rendered by the arbitrators may be

entered in any court having jurisdiction thereof. The cost of the Arbitration shall be borne equally by the parties, with the understanding that the Arbitrators may reimburse the prevailing party, if any, as determined by the Arbitrators for that party's cost of the Arbitration in connection with the award made by the Arbitrators as described below.

(5) The award shall be made within three (3) months after the appointment of the third Arbitrator, and each of the Arbitrators shall agree to comply with this schedule before accepting appointment. However, this time limit may be extended by agreement of the parties or by the Arbitrators, if necessary.

(6) Consistent with the expedited nature of arbitration, each party will, upon the written request of the other party, promptly provide the other with copies of documents relevant to the issues raised by the notice or the response, including those documents on which the producing party may rely in support of or in opposition to any claim or defense. Any dispute regarding discovery, or the relevance or scope thereof, shall be determined by the Arbitrators, which determination shall be conclusive. All discovery shall be completed within 60 days following the appointment of the third Arbitrator.

(7) At the request of a party, the Arbitrators shall have the discretion to order examination by deposition of witnesses to the extent the Arbitrators deem such additional discovery relevant and appropriate. Depositions shall be held within 30 days of the making of a request, and shall be limited to a maximum of number of hours' duration as may be mutually agreed to by the parties, or in the absence of such agreement as may be determined by the Arbitrators. All objections are reserved for the arbitration hearing, except for objections based on privilege and proprietary or confidential information.

(8) Either party may apply to the Arbitrators seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy under this Agreement, seek from any court having jurisdiction any interim or provisional relief that is necessary to protect the rights or property of that party, pending the establishment of the arbitral tribunal (or pending the arbitral tribunal's determination of the merits of the controversy).

(9) The scope of the Arbitration shall include the following:

(a) a determination as to whether the act(s) or omission(s) set forth by the Claimant have occurred;

(b) a determination as to whether those act(s) or omissions(s) determined to have occurred constitute a breach of this Agreement, fraudulent conduct in connection with this Agreement, or willful misconduct in connection with this Agreement, as the case may be;

(c) a determination as to whether those act(s) or omissions(s) determined to have occurred constitute a Material Breach, a Material Fraud, or Material Willful Misconduct, as the case may be;

(d) a determination as to the amount of monetary damages, if any, suffered by the Claimant, as a result of those act(s) or omissions(s) determined to have occurred which constitute a breach of this Agreement, fraudulent conduct in connection with this Agreement, or willful misconduct in connection with this Agreement, as the case may be, regardless of whether such act(s) or omission(s) rise to the level of Material Breach, Material Fraud, or Material Willful Misconduct, as the case may be;

(e) a determination, to the extent applicable, of the specific performance which could and should be decreed to correct any breach, fraud or material misconduct which the Arbitrators determine can be cured by the issuance of such decree;

(f) a determination as to which party, if any, is the prevailing party in the Arbitration, and the amount of such party's costs and fees. "Costs and fees" means all reasonable pre-award expenses of the arbitration, including the arbitrators' fees, administrative fees, travel expenses, out-of-pocket expenses such as copying and telephone, court costs, witness fees, and attorneys' fees; and

(g) a determination as to such matters as the Arbitrators deem necessary and appropriate to carry out their duties in connection with the Arbitration.

(10) The Arbitrators' award shall be in writing, shall be signed by a majority of the Arbitrators, and shall include a statement regarding the reasons for the disposition of any claim.

(11) The Arbitrators' award shall, as applicable, include the following:

(a) to the extent that the Arbitrators determine that the Claimant has suffered monetary damages as a result of those act(s) or omissions(s) determined to have occurred which constitute a breach of this Agreement, fraudulent conduct in connection with this Agreement, or willful misconduct in connection with this Agreement, as the case may be, a monetary award in the amount of those damages;

(b) to the extent that the Arbitrators determine that the harm resulting from those act(s) or omissions(s) determined to have occurred can be cured, in whole or in part by a decree of specific performance, such a decree of specific performance implementing such determination as can be submitted to and made the order of a Court of competent jurisdiction;

(c) to the extent that the Arbitrators determine that those act(s) or omissions(s) determined to have occurred constitute a Material Breach, a Material Fraud, or Material Willful Misconduct, as the case may be, an award authorizing the Claimant to

immediately terminate this Agreement, together with damages or specific performance, if determined by the Arbitrators to be appropriate;

(d) to the extent that the Arbitrators determine that there is a prevailing party, and that said prevailing party should receive an award of its Costs and Fees, such award to the prevailing party; and

(e) such other matters as the Arbitrators deem necessary and appropriate to implement their determinations made in the Arbitration.

(12) The written determination of the Arbitrators shall be made and delivered promptly to the parties to the Arbitration and shall be final and conclusive upon the parties to the Arbitration.

(13) Except as may be required by law, neither a party nor an Arbitrator may disclose the existence, content, or results of any Arbitration hereunder without the prior written consent of both parties.

SECTION 10.5. TERMINATION BY THE AGENT.

(a) Material Breach, Material Fraud and Material Willful Misconduct. The Agent may terminate this Agreement in accordance with the provisions of Section 10.4(g) upon :

(1) a Material Breach of this Agreement committed by Monsanto and established in accordance with the provisions of Section 10.4(g) of this Agreement;

(2) a Material Fraud committed by Monsanto and established in accordance with the provisions of Section 10.4(g) of this Agreement;

(3) Material Willful Misconduct committed by Monsanto and established in accordance with the provisions of Section 10.4(g) of this Agreement.

Such termination shall take effect on the later of the first business day following the thirtieth (30th) day after the sending of a termination notice to Monsanto in accordance with the provisions of Section 11.9, or the date designated by the Agent in said termination notice.

(b) Roundup Sale. The Agent may terminate this Agreement by written notice thereof to Monsanto upon receipt of notice of a Roundup Sale as described in Section 10.6.

(c) Termination Fee. Upon termination of this Agreement by the Agent pursuant to Section 10.5(a), Monsanto shall pay to the Agent the Termination Fee applicable pursuant to the Table set forth in Section 10.4.(c).

SECTION 10.6. ROUNDUP SALE.

(a) Notice of Sale; Quiet Period. Monsanto agrees to provide the Agent with prior written notice of any contemplated Roundup Sale. Thereafter, the Agent shall be entitled to participate in the Roundup Sale process, and the parties agree to negotiate in good faith with respect thereto. In the event of an auction in connection with a contemplated Roundup Sale, the Agent shall be entitled to submit a bid and additionally shall be entitled to a fifteen (15) day exclusive negotiation period following the receipt and review by Monsanto of all bids (the "Quiet Period"), provided that the Agent's bid shall not be discounted by any Termination Fee and that during the Quiet Period, the Agent shall have the right to revise its original bid but shall not have the right to review the terms of any other bids.

(b) Credit of Termination Fee. In the event that the Agent or any of its Affiliates acquires the Roundup Business in a Roundup Sale, the Termination Fee that would have been payable to the Agent upon a termination pursuant to Section 10.4(a)(2) shall be credited against the purchase price to be paid by the Agent or such Affiliate in the Roundup Sale.

(c) Agent's Election. In the event that Monsanto determines to consummate a Roundup Sale with a party other than the Agent, Monsanto shall deliver the Agent notice thereof and of the identity of such other party. Within thirty (30) days of receipt of such notice, the Agent shall deliver written notice to Monsanto stating either that:

(1) The Agent intends to terminate this Agreement pursuant to Section 10.5(b), in which case such notice shall constitute a termination notice for purposes of this Agreement provided that the termination shall be effective at the end of the Third Program Year following the Program Year in which the Agent delivers its Notice of Termination pursuant to this provision; or

(2) The Agent will not terminate this Agreement pursuant to Section 10.5(b) and agrees to continue the performance of its obligations under the Agreement unless and until the Agent receives a termination notice delivered in accordance with the terms of this Agreement by the successor to the Roundup Business.

(d) Successor. Upon consummation of a Roundup Sale to a party other than the Agent, Monsanto's successor to the Roundup L&G Business shall assume all rights and responsibilities of Monsanto under this Agreement.

SECTION 10.7. EFFECT OF TERMINATION.

(a) Nonexclusive Status. Notwithstanding anything contained in this Agreement to the contrary, during and after any period when Monsanto has given notice of termination in accordance with Section 10.4(b)(5), (i) Monsanto may make this Agreement nonexclusive with respect to the sales and marketing services to be provided by the Agent

hereunder, provided that the sales revenues generated by such second agent shall be included in Program Sales Revenues and any commercially reasonable commission payable to such second agent shall be included in Program Expense, (ii) Monsanto shall have access to all information held by the Agent with respect to the subject matter of this Agreement, and (iii) the Agent shall cooperate with Monsanto to establish an alternative distribution system for Roundup Products.

(b) Prior Obligations and Shipments. Termination shall not affect obligations of Monsanto or of the Agent which have arisen prior to the effective date of termination.

(c) Representations and Materials. Upon termination of this Agreement for any reason, the Agent shall not continue to represent itself as Monsanto's authorized agent to deal in Roundup Products, and shall remove, so far as practical, any printed material relating to such products from its salesperson's manuals and shall discontinue the use of any display material on or about the Agent's premises containing any reference to Roundup Products.

(d) Return of Books, Records, and other Property. To the extent not otherwise provided herein, upon termination of this Agreement, the Agent shall immediately deliver to Monsanto all records, books, and other property of Monsanto.

SECTION 10.8. FORCE MAJEURE.

If either party is prevented or delayed in the performance of any of its obligations by force majeure and if such party gives written notice thereof to the other party within twenty (20) days of the first day of such event specifying the matters constituting force majeure, together with such evidence as it reasonably can give, then the party so prevented or delayed will be excused from the performance or punctual performance, as the case may be, as from the date of such notice for so long as such cause of prevention or delay continues. For the purpose of this Agreement, the term "force majeure" will be deemed to include an act of God, war, hostilities, riot, fire, explosion, accident, flood or sabotage; lack of adequate fuel, power, raw materials, containers or transportation for reasons beyond such party's reasonable control; labor trouble, strike, lockout or injunction (provided that neither party shall be required to settle a labor dispute against its own best judgment); compliance with governmental laws, regulations, or orders; breakage or failure of machinery or apparatus; or any other cause whether or not of the class or kind enumerated above, including, but not limited to, a severe economic decline or recession, which prevents or materially delays the performance of this Agreement in any material respect arising from or attributable to acts, events, non-happenings, omissions, or accidents beyond the reasonable control of the party affected.

SECTION 10.9. SPECIAL TERMINATION PROVISIONS.

(a) In the event the parties fail to close the sale by Monsanto to the Agent of the Non-Roundup Assets by the later of March 31, 1999 or such later date as mutually agreed upon by the parties, the parties agree:

(1) Monsanto may elect to terminate this Agreement by giving notice of such termination to the Agent in accordance with the provisions of Section 11.9 of this Agreement on the later of (k) March 31, 1999 and (y) fifteen (15) calendar days after termination of the Asset Purchase Agreement between Monsanto and the Agent, with respect to the sale of the Non-Roundup Assets, pursuant to the terms thereof to Agent in accordance with the provisions of Section 11.9 of this Agreement. Any such termination shall be effective on September 30, 1999. In such event, (i) there shall be no deferral under Section 3.5(b) of the Contribution Payment required to be made by Agent, (ii) the MAT Expenses in the Annual Business Plan for the 1999 Program Year shall be $35MM, and the Netbacks for the 1999 Program Year shall not exceed twelve percent (12%) of Program Sales Revenues unless already committed as the Effective Date and (iii) the Agent's Commission specified in Section 3.6 shall not be applicable and, in lieu thereof, the Agent's commission shall, effective as of October 1, 1998, be twenty-eight percent (28%) of Program Sales Revenue, payable quarterly within fifteen (15) days following the end of each quarter, with each quarterly payment being in an amount not to exceed the cumulative percentage of the maximum applicable commission apportioned at twenty-five percent (25%) per quarter, subject to the following limitations:

(A) A maximum commission of $52MM per Program Year if such closing does not occur because the Agent has not sold or divested its Finale business or otherwise disposed of the Finale business in a manner satisfactory to Monsanto;

(B) A maximum commission of $55MM per Program Year if such closing does not occur because the Federal Trade Commission issues an order prohibiting the purchase of the Non-Roundup Assets by the Agent; and

(C) A maximum commission of $53.5MM per Program Year if such closing does not occur for any other reason than specified in clauses (A) or (B) above.

(b) In the event that Monsanto terminates this Agreement pursuant to Section 10.9(a)(1), the provisions of this Section 10.9 shall supersede Section 3.6 and Section 10.4 in their entirety.

(c) In the event that Monsanto elects not to terminate this Agreement pursuant to Section 10.9(a)(1), (i) there shall be no deferral under Section 3.5(b) of the Contribution Payment, (ii) the Agent's commission shall, for Program Year 1999, be calculated as provided in Section 10.9(a)(1) at a maximum commission of $53.5MM and in Program Year 2000 and thereafter the Agent's commission shall be the Commission specified in Section 3.6; (iii) Section 10.4(a)(2) shall be amended to the effect that Monsanto or any successor shall have the right to terminate this Agreement at any time upon a Change of Control with respect to Monsanto or a Roundup Sale by giving the Agent a notice of termination which shall be effective at the end of the later of twelve (12) months or the next Program Year; and (iv) the Agent shall not be entitled to any the Termination Fee as specified in Section 10.4(d), but rather, subject to Section 10.4(g), the Agent shall be entitled to exercise all remedies available to it either at law or in equity for any breach of this Agreement by Monsanto.

ARTICLE 11 - MISCELLANEOUS

SECTION 11.1. RELATIONSHIP OF THE PARTIES. Notwithstanding anything herein to the contrary, the parties' status with respect to each other shall be, at all times during the term of this Agreement, that of independent contractors retaining complete control over and complete responsibility for their respective operations and employees. Except as expressly provided herein, this Agreement shall not confer, nor shall be construed to confer, on either party any right, power or authority (express or implied) to act or make representations for, or on behalf of, or to assume or create any obligation on behalf of, or in the name of the other party. Nothing in this Agreement shall confer, or shall be construed to: (i) confer on the Agent any mutual proprietary interest in, or subject the Agent to any liability for, the business, assets, profits, losses, or obligations associated with Monsanto's manufacture, marketing, distribution and sales of Roundup Products; (ii) otherwise make either party a partner, member, or joint venturer of the other party (A) for purposes of the tax laws of the United States or any other country, or (B) for any other purposes under any other Laws; or (iii) create a franchise relationship between the parties. The parties expressly agree that at no time during the term of this Agreement, shall either party through its officers, directors, agents, employees, independent contractors or other representatives or through their respective representatives on the Steering Committee or Global Roundup Team take any action inconsistent with the foregoing expression of the nature of their relationship, except as required pursuant to applicable governmental authority under applicable Law or with the express written consent of the other party. Accordingly, the parties expressly agree to cooperate and communicate with the Steering Committee and the Global Roundup Support Team from time to time and in all events, annually, to ensure that both parties' actions are in compliance with this Section 11.1

SECTION 11.2. INTERPRETATION IN ACCORDANCE WITH GAAP. The parties acknowledge that several terms and concepts (such as various financial and accounting terms and concepts) used or referred to herein are intended to have specific meanings and are intended to be applied in specific ways, but they are not so expressly and fully defined and explained in this Agreement. In order to supplement definitions and other provisions contained in this Agreement and to provide a means for interpreting undefined terms and applying certain concepts, the parties agree that, except as expressly provided herein, when costs are to be determined or other financial calculations are to be made, GAAP as well as the party's past accounting practices shall be used to interpret and determine such terms and to apply such concepts. For example, when actual costs and expenses are referred to herein, they are not intended to contain any margin or profit for the party incurring such costs or expenses.

SECTION 11.3. CURRENCY. All amounts payable and calculations under this Agreement shall be in United States dollars. As applicable, Program Sales Revenue, Program Expenses, Cost of Goods Sold, Service Costs, and Program EBIT shall be translated into United States dollars at the rate of exchange at which United States dollars are listed in International Financial Statistics (publisher, International Monetary Fund) or if it is not available, The Wall Street

Journal for the currency of the country in which the sales were made or the transactions occurred at the average rate of exchange for the Quarter in which such sales were made or transactions occurred.

SECTION 11.4. MONSANTO OBLIGATIONS. All permits, licenses, and registrations needed for the sale of Roundup Products shall be obtained by Monsanto. Monsanto shall assume the cost of all federal and state registration fees related to the sale of Roundup Products, with such costs being included within Program Expenses.

SECTION 11.5. EXPENSES. Except as otherwise specifically provided in this Agreement, the Agent and Monsanto will each pay all costs and expenses incurred by each of them, or on their behalf respectively, in connection with this Agreement and the transactions contemplated hereby, including fees and expenses of their own financial consultants, accountants and counsel.

SECTION 11.6. ENTIRE AGREEMENT. This Agreement, together with all respective exhibits and schedules hereto, constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all representations, warranties, understandings, terms or conditions on such subjects that are not set forth herein or therein. Agreements on other subjects, such as security and other credit agreements or arrangements, shall remain in effect according to their terms. The parties recognize that, from time to time, purchase orders, bills of lading, delivery instructions, invoices and similar documentation will be transmitted by each party to the other to facilitate the implementation of this Agreement. Any terms and conditions contained in any of those documents which are inconsistent with the terms of this Agreement shall be null, void and not enforceable. This Agreement is for the benefit of the parties hereto and is not intended to confer upon any other person any rights or remedies hereunder. The provisions of this Agreement shall apply to each division or subsidiary of the Agent and Monsanto and either the Agent or Monsanto may seek enforcement of the provisions of this Agreement on behalf of or with respect to a particular subsidiary or division without changing the rights and obligations of the parties under this Agreement as to other aspects of the Agent's or Monsanto's business.

SECTION 11.7. MODIFICATION AND WAIVER. No conditions, usage of trade, course of dealing or performance, understanding or agreement purporting to modify, vary, explain or supplement the terms or conditions of the Agreement and no amendment to or modification of this Agreement, and no waiver of any provision hereof, shall be effective unless it is in writing and signed by each party hereto. No waiver by either Monsanto or the Agent, with respect to any default or breach or of any right or remedy, and no course of dealing shall be deemed to constitute a continuing waiver of any other breach or default or of any other right or remedy, unless such waiver be expressed in writing signed by the party to be bound.

SECTION 11.8. ASSIGNMENT. This Agreement is personal to the Agent and, except as set forth in Section 2.3, the Agent shall not assign any rights or delegate any duties that the Agent has or may have under this Agreement, either voluntarily, involuntarily by operation of law or otherwise by sale, assignment, transfer, delegation or other arrangement having similar effect, without Monsanto's prior written consent except as specifically provided herein.

The Agent agrees to the assignment of the Agreement to the new legal entity that shall be formed as a result of the merger between Monsanto Company and American Home Products.

SECTION 11.9. NOTICES. All notices and other communications hereunder shall be in writing and shall be deemed given on the same business day if delivered personally or sent by telefax with confirmation of receipt, on the next business day if sent by overnight courier, or on the earlier of actual receipt as shown on the registered receipt or five business days after mailing if mailed by registered or certified mail (return receipt requested) to the parties at the addresses set forth below (or at such other address for a party as shall be specified by like notice):

If to the Agent, to:	The Scotts Company 14111 Scottslawn Road Marysville, OH 43041 Attn: President Telephone: (937) 644-0011 Facsimile No.: (937) 644-7136
with a copy to:	Vorys, Sater, Seymour and Pease LLP 52 East Gay Street Columbus, Ohio 43215 Attn: Ronald A. Robins, Jr. Telephone: (614) 464-6223 Facsimile: (614) 464-6350
If to Monsanto, to:	Monsanto Company 800 North Lindbergh Boulevard St. Louis, MO 63167 Attn: Monsanto Ag President Telephone: (314) 694-1000 Facsimile No.: (314) 694-2120
with a copy to:	Monsanto Company 800 North Lindbergh Boulevard St. Louis, Missouri 63167 Attn: Ag Counsel Telephone: (314)694-2851 Facsimile No.: (314) 694-2920

If any notice required or permitted hereunder is to be given a fixed amount of time before a specified event, such notice may be given any time before such fixed amount of time (e.g., a notice to be given 30 days prior to an event may be given at any time longer than 30 days prior to such event).

SECTION 11.10. SEVERABILITY. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, under a judgment, Law or statute now or hereafter in effect, the remainder of this Agreement shall not thereby be impaired or affected.

SECTION 11.11. EQUAL OPPORTUNITY. To the extent applicable to this Agreement, Monsanto and the Agent shall each comply with the following clauses contained in the Code of Federal Regulations and incorporated herein by reference: 48 C.F.R. Section 52.203-6 (Subcontractor Sales to Government); 48 C.F.R. Section 52.219-8, 52.219-9 (Utilization of Small and Small Disadvantaged Business Concerns); 48 C.F.R. Section 52.219-13 (Utilization of Women-Owned Business Concerns); 48 C.F.R. Section 52.222-26 (Equal Opportunity); 48 C.F.R. Section 52.222-35 (Disabled and Vietnam Era Veterans); 48 C.F.R. Section 52.222-36 (Handicapped Workers); 48 C.F.R. Section 52.223-2 (Clean Air and Water); and 48 C.F.R. Section 52.223-3 (Hazardous Material Identification and Material Safety Data). Unless previously provided, if the value of this Agreement exceeds $10,000, the Agent shall provide a Certificate of Nonsegregated Facilities to Monsanto. Furthermore, Monsanto and the Agent shall each comply with the Immigration Reform and Control Act of 1986 and all rules and regulations issued thereunder. Each party hereby certifies, agrees and covenants that none of its employees or employees of its subcontractors who perform work under this Agreement is or shall be unauthorized aliens as defined in the Immigration Reform and Control Act of 1986, and each party shall defend, indemnify and hold the other party harmless from any and all liability incurred by or sought to be imposed on the other party as a result of the first party's failure to comply with the certification, agreement and covenant made by such party in this Section.

SECTION 11.12. GOVERNING LAW.

(a) The validity, interpretation and performance of this Agreement and any dispute connected with this Agreement will be governed by and determined in accordance with the statutory, regulatory and decisional law of the State of Delaware (exclusive of such state's choice of laws or conflicts of laws rules) and, to the extent applicable, the federal statutory, regulatory and decisional law of the United States.

(b) Any suit, action or proceeding against any party hereto with respect to the subject matter of this Agreement, or any judgment entered by any court in respect thereof, must be brought or entered in the United States District Court for the District of Delaware, and each such party hereby irrevocably submits to the jurisdiction of such court for the purpose of any such suit, action, proceeding or judgment. If such court does not have jurisdiction over the subject matter of such proceeding or, if such jurisdiction is not available, then such action or proceeding against any party hereto shall be brought or entered in the Court of Chancery of the State of Delaware, County of New Castle, and each party hereby irrevocably submits to the jurisdiction of such court for the purpose of any such suit, action, proceeding or judgment. Each party hereto hereby irrevocably waives any objection which either of them may now or hereafter

have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement brought as provided in this subsection, and hereby further irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. To the extent each party hereto has or hereafter may acquire any immunity from jurisdiction of any court or from legal process with respect to itself or its property, each party hereto hereby irrevocably waives such immunity with respect to its obligations under this subsection. Except as otherwise provided herein, the parties hereto agree that exclusive jurisdiction of all disputes, suits, actions or proceedings between the parties hereto with respect to the subject matter of this Agreement lies in the United States District Court for Delaware, or the Court of Chancery of the State of Delaware, County of new Castle, as hereinabove provided. The Agent hereby irrevocably appoints CT Corporation, having an address at 1209 Orange Street, Wilmington, Delaware 19801 and Monsanto hereby irrevocably appoints CT Corporation, having an address at 1209 Orange Street, Wilmington, Delaware 19801, as its agent to receive on behalf of each such party and its respective properties, service of copies of any summons and complaint and any other pleadings which may be served in any such action or proceedings. Service by mailing (by certified mail, return receipt requested) or delivering a copy of such process to a party in care of its agent for service of process as aforesaid shall be deemed good and sufficient service thereof, and each party hereby irrevocably authorizes and directs its respective agent for service of process to accept such service on its behalf.

SECTION 11.13. PUBLIC ANNOUNCEMENTS. No public announcement may be made by any person with regard to the transactions contemplated by this Agreement without the prior consent of the Agent and Monsanto, provided that either party may make such disclosure if advised by counsel that it is required to do so by applicable law or regulation of any governmental agency or stock exchange upon which securities of such party are registered. The Agent and Monsanto will discuss any public announcements or disclosures concerning the transactions contemplated by this Agreement with the other parties prior to making such announcements or disclosures.

SECTION 11.14. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall be constitute one and the same agreement.

[signature page to follow]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above mentioned.

THE MONSANTO COMPANY

By: /s/ ARNOLD W. DONALD

Name: Arnold W. Donald
Title: Senior Vice-President

THE SCOTTS COMPANY

By: /s/ JAMES HAGEDORN

Name: James Hagedorn
Title: Executive Vice President,
U.S. Business Groups

LIST OF EXHIBITS TO AMENDED AND RESTATED EXCLUSIVE AGENCY AND MARKETING AGREEMENT

Dated as of September 30, 1998
Between Monsanto Company and The Scotts Company

Exhibit A:	Central Agreements
Exhibit B:	Termination Notice Regarding Central Agreements
Exhibit C:	Letter Agreement Regarding Plastid Transformation Technology and Associated Genes
Exhibit D:	Permitted Products

LIST OF SCHEDULES

Schedule 1.1(a):	Included Markets
Schedule 1.1(b):	Roundup Products
Schedule 2.2(a)(ii):	Transition Services (to be provided)
Schedule 2.2(a):	Annual Business Plan Format
Schedule 3.1:	Services Outside North America (to be provided)
Schedule 3.2(d):	Cash Flow Chart
Schedule 3.3(c):	Income Statement Definitions and Allocation Methods
Schedule 3.8:	Current Sales of 2.5 Gallon SKU into the Lawn & Garden Channels
Schedule 4.1(a):	Management Structure
Schedule 4.2(a):	Steering Committee
Schedule 4.3(b):	Assigned Employees
Schedule 4.4(a):	Global Support Team

EXHIBIT A

CENTRAL AGREEMENTS

MASTER AGREEMENT

THIS AGREEMENT is made as of the 21st day of July, 1995 by and between The Solaris Group, a Strategic Business Unit of Monsanto Company, a Delaware corporation, with offices at 2527 Camino Ramon, San Ramon, California 94583 ("Solaris"), and Central Garden and Pet Company, a Delaware corporation, with offices at 3697 Mount Diablo Blvd., #310, Lafayette, CA 94549 ("Central").

Statement of Purpose

Recognizing that Solaris is the preeminent supplier and marketer of high quality products to the lawn and garden industry and that Central is the preeminent provider of sales and logistic services for the lawn and garden industry, Solaris and Central have determined to enter into a strategic alliance which will more effectively align their respective interests. The terms of that strategic alliance are set forth in this Master Agreement. The fundamental goals which Solaris and Central are seeking to achieve are as follows:

Statement of Goals

1. To increase sales of Solaris products.

2. To provide the highest quality service to customers for Solaris products.

3. To maximize the logistical efficiency of distributing Solaris products.

4. To reduce costs of distributing Solaris products.

In order to achieve their mutual goals and more effectively align their interests, Solaris and Central have agreed to utilize the following approach:

Agreed Upon Means To Achieve Goals

1. Appointment of Central as the exclusive nationwide distributor of Solaris products, with certain exceptions as provided in the Exclusive Agency and Distributor Agreement.

2. Providing a sufficiently long term to assure relationship stability and facilitate the achievement of goals.

3. Structuring Central's compensation to provide strong incentives to achieve the stated goals.

Solaris and Central hereby agree as follows:

1. Term. This Agreement shall commence on October 1, 1995 and run through September 30, 1999 (the "Initial Term") unless sooner terminated as provided in Section 8 herein. Following the Initial Term the Agreement shall renew automatically for successive two-year periods (the "Renewal Periods") unless either party hereto notifies the other party in writing of its intention to terminate the Agreement no less than fifteen (15) months prior to the expiration of the Initial Term or any applicable Renewal Period.

2. Exclusive Agency and Distributor Agreement. In order to effectuate the purpose of this Master Agreement and the goals set forth above, Solaris is appointing Central as the exclusive provider, with certain exceptions, of sales and/or logistic services for, and either wholesale distributor or account servicing agent of, its current United States lawn and garden products pursuant to an Exclusive Agency and Distributor Agreement dated concurrently herewith.

3. Compensation. The compensation to be paid to Central for the services to be performed by it under the terms of the Exclusive Agency and Distributor Agreement shall be as set forth in the Compensation Agreement being entered into concurrently herewith.

4. Implementation and Transition. In order to facilitate the implementation of the transactions contemplated hereby, Solaris and Central are concurrently entering into an Implementation and Transition Agreement.

5. Oversight Committee. In order to enhance communication between Solaris and Central and provide oversight to assure a successful transition and that each organization's effectiveness is maximized, the parties shall establish an oversight committee (the "Committee"). The responsibilities and powers of the Committee are detailed in Exhibit A to this Agreement. The Committee shall consist of not less than six members, half of whom shall be designated by Solaris and half of whom shall be designated by Central. The Committee shall meet monthly, or at such other regular periodic intervals as the members of the Committee may agree upon.

6. Warrants and Stock Purchase. Solaris and Central shall enter into Warrant, Stock Purchase and related agreements as have been mutually agreed upon.

7. Other Entities. Solaris acknowledges that in order to provide maximum support for sales of Solaris Products, Central may elect to appoint one or more other entities as a subdistributor or sales agent. In accordance with the terms of the Transition and Implementation Agreement, Central shall offer subdistributor agreements to as many of Solaris' current distributors as represent 95% or more of Solaris' current distributor sales volume with those distributors which Solaris elects to terminate. Thereafter, after carefully considering the input of Solaris, all decisions with respect to such other entities shall be made unilaterally by Central in its sole and absolute discretion, including, without limitation, any and all decisions with respect to the appointment, termination, management or supervision of such other entities. After the expiration, termination or cancellation of this Agreement, or as otherwise provided in the Exclusive Agency and

Distributor Agreement, Solaris shall be free to contract with, sell to, engage or otherwise utilize in the sale of Solaris Products, any entity used by Central as a subdistributor or sales agent during the term of this Agreement.

8. Termination of Agreement. This Agreement may be terminated during the Initial Term or any Renewal Period:

a. By written agreement of Solaris and Central.

b. By either party if it has terminated the Exclusive Agency and Distributor Agreement in accordance with its terms.

9. Miscellaneous.

9.1 Status of Parties. Central and Solaris are independent contractors retaining complete control over and complete responsibility for their own operations and employees. Except as expressly provided herein, this Agreement shall not be construed to grant either party any right or authority to assume or create any obligation on behalf of or in the name of the other. Nothing in this Agreement shall be construed to establish a franchise relationship or to make either party a partner or joint venturer of the other party hereto.

9.2 Entire Agreement. This Agreement, together with the agreements referred to herein and exhibits and schedules hereto, constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all representations, warranties, understandings, terms or conditions on such subjects that are not set forth herein. Agreements on other subjects, such as security and other credit agreements or arrangements shall remain in effect according to their terms. The parties recognize that, from time to time, purchase orders, bills of lading, delivery instructions, invoices and similar documentation will be transmitted by each party to the other to facilitate the implementation of this Agreement. Any terms and conditions contained in any of those documents which are inconsistent with the terms of this Agreement shall be null, void and not enforceable. This Agreement is for the benefit of the parties hereto and is not intended to confer upon any other person any rights or remedies hereunder. The provisions of this Agreement shall apply to each division or subsidiary of Central and either Central or Solaris may seek enforcement of the provisions of this Agreement on behalf of or with respect to a particular subsidiary or division without changing the rights and obligations of the parties under this Agreement as to other aspects of Central's business.

9.3 Modification and Waiver. No conditions, usage of trade, course of dealing or performance, understanding or agreement purporting to modify, vary, explain or supplement the terms or conditions of the Agreement and no amendment to or modification of this Agreement, and no waiver of any provision hereof, shall be effective unless it is in writing and signed by each party hereto. No waiver by either Solaris or Central, with respect to any default on breach or of any right or

remedy, and no course of dealing shall be deemed to constitute a continuing waiver of any other breach or default or of any other right or remedy, unless such waiver be expressed in writing signed by the party to be bound.

9.4 Assignment. This Agreement is personal to Central and Central shall not assign any rights or delegate any duties that Central has or may have under this Agreement, either voluntarily, involuntarily by operation of law or otherwise by sale, assignment, transfer, delegation or other arrangement having similar effect, without Solaris' prior written consent except as specifically provided herein. Any sale, conveyance, alienation, transfer or other change of interest in or title or beneficial ownership of the voting stock so that William E. Brown and his affiliates no longer hold more voting power than any other shareholder (together with its affiliates) of Central shall be construed as an assignment of Central's rights hereunder.

9.5 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given on the same business day if delivered personally or sent by telefax with confirmation of receipt, on the next business day if sent by overnight courier or on the earlier of actual receipt as shown on the register receipt or five business days after mailing if mailed by registered or certified mail (return receipt requested) to the parties at the addresses set forth below (or at such other address for a party as shall be specified by like notice):

If to Central, to:
CENTRAL GARDEN & PET COMPANY
3697 Mt. Diablo Blvd., Suite 310
Lafayette, CA 94549
ATTN: Glenn Novotny
Telefax no.: (510) 283-4991

with a copy to:
ORRICK, HERRINGTON & SUTCLIFFE
Old Federal Reserve Bank Building
400 Sansome Street
San Francisco, CA 94111-3143
ATTN: John F. Seegal
Telefax no.: (415) 773-5759

If to Solaris, to:
The Solaris Group
2527 Camino Ramon, Suite 200
San Ramon, CA 94583
Attn: President
Telefax no.: (510) 355-3530

with a copy to:
The Solaris Group
2527 Camino Ramon, Suite 200
San Ramon, CA 94583
Attn: Company Counsel
Telefax no.: (510) 355-3530

9.6 Severability. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, under a judgment, law or statute now or hereafter in effect, the remainder of this Agreement shall not thereby be impaired or affected.

9.7 Governing Law. THE VALIDITY, INTERPRETATION, EFFECT AND PERFORMANCE OF THIS AGREEMENT AND ANY DISPUTE CONNECTED HEREWITH SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA.

9.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall be constitute one and the same agreement.

IN WITNESS WHEREOF the parties have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above mentioned.

MONSANTO COMPANY, THROUGH THE SOLARIS GROUP, A STRATEGIC BUSINESS UNIT	CENTRAL GARDEN & PET COMPANY
By: ----------	By: ----------
Title: ----------	Title: ----------

MASTER AGREEMENT

EXHIBIT A

OVERSIGHT COMMITTEE RESPONSIBILITY AND POWERS

1. Purpose and Responsibility. In order (i) to enhance communication between Solaris and Central, (ii) to provide oversight to assure a successful transition to and implementation of the Master Agreement, the Implementation and Transition Agreement, the Exclusive Agency and Distributor Agreement, the Compensation Agreement and any other agreement between Solaris and Central (the "Agreements"), (iii) to provide continuing review of the relationship between Solaris and Central to assure that each organization's effectiveness is maximized during the term of the Agreements, and (iv) to provide a mechanism for identifying and resolving disputes arising under or in connection with the Agreements, Solaris and Central have agreed to establish an oversight committee (the "Committee"). To this end, the Committee will have the responsibility for addressing issues in three categories: (i) implementation and transition; (ii) continuing review; and (iii) dispute resolution.

2. Organization and Meetings. The Committee shall consist of not less than six members (the "Members"), half of whom shall be designated by Solaris and half of whom shall be designated by Central. The Committee shall meet monthly or at such other regular periodic intervals as may be provided in the Agreements or as the Members may agree, at such locations as the Members may select from time to time.

3. Special Representatives. In addition to the Members, Solaris and Central may each designate one or more special representatives (the "Special Representatives") with responsibility over various areas to facilitate communication between meetings. Special Representatives do not need to be Members. Special Representatives who are not Members may attend portions of the Committee's meetings in order to offer expertise on particular issues to be discussed by the Committee at any meeting.

4. Implementation and Transition. During the implementation and transition period, the Committee will meet on a monthly basis to address implementation and transition issues which may include, without limitation:

   a. Implementation of a business system plan, including (i) overseeing the details of the implementation plan that the parties will follow to put the new distribution system in place, and (ii) refining the order-to-cash function and dealing with issues that arise therefrom;

   b. Reviewing the needs for long term strategic investments and the basis for sharing of costs and cost savings as contemplated by the compensation agreement;

   c. Reviewing the needs for the skill base and training of the Central sales force, determining a method to track performance and providing appropriate incentives consistent with the Agreements;

d. Coordination of all appropriate communications;

e. Reviewing information system needs; and

f. Reviewing the appointment of sub-agents and sub-distributors.

5. Continuing Review. After the implementation and transition period, the Committee will meet on a bi-monthly basis or such other intervals as may be agreed by the Committee to discuss and review continuing issues which may include, without limitation:

a. Review of budgeting and demand forecasting for marketing and sales that impact cost and staffing levels;

b. Measuring performance for all logistics functions, identifying problem areas and coming up with appropriate solutions;

c. Review and resolution of customer complaints which can not be addressed at branch locations;

d. Quarterly review of Central costs;

e. Quarterly review of the levels of service which has been established and Central's performance with respect thereto; and

f. Renewal issues.

6. Dispute Resolution. Without limiting any party's rights under the Agreements (including but not limited to the right to give a notice of default, to limit the exclusivity of the Agreements and/or to terminate all or any of the Agreements), disputes may be addressed by the Committee at any regular meeting or any special meeting called by Solaris or Central on reasonable notice. Financial disputes involving the compensation of Central under the Compensation Agreement, such as the calculation of any Costs, the preparation of any Cost to Serve Schedule or the calculation of any other component of Central's compensation thereunder are referred to as "Compensation Disputes." Disputes may be resolved in the following manner:

a. Negotiation. If any dispute occurs, either party may give a notice to the other party requesting that the Committee try in good faith to negotiate a resolution of such dispute. Upon receipt of such a notice by the other party, all Members shall promptly commence and diligently pursue, for a period of not longer than thirty (30) days (the "Negotiation Period"), good faith negotiations to resolve such dispute.

b. Compensation Disputes: Submission to Independent Accounting Firm. If any Compensation Dispute is not resolved during the Negotiation Period, the Committee may submit the unresolved Compensation Dispute to be settled by binding arbitration. A nationally recognized independent accounting firm (e.g., Deloitte & Touche LLP) or other mutually agreeable third party shall act as

arbitrator to resolve such dispute. Within 60 days after a Compensation Dispute is so submitted, the accounting firm shall deliver to both parties a written decision on its resolution of such dispute. If the Compensation Dispute involves the calculation of a specific amount, the written decision shall state such amount, the method of calculation and the reasoning on which it is based.

i. The parties shall cooperate fully with such accounting firm and take, or cause to be taken, all reasonable action to facilitate the efforts of the accounting firm in rendering its decision, including but not limited to providing it with access to such information and personnel as may be requested by such accounting firm to resolve the dispute at the earliest possible date (but in no event later than within 60 days of its submission).

ii. The costs and/or fees of such accounting firm shall be borne and paid equally by the parties.

iii. For purposes of resolving Compensation Disputes, (A) such accounting firm shall be deemed to be an arbitrator, (B) the parties agree to be bound by the decision of such accounting firm and (C) notwithstanding anything contained in the Agreements to the contrary, any such dispute resolution/arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. ss. 1-16. Judgment on the decision or award rendered by the accounting firm may be entered in any court having jurisdiction thereof.

COMPENSATION AGREEMENT

THIS COMPENSATION AGREEMENT (the "Agreement") is made as of the 21st day of July, 1995 by and between The Solaris Group, a Strategic Business Unit of Monsanto Company, a Delaware corporation, with offices at 2527 Camino Ramon, San Ramon, California 94583 ("Solaris"), and Central Garden and Pet Company, a Delaware corporation, with offices at 3697 Mount Diablo Blvd., #310, Lafayette, California 94549 ("Central").

RECITALS

A. Solaris and Central have executed a Master Agreement, an Implementation and Transition Agreement and an Exclusive Agency and Distributor Agreement (the "Agency and Distributor Agreement") dated of even date herewith. Capitalized, but undefined, terms used herein shall have the meaning ascribed to them in the Agency and Distributor Agreement.

B. Pursuant to this Agreement and the Agency and Distributor Agreement, Solaris shall compensate Central for its performance under the Agency and Distributor Agreement.

NOW, THEREFORE, in consideration of the foregoing, the terms and provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. DEFINITIONS. As used herein, the following terms shall have the meanings ascribed to them below:

"Additional Incentive Percentage" means, with respect to any specific Tier Level, the applicable Additional Incentive Percentage set forth on schedule lA.

"Central Employee Sales Incentive Payment" equals $500,000.

"Cost to Serve Schedule" means, with respect to any specific Program Year, a schedule in substantially the form of Schedule 2(a) and prepared in a manner consistent with Section 2(a) and schedule 2(a) (e.g., Fixed Cost allocations to Solaris shall be on a basis reflecting Solaris' reasonable share of such costs, and not simply on sales volume, and all Costs shall be equal to or below market rates for readily available comparable services), setting forth for each Sales Channel at the service levels set forth in the applicable Service Level Summary, among other things, (i) projected Gross Sales Revenue, (ii) Fixed Cost to Serve Cap, (iii) Variable Cost to Serve Cap and (iv) Total Cost to Serve Cap. Schedule 2(a) is the Cost to Serve Schedule for the 1996 Program Year, subject to adjustment as provided therein and as provided in Section 2 (a).

"Costs" means Fixed Costs and Variable Costs.

"Earnings Payment Percentage" means, with respect to any specific Tier Level, the applicable Earnings Payment Percentage set forth on Schedule 1A.

"Fixed Costs" means the following types of costs to the extent associated with services to be provided by Central or any sub-agent with respect to a Direct Account: (i) Selling, (ii) Sales Management, (iii) Other Selling, (iv) Facility, (v) Regional Administration and (vi) Corporate Administration. The foregoing shall include only those items of expense that have been historically and consistently included in such categories by Central and new items of expense that may be required in the ordinary course of business for Central to perform under the Agency and Distributor Agreement. Determination of said Costs shall be consistent with the methodology used to prepare Schedule 2(a)

"Gross Sales Revenue" means, with respect to any identified time period, purchaser or group of purchasers, Solaris' gross sales for Solaris Products (or a single product, if so indicated) based on Solaris' invoice price to Central (whether or not actually sold and invoiced to Central) (net of any returns, rebates and discounts), adjusted for actual changes in Central's and sub-distributors' inventories of Solaris Products as of September 30 of each Program Year.

"Indexed" means, when a dollar amount contained in a provision of this Agreement (or Schedule) is referred to as "(Indexed)," such dollar amount shall be adjusted by the average of (i) the percentage increase or decrease in the most recently published PPI Index as of the time such dollar amount is to be determined, as compared to the most recently published PPI Index 12 months prior to such date and (ii) the percentage increase or decrease in the most recently published CPI Index as of the time such dollar amount is to be determined, as compared to the most recently published CPI Index 12 months prior to such date. "PPI Index" means the "Producer Price Index (PPI)" as published by the U.S. Department of Commerce, Bureau of Economic Analysis. If the U.S. Department of Commerce ceases to publish the PPI, the parties agree to meet and to reach agreement upon another standard source for measuring inflation in the segment of the United States economy covered by the PPI, such other source to be published by the United States Government or a responsible periodical in lieu thereof. "CPI Index" means the "Consumer Price Index (CPI) (U.S. -- All Products)" as published by the U.S. Department of Commerce, Bureau of Economic Analysis. If the U.S. Department of Commerce ceases to publish the CPI, the parties agree to meet and to reach agreement upon another standard source for measuring inflation in the segment of the United States economy covered by the CPI, such other source to be published by the United States Government or a responsible periodical in lieu thereof.

"Roundup Threshold Level" means, with respect to the 1996 Program Year, $142,000,000; thereafter, with respect to any specific Program Year, 1.07 times the Roundup Threshold Level for the prior Program Year.

"Sales Channel" means the Direct Account or group of Direct Account categories for the method of sales and distribution of Solaris Products as identified on an applicable Cost to Serve Schedule.

"Tier Levels" means, with respect to any specific Program Year, any one of the First Tier through the Twelfth Tier Level, as applicable, and determined as set forth in Schedule lA.

"Variable Costs" means the following types of costs to the extent associated with services to be provided by Central or any sub-agent (subject to Section 2(c)) with respect to a Direct Account: (i) Merchandising, (ii) Freight and (iii) Warehousing. The foregoing shall include only those items of expense that have been historically and consistently included in such categories by central and new items of expense that may be required in the ordinary course of business for Central to perform under the Agency and Distributor Agreement. Determination of said Costs shall be consistent with the methodology used to prepare Schedule 2 (a).

2. ANNUAL COST BUDGETS.

(a) Modification of 1996 Program Year Cost to Serve Schedule. Schedule 2(a) is the Cost to Serve Schedule for the 1996 Program Year, subject to adjustment as provided herein. If any Direct Account or Solaris requests a modification in service level for the 1996 Program Year, Solaris may request that Central provide Cost information for providing such modified service level. Such Cost information shall be estimated and prepared in a manner consistent with

the Cost information contained in Schedule 2(a) (e.g., Fixed Cost allocations to Solaris shall be on a basis reflecting Solaris' reasonable share of such costs, and not simply on sales volume, and all Costs shall be equal to or below market rates for readily available comparable services). Solaris and Central may discuss and negotiate in good faith such Cost information and, if and when such Cost information is agreed to by both parties, Central shall provide a revised 1996 Program Year Cost to Serve Schedule that reflects all agreed to changes to Solaris for its approval. Upon such approval, such revised Cost to Serve Schedule and a corresponding revised Service Level Summary shall become a part of this Agreement and the Agency and Distributor Agreement, respectively, by replacing and superseding any prior Cost to Serve Schedule or Service Level Summary, as applicable. Notwithstanding anything contained herein to the contrary, Solaris shall retain (and not pay to Central) 20% of the Cost of any incremental services, unless, during the Program Year when such incremental services are implemented, the Gross Sales Revenue from the Direct Account receiving the incremental services, increases by an amount equal to or greater than 2 times the Cost of such incremental services.

(b) Subsequent Program Years. On or before May 1 of each Program Year, Solaris shall provide to Central a proposed Service Level Summary for the immediately following Program Year. On or before May 15 of each Program Year, Central shall provide to Solaris a proposed Cost to Serve Schedule, in substantially the form of, and prepared in a manner consistent with, Schedule 2(a), for the proposed Service Level Summary for the immediately following Program Year. On or before June 1 of each Program Year, Central and Solaris shall agree to a Service Level Summary and a corresponding Cost to Serve Schedule for the immediately following Program Year. If, after any such Summary or Schedule is agreed to by Central and Solaris, any Direct Account requests a modification in service levels for the

applicable Program Year, Solaris and Central may modify the applicable Service Level Summary and Cost to Serve Schedule in the same manner as provided in Section 2(a).

(c) Sub-agent Costs. Central shall use its best efforts to require all sub-agents to provide information on their actual Costs for providing services to Direct Accounts, with audit rights substantially similar to those provided herein between Central and Solaris. If any such sub-agent will not provide such Cost information to Central, Central shall use its best efforts to have such sub-agent provide such Cost information directly to Solaris or its independent accounting firm, with audit rights substantially similar to those provided herein with respect to Central. If any such sub-agent will not provide such Cost information directly to Solaris or its independent accounting firm, then, when this Agreement refers to the "actual" Costs of such sub-agent, such reference shall be deemed to apply to the budgeted Costs of such sub-agent as contained in any applicable Cost to Serve Schedule.

(d) Budget Dispute Resolution. If Central and Solaris fail to agree to any Cost to Serve Schedule or change thereto as provided in this Section 2 and the dispute relates to a service previously provided by Central to any Direct Account, then the Costs for such service shall equal the lesser of (i) the last agreed to Cost for such service (Indexed) or (ii) the last actual Cost for such service (Indexed). If the dispute relates to a service not previously provided by Central to any Direct Account, such dispute shall be submitted to the Oversight Committee for resolution by good faith negotiation or submission to an independent accounting firm or other mutually acceptable third party for determination.

3. COMPENSATION RELATED TO DIRECT ACCOUNTS.

(a) Central and Sub-agent Costs. Prior to the beginning of the 1996 Program Year, Costs shall be borne by the parties as provided in the Transition and Implementation Agreement; thereafter, Costs shall be borne as provided therein and herein. For each Program Year, Solaris shall reimburse Central for its or its sub-agent's (subject to Section 2(c)) actual Costs (not to exceed budgeted Costs) in accordance with this Section 3.

(i) If total actual Gross Sales Revenue from all sources in any Program Year is equal to or below the maximum amount for the First Tier Level for such Program Year, Solaris shall pay Central, with respect to each Sales Channel, the lesser of: (i) Central's and its sub-agent's (subject to Section 2(c)) actual Costs for such Sales Channel for such Program Year or (ii) an amount equal to such Sales Channel's projected Gross Sales Revenue (i.e., the point at which all Fixed Costs are paid) for such Program Year multiplied by such Sales Channel's Total Cost to Serve Cap for such Program Year. Any amounts paid to Central hereunder for Costs of a sub-agent shall be paid to such subagent by Central, unless otherwise agreed to by Solaris.

(ii) If total actual Gross Sales Revenue from all sources in any Program Year is above the maximum amount for the First Tier Level for such Program Year, Solaris shall pay Central, with respect to each Sales Channel, the lesser of: (i) Central's and its sub-agent's (subject to Section 2(c)) actual Costs for such Sales Channel for such Program Year or (ii) an amount equal to the sum of (A) such Sales Channel's projected Gross Sales Revenue (i.e., the point at which all Fixed Costs are paid) for such Program Year multiplied by such Sales Channel's Total Cost to Serve Cap for such Program Year plus (B) the difference between such Sales Channel's actual Gross Sales Revenue and its projected Gross Sales Revenue for such

Program Year multiplied by such Sales Channel's Variable Cost to Serve Cap for such Program Year. Any amounts paid to Central hereunder for Costs of a sub-agent shall be paid to such sub-agent by Central, unless otherwise agreed to by Solaris.

(b) First Tier through Twelfth Tier Central Earnings Payments. For each Program Year, Solaris shall pay Central an amount, equal to (i) the actual Gross Sales Revenue from Direct Accounts serviced by Central for such Program Year multiplied by (ii) the Earnings Payment Percentage applicable to the lowest Tier Level in which total actual Gross Sales Revenue from all sources falls.

(c) Sub-agent Earnings Payments. For each Program Year, Solaris shall pay Central an amount equal to 2% of the actual Gross Sales Revenue from Direct Accounts serviced by sub-agents for such Program Year. Central shall pay each sub-agent its proportionate share (based on sales volume) of such payment from Solaris.

(d) Additional Central Profit Incentive. For each Program Year, if the total actual Gross Sales Revenue from all sources exceeds the First Tier Level for such Program Year, then Solaris shall pay Central an amount equal to (i) (A) the actual Gross Sales Revenue from Direct Accounts serviced by Central or any sub-agent for such Program Year less (B) the projected Gross Sales Revenue from Direct Accounts serviced by Central or any sub-agent (i.e., the point at which all Fixed Costs are paid) for such Program Year, multiplied by (ii) the Additional Incentive Percentage.

(e) Central Employee Sales Incentives. For each Program Year, if total actual Roundup Gross Sales Revenue from all sources exceeds the Roundup Threshold Level for such Program Year, then (i) if and when total actual Gross Sales Revenue from all sources exceeds

115% of the maximum amount for the First Tier Level for such Program Year, Solaris shall pay Central an amount equal to the Central Employee Sales Incentive Payment and (ii) if and when total actual Gross Sales Revenue from all sources exceeds 120% of the maximum amount for the First Tier Level for such Program Year, Solaris shall pay Central a second and additional amount equal to the Central Employee Sales Incentive Payment. All of any such Central Employee Sales Incentive Payment paid under clause (i) above shall be distributed (subject to any withholding required by law) by Central to its sales personnel. At least 50% of any such Central Employee Sales Incentive Payment paid under clause (ii) above shall be distributed (subject to any withholding required by law) by Central to its employees.

4. PAYMENT. The compensation set forth in this Agreement shall be paid in accordance with this Section 4.

(a) Monthly Payments. On or before the 15th day of each month, Central shall deliver to Solaris an invoice for (i) its budgeted Fixed Costs and Variable Costs, both by Sales Channel, for the immediately following month and (ii) its Tier Earnings Payment and sub-agent earnings payment, both by Sales Channel, for the immediately preceding month. The Fixed Cost amount shall be 1/12th of the budgeted total annual Fixed Cost amount for such Sales Channel reflected in the applicable Cost to Serve Schedule. The Variable Cost amounts shall be calculated by Sales Channel, with each such amount equal to the immediately following month's projected Gross Sales Revenue by Sales Channel multiplied by the applicable Variable Cost to Serve Cap, adjusted for any overpayment or underpayment of Variable Costs in previous months (i.e., the difference between the prior months actual and projected Gross Sales Revenue by Sales Channel multiplied by the applicable Variable Cost to Serve Cap). The Tier Earnings payment amount shall equal the immediately preceding month's actual Gross Sales Revenue from Direct

Accounts serviced by Central for such month multiplied by the lowest applicable Tier Earnings Payment Percentage. The sub-agent earnings payment amount shall equal 2% of the immediately preceding month's actual Gross Sales Revenue from Direct Accounts serviced by such sub-agents for such month. Solaris shall pay proper invoices within 15 days of receipt.

(b) Final Tier Earnings Payment; Additional Central Profit Incentive; Central Employee Sales Incentives. Within 5 days after the completion of an annual reconciliation of payments for a Program Year as provided in Section 4(c), Solaris shall pay to Central (i) the difference, if any, between the total Tier Earnings Payment due for such Program Year less any monthly Tier Earnings payments paid during such Program Year, (ii) any Additional Central Profit Incentive payment and (iii) any Central Employee Sales Incentive payments due for such Program Year, net of any adjustments based on such reconciliation.

(c) Annual Reconciliation of Payments; Cost to Serve Savings. Within 30 days after the end of each Program Year, Central shall provide Solaris with (i) its (and its sub-agent's, subject to Section 2(c)) total actual Costs for such Program Year by Sales Channel and (ii) its (and its sub-agent's and sub-distributor's) inventory levels for Solaris Products at the end of such Program Year. If Central's (and its sub-agent's, subject to Section 2(c)) total actual Costs for a Sales Channel for such Program Year are less than the total of the monthly Fixed Cost and Variable Cost payments made to Central (or such sub-agent) during such Program Year, then the difference shall be payable by Central to Solaris. Any amount payable to Solaris may be paid in cash (within 10 days after it is due) or by offset to any amount due to Central by Solaris. For purposes of the following, actual Fixed Costs shall be stated and compared in absolute dollar amounts and actual Variable Costs shall be stated and compared as a percentage of sales, applied to the current Program Year's Gross Sales Revenue from Direct Accounts. The

1996 Program Year actual Fixed Costs shall be appropriately adjusted to reflect incremental sales people in stores during the current Program Year that were not served during the 1996 Program Year.

(i) For the 1996 Program Year, if the actual Costs for the 1996 Program Year are less than the budgeted Costs on the Cost to Serve Schedule incurred to provide the same services during the 1996 Program Year, then during the 1997 Program Year, Solaris shall pay Central, in equal monthly installments, a total amount equal to one-third of such difference.

(ii) For the 1997, 1998 and 1999 Program Years, if the actual Costs to serve the Direct Accounts for any such Program Year are less than the 1996 Program Year actual Costs to serve the Direct Accounts, then during the next Program Year, Solaris shall pay Central, in equal monthly installments, a total amount equal to one-third of such difference.

(d) Payment Dispute Resolution. If Solaris and Central disagree with respect to the amount of any payment required to made hereunder, then the dispute shall be submitted to the Oversight Committee for resolution by negotiation or submission to an independent accounting firm for determination.

5. COMPENSATION RELATED TO DISTRIBUTOR ACCOUNTS. Central shall keep any profit on sales of Solaris Products by Central to Distributor Accounts, and sub-distributors shall keep any profit on sales of Solaris Products by them to Distributor Accounts. Solaris shall provide "netback" (marketing incentive programs) amounts on the sale of Solaris Products to Distributor Accounts in a manner that is substantially similar to Solaris' practice prior to the date of this Agreement. Netback amounts for sub-distributors may be paid by Solaris directly to the sub-distributor or to Central with Central required to pay such amount to the sub-distributors.

6. SUPPLY LOGISTIC AND SAFETY STOCK WAREHOUSING SAVINGS. Solaris and Central agree that the costs for supply logistics and safety stock warehousing are not included in any Cost to Serve Schedule. During the term of, and in connection with, the implementation and Transition Agreement, the parties may modify the logistic plan causing a reduction in manufacturing demand that changes product flow. Solaris shall pay the actual costs for such logistics and warehousing. For purposes of the following, (A) fixed costs for supply logistics and safety stock warehousing shall include safety stock warehouse and management costs, (B) such fixed costs shall be stated and compared in absolute dollar amounts, and (C) variable costs for supply logistics and safety stock warehousing shall be stated and compared as a percentage of sales, applied to the current Program Year's Gross Sales Revenue.

(i) For the 1996 Program Year, if the actual costs for supply logistics and safety stock warehousing for the 1996 Program Year are less than the actual costs incurred for the same services during the 1995 Program Year (which was prior to this Agreement), then during the 1997 Program Year, Solaris shall pay Central, in equal monthly installments, a total amount equal to one-third of such difference. For purposes of the foregoing, actual costs for the 1995 Program Year shall be appropriately adjusted by Solaris to reflect unusual items during the 1995 Program Year and cost items that were transferred to or included in the Cost to Serve Schedule for the 1996 Program Year.

(ii) For the 1997, 1998 and 1999 Program Years, if the actual costs for supply logistics and safety stock warehousing for any such Program Year are less than the 1996 Program Year actual costs for supply logistics and safety stock warehousing, then during the next Program Year, Solaris shall pay Central, in equal monthly installments, a total amount equal to one-third of such difference.

An illustrative example of the calculation of supply logistic and safety stock warehousing savings is contained in Schedule 6.

7. STRATEGIC INVESTMENT PROPOSALS AND BUDGET. At any time, either Central or Solaris may propose that the other party, or both parties jointly, make a strategic investment in connection with the subject matter of the Agency and Distributor Agreement. Such proposal shall include a detailed budget for such Investment, with any cost-sharing recommendations. Each party, in its sole discretion, may decide whether to participate in any such strategic investment.

8. AUDIT RIGHTS. Solaris, through its independent auditors, shall have access to and the right to inspect and audit the books and records of Central at reasonable times and upon reasonable notice. Central, through its independent auditors, shall have access to and the right to inspect and audit the books and records of Solaris at reasonable times and upon reasonable notice to verify amounts owed to Central hereunder. If an auditor is used by Solaris, the auditor will only verify the actual costs incurred and whether the portion that the parties had agreed should be allocated to Solaris was in fact allocated. The auditor would not question the allocation methodology; it would only determine if the "mathematics" had been properly applied to actual costs. If, as the result of any such audit, either party reasonably believes that the aggregate amounts paid to Central were incorrect, then the parties will attempt in good faith to resolve the disagreement through the Oversight Committee, taking into account the results of the audit and any other pertinent data. If the Oversight Committee is unable to resolve the disagreement within 30 days, then the disagreement shall be submitted to an independent accounting firm (other than the firm which performed the audit) or other mutually acceptable third party for determination, and any amounts determined to be owed shall be immediately due and payable.

9. TERM. The term of this Agreement shall be the same as the term of the Agency and Distributor Agreement.

10. MISCELLANEOUS.

(a) Interpretation in accordance with GAAP. The parties acknowledge that several terms and concepts (such as various financial and accounting terms and concepts) used or referred to herein are intended to have specific meanings and are intended to be applied in specific ways, but they are not so expressly and fully defined and explained in this Agreement. In order to supplement definitions and other provisions contained in this Agreement and to provide a means for interpreting undefined terms and applying certain concepts, the parties agree that, except as expressly provided herein, when costs are to be determined or other financial calculations are to be made, generally accepted accounting principles consistently applied (GAAP) and the party's past accounting practice shall be used to interpret and determine such terms and to apply such concepts. For example, when actual costs and expenses are referred to herein, they are not intended to contain any margin or profit for the party incurring such costs or expenses.

(b) Status of Parties. Central and Solaris are independent contractors retaining complete control over and complete responsibility for their own operations and employees. Except as expressly provided herein, this Agreement shall not be construed to grant either party any right or authority to assume or create any obligation on behalf of or in the name of the other. Nothing in this Agreement shall be construed to establish a franchise relationship or to make either party a partner or joint venturer of the other party hereto.

(c) Entire Agreement. This Agreement, together with the agreements referred to herein and exhibits and schedules hereto, constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all representations, warranties, understandings, terms or conditions on such subjects that are not set forth herein. Agreements on other subjects, such as security and other credit agreements or arrangements shall remain in effect according to their terms. The parties recognize that, from time to time, purchase orders, bills of lading, delivery instructions, invoices and similar documentation will be transmitted by each party to the other to facilitate the implementation of this Agreement. Any terms and conditions contained in any of those documents which are inconsistent with the terms of this Agreement shall be null, void and not enforceable. This Agreement is for the benefit of the parties hereto and is not intended to confer upon any other person any rights or remedies hereunder. The provisions of this Agreement shall apply to each division or subsidiary of Central and either Central or Solaris may seek enforcement of the provisions of this Agreement on behalf of or with respect to a particular subsidiary or division without changing the rights and obligations of the parties under this Agreement as to other aspects of Central's business.

(d) Modification and Waiver. No conditions, usage of trade, course of dealing or performance, understanding or agreement purporting to modify, vary, explain or supplement the terms or conditions of the Agreement and no amendment to or modification of this Agreement, and no waiver of any provision hereof, shall be effective unless it is in writing and signed by each party hereto. No waiver by either Solaris or Central, with respect to any default on breach or of any right or remedy, and no course of dealing shall be deemed to constitute a continuing waiver of any other breach or default or of any other right or remedy, unless such waiver be expressed in writing signed by the party to be bound.

(e) Assignment. This Agreement is personal to Central and Central shall not assign any rights or delegate any duties that Central has or may have under this Agreement, either voluntarily, involuntarily by operation of law or otherwise by sale, assignment, transfer, delegation or other arrangement having similar effect, without Solaris' prior written consent except as specifically provided herein. Any sale, conveyance, alienation, transfer or other change of interest in or title or beneficial ownership of the voting stock of Central so that William E. Brown and his affiliates no longer hold more voting power than any other shareholder (together with its affiliates) of Central shall be construed as an assignment of Central's rights hereunder.

(f) Notices. All notices and other communications hereunder shall be in writing and shall be deemed given on the same business day if delivered personally or sent by telefax with confirmation of receipt, on the next business day if sent by overnight courier or on the earlier of actual receipt as shown on the register receipt or five business days after mailing if mailed by registered or certified mail (return receipt requested) to the parties at the addresses set forth below (or at such other address for a party as shall be specified by like notice):

If to Central, to:
CENTRAL GARDEN & PET COMPANY
3697 Mt. Diablo Blvd., Suite 310
Lafayette, CA 94549
ATTN: Glenn Novotny
Telefax no.: (510) 283-4991

with a copy to:
ORRICK, HERRINGTON & SUTCLIFFE
Old Federal Reserve Bank Building
400 Sansome Street
San Francisco, CA 94111-3143
ATTN: John F. Seegal
Telefax no.: (415) 773-5759

If to Solaris, to: The Solaris Group
2527 Camino Ramon, Suite 200
San Ramon, CA 94583
Attn: President
Telefax no.: (510) 355-3530

with a copy to: The Solaris Group
2527 Camino Ramon, Suite 200
San Ramon, CA 94583
Attn: Company Counsel
Telefax no.: (510) 355-3530

(g) Severability. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, under a judgment, law or statute now or hereafter in effect, the remainder of this Agreement shall not thereby be impaired or affected.

(h) Governing Law. THE VALIDITY, INTERPRETATION, EFFECT AND PERFORMANCE OF THIS AGREEMENT AND ANY DISPUTE CONNECTED HEREWITH SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA.

(i) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall be constitute one and the same agreement.

[signature page next]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

MONSANTO COMPANY, THROUGH
THE SOLARIS GROUP, A
STRATEGIC BUSINESS UNIT

By:

Name:

Title:

CENTRAL GARDEN & PET COMPANY

By:

Name:

Title:

IMPLEMENTATION AND TRANSITION AGREEMENT

THIS IMPLEMENTATION AND TRANSITION AGREEMENT is made effective as of the 21st day of July, 1995 by and between The Solaris Group, a Strategic Business Unit of Monsanto Company, a Delaware corporation, with offices at 2527 Camino Ramon, San Ramon, California 94583 ("Solaris") and Central Garden & Pet Company, a Delaware corporation, with offices at 3697 Mount Diablo Blvd. #310, Lafayette, California 94549 ("Central").

WHEREAS, Solaris and Central are entering into a Master Agreement, and an Exclusive Agency and Distributor Agreement concurrently herewith and wish to enter into this Agreement to facilitate the implementation of said agreements (capitalized terms used, but not defined, herein shall have the meaning ascribed to them in the Master Agreement or the Exclusive Agency and Distributor Agreement);

The parties hereby agree as follows:

1. Distributors and Subdistributors. Solaris has unilaterally determined to fundamentally change its distribution system for the Solaris Products and, with certain limited exceptions, terminate all of its existing distributors. Central shall then offer reasonable subdistributor contracts with a minimum term of one year to as many of such distributors as in the aggregate represent 95% or more of Solaris' current distributor sales volume with such distributors as Solaris elects to terminate. The subdistributor contracts shall include the following provisions: (a) a release of Solaris from all claims which the subdistributor has arising out of the termination of its distributor agreement with Solaris; (b) a covenant from the subdistributor to pay Solaris all sums due and owed to Solaris for products purchased and an automatic termination of the subdistributor contract if all said sums have not been paid by September 30, 1995; and (C) such other terms as Central may deem to be appropriate in its discretion.

If certain of Solaris' distributors do not elect to enter into subdistribution contracts with Central, then Central shall assist Solaris in the return of inventory of Solaris Products ("Returned Goods") and shall be reimbursed for its reasonable costs in providing such assistance. Central shall receive Returned Goods into its warehouses and assist Solaris in the preparation of appropriate credit memos for Returned Goods. Central shall purchase Returned Goods from Solaris upon Central's receipt into its warehouses and shall pay Solaris for Returned Goods pursuant to Solaris' payment terms for Central in effect at the time of Central's receipt of Returned Goods.

2. Oversight Committee. An oversight committee shall be formed for the purpose of enhancing communication and providing oversight to assure a successful transition and implementation of the various agreements (the "Committee"). The responsibilities and powers of the Committee and its function with respect to this Agreement are as specified in an exhibit to the Master Agreement.

3. Warehouses. Solaris shall bear the costs associated with the termination of any of its current warehouse agreements. In order to minimize said costs, Central shall try to use any of said facilities as it determines in its sole discretion may fit as part of Central's future warehouse

system. Central shall bear the costs associated with upgrading its current warehouses in order to perform the services contemplated under these agreements and to maintain compliance with Solaris' policies on warehouse facilities. Central shall also bear the costs of relocating any of its present warehouses as it determines in its discretion to be necessary for the proper performance of its functions under these agreements. The parties agree that it is necessary to establish a safety stock warehouse, and that the purpose and function of the safety stock warehouse are as set forth in Exhibit A hereto. The costs thereof shall be paid directly by Solaris or reimbursed by Solaris to Central as part of the regular compensation of costs under the Compensation Agreement.

4. Information Systems. The parties acknowledge that continual improvement of Central's business process and supporting information systems is required in order to maintain competitive service levels. The parties shall equally share the costs of retaining a mutually agreeable consultant to develop a business process and supporting information systems plan subject to a maximum expense level of $300,000 which engagement shall occur no later than August 31, 1995. The parties shall try to maximize the use of each other's technology. The parties agree to fund business process and supporting information systems improvement up to a maximum total cost for both parties together of $700,000. Solaris shall share equally in the cost of said improvements which is incremental to those improvements currently planned by Central (which are identified in Exhibit B hereto). During and after expiration, termination, or cancellation of the Master Agreement, each party shall be entitled to use any information systems which are developed during the term of the Master Agreement.

5. Employees. Each party shall bear the costs associated with relocating any of its employees in connection with the performance under the agreements. Incident to the transactions contemplated by the Master Agreement, Solaris may terminate certain of its employees and has asked Central to consider hiring such terminated employees. All hiring decisions shall be in the sole discretion of Central. In the event that Central hires any of such former Solaris employees, it shall treat such employees as new hires and shall have no responsibility whatsoever for any benefits of any kind which may have accrued to such persons prior to their hiring by Central; provided, to the extent such benefits are provided, Central agrees (i) to waive the recognition of any pre-existing condition limitations under its medical and disability plans to the extent reasonably possible under Central's existing insurance plans, (ii) to recognize all deductions and co-payments paid to date in the calendar year 1995 against the limits of Central's medical policies, (iii) to recognize prior service at Solaris/Chevron for purposes of (A) determining vacation eligibility and (B) vesting for any employer match to a savings plan or 401K plan and participation in any disability plan. Central shall have no liability whatsoever with respect to any Solaris employees which it determines not to hire.

6. Business Processes. The initial responsibilities of the parties with respect to the business processes, including the Order-to-Cash cycle, will be determined as soon as practicable and appropriate modifications will be made to the Cost to Serve Schedule to the Compensation Agreement. The parties realize that these responsibilities may likely change when the Information Systems integration and improvement project has been completed. The Committee will discuss appropriate modifications, if any, at that time.

7. Communications. The parties agree that proper communication of the new relationship created by the Master Agreement and related documents is key to the success of this implementation plan and shall agree upon an appropriate Communication Plan.

8. Miscellaneous.

8.1 Status of Parties. Central and Solaris are independent contractors retaining complete control over and complete responsibility for their own operations and employees. Except as expressly provided herein, this Agreement shall not be construed to grant either party any right or authority to assume or create any obligation on behalf of or in the name of the other. Nothing in this Agreement shall be construed to establish a franchise relationship or to make either party a partner or joint venturer of the other party hereto.

8.2 Entire Agreement. This Agreement, together with any agreements referred to herein and the exhibits and schedules hereto, constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all representations, warranties, understandings, terms or conditions on such subjects that are not set forth herein. Agreements on other subjects, such as security and other credit agreements or arrangements shall remain in effect according to their terms. The parties recognize that, from time to time, purchase orders, bills of lading, delivery instructions, invoices and similar documentation will be transmitted by each party to the other to facilitate the implementation of this Agreement. Any terms and conditions contained in any of those documents which are inconsistent with the terms of this Agreement shall be null, void and not enforceable. This Agreement is for the benefit of the parties hereto and is not intended to confer upon any other person any rights or remedies hereunder. The provisions of this Agreement shall apply to each division or subsidiary of Central and either Central or Solaris may seek enforcement of the provisions of this Agreement on behalf of or with respect to a particular subsidiary or division without changing the rights and obligations of the parties under this Agreement as to other aspects of Central's business.

8.3 Modification and Waiver. No conditions, usage of trade, course of dealing or performance, understanding or agreement purporting to modify, vary, explain or supplement the terms or conditions of the Agreement and no amendment to or modification of this Agreement, and no waiver of any provision hereof, shall be effective unless it is in writing and signed by each party hereto. No waiver by either Solaris or Central, with respect to any default on breach or of any right or remedy, and no course of dealing shall be deemed to constitute a continuing waiver of any other breach or default or of any other right or remedy, unless such waiver be expressed in writing signed by the party to be bound.

8.4 Assignment. This Agreement is personal to Central and Central shall not assign any rights or delegate any duties that Central has or may have under this Agreement, either voluntarily, involuntarily by operation of law or otherwise by sale, assignment, transfer, delegation or other arrangement having similar effect,

without Solaris' prior written consent except as specifically provided herein. Any sale, conveyance, alienation, transfer or other change of interest in or title or beneficial ownership of the voting stock so that William E. Brown and his affiliates no longer hold more voting power than any other shareholder (together with its affiliates) of Central, shall be construed as an assignment of Central's rights hereunder.

8.5 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given on the same business day if delivered personally or sent by telefax with confirmation of receipt, on the next business day if sent by overnight courier or on the earlier of actual receipt as shown on the register receipt or five business days after mailing if mailed by registered or certified mail (return receipt requested) to the parties at the addresses set forth below (or at such other address for a party as shall be specified by like notice):

If to Central, to:
CENTRAL GARDEN & PET COMPANY
3697 Mt. Diablo Blvd., Suite 310
Lafayette, CA 94549
ATTN: Glenn Novotny
Telefax no.: (510) 283-4991

with a copy to:
ORRICK, HERRINGTON & SUTCLIFFE
Old Federal Reserve Bank Building
400 Sansome Street
San Francisco, CA 94111-3143
ATTN: John F. Seegal
Telefax no.: (415) 773-5759

If to Solaris, to:
The Solaris Group
2527 Camino Ramon, Suite 200
San Ramon, CA 94583
Attn: President
Telefax no.: (510) 355-3530

with a copy to:
The Solaris Group
2527 Camino Ramon, Suite 200
San Ramon, CA 94583
Attn: Company Counsel
Telefax no.: (510) 355-3530

8.6 Severability. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, under a judgment, law or statute now or hereafter in effect, the remainder of this Agreement shall not thereby be impaired or affected.

8.7 Governing Law. THE VALIDITY, INTERPRETATION, EFFECT AND PERFORMANCE OF THIS AGREEMENT AND ANY DISPUTE CONNECTED

HEREWITH SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA.

8.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall be constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year see forth below.

CENTRAL GARDEN & PET COMPANY	MONSANTO COMPANY, through The Solaris Group, a Strategic Business Unit
By ----------	By ----------
Title ----------	Title ----------

EXHIBIT "A"

"Safety Stock Warehouse"

1. The purpose of the Safety Stock Warehouse is to balance an optimum service level with minimum cost.

2. The management of inventory and logistics activities of the Safety Stock Warehouse will be based upon the overall lowest cost with highest quality service within the network.

3. Typically, "A" items will ship directly from manufacturing to CG&P locations via full truckloads, some "B" and most "C" items will be replenished from the Safety Stock Warehouse.

4. Short term, the Safety Stock Warehouse will allow for an orderly transition by providing space to house inventory made excess by efficiencies of the overall agreement.

5. The Safety Stock Warehouse will serve as back-up inventory location for rapid replenishment to local store-door delivery distribution centers (CG&P locations).

6. The Safety Stock Warehouse will provide a single location for the consolidation and assembly of special display packs as well as a single location for recouping recalled products.

7. The Safety Stock Warehouse will provide an overflow location to help balance manufacturing schedules.

EXHIBIT "B"

Improvements Currently Planned by Central

CPU presently on site

Seattle	AS400 model F20
Dallas	AS400 model advanced 310
Lafayette	AS400 model D45
Phoenix	AS400 model E10
Lafayette	National Sales Database - AS400 advanced 300

Application Software

Butler Curless Associates distribution applications consisting of:

1. General Ledger
2. Accounts Payable
3. Invoicing
4. Accounts Receivables
5. Inventory
6. Purchasing
7. Order Processing
8. EDT
9. MSI
10. Sales Analysis
11. Receiving
12. Commissions

Status of Implementation

All regions currently using General Ledger and Accounts Payable Phoenix using total BCA applications.

Dallas regions (19 branch locations) currently converting to BCA.
Expect all branches to be in BCA by end of January 1996.

Lafayette and Seattle to be converted to BCA by November 1996.

DE AGREEMENT - JULY 21, 1995
- - ----------

Notwithstanding anything contained in any of the Agreements being entered into concurrently herewith (the "Other Agreements") Solaris shall reimburse Central for variable warehousing and freight charges in connection with shipments to sub-distributors. Central agrees to use its reasonable efforts to minimize such costs. The foregoing assumes that Central is not otherwise being reimbursed for such costs pursuant to the Other Agreements.

CENTRAL GARDEN & PET COMPANY

By:

Name:

Title:

THE SOLARIS GROUP,
A STRATEGIC BUSINESS UNIT OF
MONSANTO COMPANY

By:

Name:

Title:

EXCLUSIVE AGENCY AND DISTRIBUTOR AGREEMENT

by and between

THE SOLARIS GROUP
and
CENTRAL GARDEN & PET COMPANY

July 21, 1995

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EXCLUSIVE AGENCY AND DISTRIBUTOR AGREEMENT

THIS EXCLUSIVE AGENCY AND DISTRIBUTOR AGREEMENT (the "Agreement") is entered into as of July 21, 1995 by and between The Solaris Group, a strategic business unit of Monsanto Company, with offices at 2527 Camino Ramon, Suite 200, San Ramon, CA 94583 ("Solaris"), and Central Garden & Pet Company, with offices at 3697 Mt. Diablo Blvd., #310, Lafayette, CA 94549 ("Central"). Capitalized, but undefined, terms used herein have the meaning ascribed to them in Article I.

RECITALS

A. Solaris desires that Central provide certain services with respect to Solaris' Direct Accounts, and Central desires to provide such services, all on the terms set forth in this Agreement.

B. Solaris desires that Central serve as Solaris' exclusive distributor of Solaris Products to Distributor Accounts, and Central desires to so serve, all on the terms set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing, the terms and provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

1.1 Definitions. As used herein, the following terms shall have the meanings ascribed to them below:

"Compensation Agreement" means the Compensation Agreement between the parties hereto and dated at even date herewith.

"Direct Accounts" means those customer accounts listed on Schedule 1.1A hereto, as the same may be amended by Solaris in its sole discretion from time to time, as provided in Section 2.5.

"Distributor Accounts" means all customer accounts, except Direct Accounts and Excluded Accounts.

"EDI" means electronic data interchange.

"Excluded Accounts" means those sales of books to the customers listed on Schedule 1.1B, as such list of customers may be amended by Solaris in its sole discretion from time to time, as provided in Section 2.5.

"Implementation and Transition Agreement" means the Implementation and Transition Agreement between the parties hereto and dated at even date herewith.

"Master Agreement" means the Master Agreement between the parties hereto and dated at even date herewith.

"Oversight Committee" means the "Committee" as defined in the Master Agreement.

"Program Year" means the period of time beginning on October 1 of a specific calendar year and ending on September 30 of the immediately following calendar year. Any specific Program Year shall be referred to by the calendar year during which such specific Program Year ends. For example, the first Program Year during the term of this Agreement is the 1996 Program Year (i.e., commencing October 1, 1995 and ending September 30, 1996).

"Service Level Summary" means, with respect to any specific Program Year, a list of the services and service levels (e.g., in-store service, order fill rates, order-to-fulfillment cycle time, inventory levels, merchandising and product flow) by account to be performed by Central for each Direct Account during such Program Year. Schedule 1.1C is the Service Level Summary for the 1996 Program Year.

"Solaris Products" means all products included in Solaris' United States product line as of the date of this Agreement, together with any new or replacement products that Solaris decides, in its sole discretion, to make subject to this Agreement by written notice thereof to Central; provided, Solaris may in its sole discretion at any time and from time to time, discontinue to offer to sell to the public any products.

"United States" means the United States of America, excluding any territories thereof (such as Puerto Rico and the American Virgin Islands).

1.2 Rules of Construction and Interpretation.

(a) Section References. When a reference is made in this Agreement to an Article, Section, Paragraph, Exhibit or Schedule such reference shall be to an Article, Section or Paragraph of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated. Unless otherwise indicated, the words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole, and not to any particular Article, Section, Paragraph or clause in this Agreement.

(b) Construction. Unless the context of this Agreement clearly requires otherwise: (i) references to the plural include the singular and vice versa, (ii) "including" is not limiting and (iii) "or" has the inclusive meaning represented by the phrase "and/or."

(c) Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(d) No Interpretation against Author. For purposes of contract interpretation the parties to this Agreement agree they are joint authors and draftsmen of this Agreement.

(e) Conflicts with related Documents. The parties contemplate that various forms, including forms for submitting purchase orders, acceptance of orders, shipping and transportation, will be used in carrying out this Agreement. In the event of conflict between any such forms or other documents of like import and this Agreement, the provisions of this Agreement shall be controlling.

ARTICLE II

AGENCY, SUB-AGENTS AND DIRECT ACCOUNTS

2.1 Appointment of Central as Agent. Subject to the terms and conditions hereof, Solaris hereby appoints and agrees to use Central, and Central agrees to serve, as Solaris' exclusive agent to provide certain services in connection with Solaris' sales of Solaris Products to Direct Accounts in the United States. Except as otherwise provided in this Agreement, Solaris shall exclusively use Central for the performance of all of the services contemplated by this Agreement.

2.2 Central's Obligations as Service Agent.

(a) Services to be Performed by Central. The services to be performed by Central in connection with Solaris' sales of Solaris Products to Direct Accounts in the United States shall be as specified herein, in Schedule 2.2(a), in the applicable Service Level Summary (Schedule 1.1C is the Service Level Summary for the 1996 Program Year) and as reasonably specified from time to time by Solaris. Such services generally include the following types of services: sales; merchandising; warehousing, freight and delivery; and invoicing, collection, reconciliation and other services.

(1) SALES. Central shall perform such selling, sales management and other related services as are set forth on Schedule 2.2(a) for Direct Accounts in accordance with the current Service Level Summary.

(2) MERCHANDISING AND IN-FACILITY SERVICES. Central shall perform such in-store merchandising, store set-up and other related services as are set forth on Schedule 2.2(a) for the Direct Accounts in accordance with the current Service Level Summary.

(3) WAREHOUSING, FREIGHT AND DELIVERY. Subject to the terms of the Implementation and Transition Agreement, Central shall provide warehouse services for all Solaris Products from the time such products are manufactured. All warehouse services shall be at cost. Unless prevented by Solaris' failure to supply inventory, Central agrees to maintain adequate inventory levels of Solaris Products at each warehouse (either inventory purchased by Central or held on consignment, as specified by Solaris in accordance with Section 2.3(f)) in sufficient quantities to satisfy the applicable Service Level Summary. On a monthly basis, the Oversight Committee shall conduct reviews of anticipated demands of Direct Accounts for Solaris Products covered by this Agreement in order to facilitate the maintenance of appropriate inventory levels by Central. The party from whose facility (e.g., manufacturing facility, safety stock warehouse or warehouse) Solaris Products are being shipped shall arrange for and pay all freight and shipping for Solaris Products from such facility. Central will fill orders for Direct

Accounts (i) by shipping direct to the Direct Accounts from Central's warehouses or (ii) by arranging for plant direct shipments to the Direct Accounts. Such shipments will be as specified by Direct Accounts; provided, if no such specification is made, then by such means as Central deems appropriate, subject to approval by Solaris which approval shall not be unreasonably withheld. Upon request by Solaris, Central shall provide proof of delivery of each order to Solaris within 48 hours of Central's shipment of such order (shipment shall be within one working day of receipt of an order, except when the order arrives after the scheduled order cut-off time for that account, in no case later than 48 hours, unless a longer period is requested by the person placing the order). If Central cannot ship an order as requested by either Solaris or the Direct Account, Central will notify Solaris by phone and confirm by facsimile as soon as is reasonably possible. In making deliveries to Direct Accounts, Central shall confine all credit deliveries, both as to time and money limits, within the authority given to Central by Solaris in writing. The risk of credit default on deliveries to Direct Accounts is the sole responsibility of Solaris.

(4) ORDER-TO-CASH AND GENERAL ADMINISTRATION. Central shall perform such order taking, order processing, invoicing, collection, reconciliation, general administration and other related services as are set forth on Schedule 2.2(a) for Direct Accounts in accordance with the current Service Level Summary. Central will provide all order processing functions as may be reasonably requested by Solaris. Central shall receive or accept orders for the sale of Solaris Products to Direct Accounts only for Solaris' benefit. Central will use EDI in connection with the foregoing when requested by a Direct Account or Solaris. Central shall have responsibility for all claims and adjustments for Solaris Products which are damaged during shipment to the Direct Account or for shortages of Solaris products in any shipment to a Direct Account for which Central does not have proof of delivery. Solaris, in its sole discretion, shall determine the prices at which Solaris Products are sold to Direct Accounts. Central shall send invoices to Direct Accounts on behalf of Solaris for orders filled pursuant to this Agreement. All such invoices shall show Solaris as the seller of the Solaris Products, and shall direct payment of the invoice to be made to a Solaris lock-box bank account (designated by Solaris from time to time) .

(5) RETURNS OF SOLARIS PRODUCTS BY DIRECT ACCOUNTS. Under procedures established by Solaris, Central shall handle requests by a Direct Account that Solaris Products, previously shipped, should be returned to Solaris for credit, either because such Solaris Products are defective or for some other reason. No such request which would involve credit from Solaris in excess of $500 shall be honored by Central without Solaris' prior consent. Central shall receive any such returned Solaris Products into its warehouses and assist Solaris in the preparation of appropriate credit memos. Central shall purchase or hold for consignment such Solaris Products as instructed by Solaris in accordance with Section 2.3(f).

(6) MODIFICATION OF SERVICES AND SERVICE LEVELS. Schedule 2.2(a) may be amended from time to time by the mutual agreement of the parties. If Central fails to agree to a change to Schedule 2.2(a) that adds one or more services, then, notwithstanding anything contained herein to the contrary, Solaris shall have the right to either perform such additional service(s) itself or through a third party. The parties have agreed to a Service Level Summary for the 1996 Program Year. Service Level Summaries for subsequent Program Years shall be developed in connection with the budget process set forth in the Compensation

Agreement. Any Service Level Summary may be modified by Solaris in its sole discretion at any time and from time to time. If a Service Level Summary is so modified, an appropriate adjustment will be made to Central's compensation in accordance with the terms and provisions of the Compensation Agreement.

(b) Performance Indicators and Other Providers. Schedule 2.2(b) contains certain standards and indicators applicable to Central's performance under this Article II. Notwithstanding anything contained herein to the contrary, Solaris reserves the right to use other service providers, if Central fails to meet such standards and indicators within a period of 14 days after notice thereof.

2.3 Solaris' Rights with Respect to Direct Accounts.

(a) Pricing. Solaris, in its sole discretion, shall set the pricing of Solaris Products for Direct Accounts.

(b) Solaris Sales Activities. In addition to (or in lieu of) services provided by Central, Solaris may conduct any sales activities with respect to the Direct Accounts. Subject to the foregoing, Schedule 2.3(b) sets forth certain responsibilities of Solaris and Central with respect to sales activities to be conducted for a few specific Direct Accounts. Such schedule may be amended by mutual agreement during a Program Year, unless based on the request of a Direct Account in which case it may be amended by Solaris at any time. Solaris may amend such Schedule in its discretion in connection with the budgeting process in the Compensation Agreement. Central shall handle order processing and billing of Solaris Products for the Direct Accounts as requested by Solaris.

(c) Central Sales Activities. Solaris shall have the right to guide and influence Central's sales activities with respect to the Direct Accounts. In connection therewith, Solaris shall have the right to: (i) set sales call frequency and merchandising frequency, (ii) manage communication with the Direct Accounts, (iii) specify sell-in merchandise events, (iv) develop planograms and (v) establish store level SKU stocking lists. Further, Solaris may designate one or more Solaris employees to act as a Solaris area manager whose authority will include the items described on Schedule 2.3(c).

(d) Order-to-Cash. Solaris shall have the right to manage, monitor and implement changes to the order-to-cash cycle.

(e) Orders Received by Solaris. Upon Solaris' receipt of an order from a Direct Account, Solaris will instruct Central to fill the order from either (i) Central's inventory of Solaris Products or (ii) Solaris Products held by Central on consignment from Solaris. Solaris will advise Central of all relevant information pertaining to the sale, including credit terms, so as to allow Central to make timely delivery of the Solaris Products to the Direct Account and to provide such other information concerning the sale which Central may reasonably require in order to discharge its obligations under this Agreement.

(f) Inventory for Direct Account Sales. As requested by Solaris, Central will (i) purchase Solaris Products from Solaris and hold them as inventory to fill orders from Direct

Accounts or (ii) keep Solaris Products on consignment from Solaris to fill orders from Direct Accounts.

(1) PURCHASES; CREDIT TO CENTRAL. Purchases of Solaris Products by Central to fill orders from Direct Accounts shall be in accordance with the terms and conditions of sale offered by Solaris under Article III. Central shall be credited by Solaris for the particular Solaris Products delivered to the Direct Account based on the price charged to Central upon redelivery of such Solaris Products to Solaris for sale to such Direct Account. Such credit shall be applied by Central against any outstanding invoice of Central, or, if none, Solaris shall reimburse Central in cash. Central must supply detail to the Solaris Accounts Receivable Department along with payment detail of regularly scheduled payments showing how such credits are to be applied. Title to such Solaris Products shall transfer to Solaris at the time they are delivered to the Direct Account and Solaris shall be the seller of all such Solaris Products to the Direct Account.

(2) CONSIGNMENT. Solaris Products held by Central on consignment from Solaris shall be kept in Central's warehouses, segregated from all other items and clearly identified as the property of Solaris.

2.4 Appointment of Sub-Agents. Central shall have the right to delegate part of its obligations under this Article II to sub-agents; provided, Central shall remain primarily liable for all of its obligations hereunder and shall be primarily liable for any act or omission of any such sub-agent. To the extent this Agreement creates any obligations on Central (such as to provide information to Solaris), such obligations shall apply with respect to any sub-agent. In connection with the foregoing, any reports or other information to be given to Solaris shall be given by Central and shall include any information applicable to sub-agents. After conversations with the Oversight Committee, Solaris shall have the right to approve the appointment or termination of any sub-agent and the terms of any sub-agency agreement (including any change or amendment thereto). After conversations with the Oversight Committee, Solaris reserves the right to require Central to delegate part of its obligations under this Article II to one or more sub-agents specified by Solaris.

2.5 Changing Direct Account and Excluded Account Lists. After conversations with the Oversight Committee, with 30 days prior notice during the 1996 Program Year (90 days thereafter) and in its sole discretion, Solaris may change Schedule 1.1A or Schedule 1.1B by adding or deleting accounts as Direct Accounts or Excluded Accounts, including converting Distributor Accounts to Direct Accounts. If necessary, the parties shall appropriately amend the applicable Service Level Summary and Cost to Service Schedule set forth in the Compensation Agreement to reflect any such change.

2.6 Continued Payment of Fixed Costs. If, for any reason other than Central's performance or non-performance, Solaris (i) requires the appointment of a sub-agent under Section 2.4 or (ii) increases its sales activities, with respect to any Direct Account listed on Schedule 2.6, Solaris shall continue to pay Central its Fixed Costs (as defined in the Compensation Agreement) associated therewith for a period of 10 months thereafter, notwithstanding that services previously to be provided by Central hereunder are provided by Solaris or a sub-agent during such time.

ARTICLE III

EXCLUSIVE DISTRIBUTORSHIP AND SUB-DISTRIBUTORS

3.1 Appointment of Central as Distributor. Subject to the terms and conditions hereof, Solaris hereby appoints Central the exclusive wholesale distributor of the Solaris Products to serve and develop trade for Solaris Products with Distributor Accounts in the United States. Notwithstanding the foregoing, Solaris reserves to itself the right to sell Solaris Products, in accordance with the other terms and provisions of this Agreement, to any (i) Direct Account or (ii) Excluded Account.

3.2 Obligations of Central as Distributor.

(a) Inventory for Distributor Account Sales. Central shall purchase and maintain a balanced inventory of Solaris Products sufficient to meet the demand of Distributor Accounts for Solaris Products and to fill promptly the day-to-day requests by such Distributor Accounts for Solaris Products. Solaris may set minimum and maximum inventory levels for the first quarter of any Program Year. Upon the deletion or discontinuance of any Solaris Products, Central shall use its best efforts to sell its remaining inventories of such Solaris Products; provided, if such Solaris Products are not so sold, Solaris shall repurchase Central's remaining inventories of such deleted or discontinued product within eight months after such deletion or discontinuance or, at Solaris' option, provide to Central adequate markdown money to allow Central to sell the remaining inventories without incurring an economic loss.

(b) Distributor Account Prices and Order-filling. From time to time, Solaris may make suggestions with respect to prices and discounts made available by Central to Distributor Accounts and Solaris may furnish such suggestions to Central in the form of a suggested price or discount schedule. Central's resale prices to such Distributor Accounts, however, are for Central and Central alone to determine. Central shall process and fill promptly all orders for Solaris Products placed with Central, including those written by Solaris' representatives for Central; provided, however, that the credit terms and pricing for all such orders shall be determined solely by Central.

(c) Information on Solaris Products. Central shall provide Distributor Accounts with detailed information, as supplied by Solaris, concerning the characteristics, uses and availability of Solaris Products.

(d) Promotion of Solaris Products. Continuously throughout the term of this Agreement, Central shall actively and aggressively promote the sale of Solaris Products to all its current Distributor Accounts and shall exert all reasonable efforts to promote the sale of Solaris Products to additional Distributor Accounts. Central shall exert its greatest sales efforts during the peak selling months. Central shall promote the sale of Solaris Products more aggressively than any other product or product line that Central sells and shall conduct the operation of Central's business in such a manner as to promote goodwill, and particularly customer goodwill, toward Solaris and Solaris Products.

(e) Personnel. Central shall employ a sufficient number of sales personnel, merchandising representatives or other employees who are familiar with Solaris Products and make such personnel available for a reasonable amount of sales and product training by Solaris. All expenses incurred by Solaris for training programs, including training materials, shall be borne directly by Solaris or reimbursed as provided in Article V. Central shall fully support Solaris' training meetings and programs and shall mandate attendance by appropriate Central representatives and other employees.

(f) Advertising and Promotional Programs. Central shall provide Distributor Accounts with detailed information concerning Solaris' advertising and promotional programs, and Central shall actively and aggressively recommend that its Distributor Accounts use such programs to the fullest extent possible. Central agrees to assist in the administration of Solaris' advertising and promotional programs and shall distribute promptly to Distributor Accounts such advertising and promotional materials supplied by Solaris as Solaris may from time to time reasonably request.

(g) Retail Training Sessions. Central shall conduct retail training sessions and sales functions for Distributor Accounts.

(h) Merchandising and Display Techniques. Central shall provide Distributor Accounts with full information concerning Solaris' merchandising and display techniques adopted by Solaris from time to time, including, specifically, Solaris' block display and merchandising programs. Central shall use, fully support and recommend that Distributor Accounts use and fully support all such merchandising and display techniques.

3.3 Solaris' Obligations and Rights in Distributor Relationship.

(a) Supply of Solaris Products. Pursuant to this Agreement, Central is providing warehouse services for Solaris Products. Solaris shall make available to Central, and shall offer for sale from time to time, Solaris Products of such types and in such quantities as are available.

(b) Sales Promotion by Solaris.

(1) Solaris, to the extent it believes reasonable, shall promote, with Central's cooperation, the sales and consumer acceptance of Solaris Products by:

(i) Advertising in local and national media;

(ii) Providing suitable training of Central's representatives or employees in the areas of product knowledge, product stewardship, sales training, display techniques, promotion and advertising;

(iii) Providing Central and Distributor Accounts with technical and product information, manuals, promotional bulletins, presentation kits and other sales aid materials;

(iv) Developing timely promotions of certain Solaris Products for use with sub-distributors, Distributor Accounts and consumers and assisting Distributor Accounts in the development of promotional and advertising programs for use at such account's retail outlets;

(v) Participating actively in sales meetings with Central and Distributor Accounts; provided, however, that Solaris shall have no obligation to participate in meetings, except trade association meetings or exhibits, where competitors of Solaris are present; and

(vi) Handling product complaints with the intent of achieving consumer satisfaction.

(2) Solaris shall set guidelines and parameters for, and Central shall have full and complete responsibility for the administration of, cooperative advertising programs for retailers. Such administration shall include planning of the program, placement of the advertising, payment and other general administration.

(3) For Solaris Products with which Solaris offers a written warranty within the meaning of the Magnuson-Moss Warranty Act, Solaris shall honor those warranties in accordance with their terms.

(c) Cost of Printed Material. Printed materials made available to Central, such as product catalogues, shall be provided by Solaris to Central in reasonable quantities at Solaris' expense. Advertising and promotional efforts that Central elects to undertake on its own shall be at Central's expense.

3.4 Cooperation in Distributor Relationship.

(a) Products Lists and Sales Efforts. Management of Central and management of Solaris shall cooperate with each other so as to facilitate the objectives set forth in this Agreement and the Master Agreement. Without limiting the generality of the foregoing, Central and Solaris shall work closely together in (i) developing a list of basic Solaris Products for and recommending such list of products to all major Distributor Accounts and (ii) coordinating the sales and merchandising efforts of Central and the merchandising and promotional efforts of Solaris so that conflicts are minimized and the maximum joint effort is exerted in support of Solaris' merchandising and promotional programs. Such coordination by Central and Solaris shall take place throughout each Program Year and particularly before and during the presentation of Solaris' programs to Distributor Accounts.

(b) Sales Goals and Performance. Management of Central and management of Solaris shall participate in (i) the setting of annual sales goals for Central's sales of Solaris products to Distributor Accounts, including goals for particular Distributor Accounts, (ii) conduct a business review at the close of each Program Year to consider ways for improving Central's performance and (iii) if appropriate under all the circumstances, establish sales goals for the following Program Years. If Central's sales of Solaris Products do not achieve the mutually determined sales goals for a particular Program Year, management of Solaris and management of Central shall review Central's performance. Central understands that attaining

sales goals does not constitute an assurance that Solaris will elect to renew this Agreement; Central's attainment of or failure to attain any agreed sales goal in any Program Year hereunder shall in no way limit or modify either party's right to terminate this Agreement as provided herein.

3.5 Sales of Solaris Products to Central.

(a) Purchase Orders. All orders by Central are accepted subject to the availability of Solaris Products on the requested delivery dates. Solaris may defer or withhold shipments of Solaris Products if and while Central is in default of any of its obligations hereunder and particularly (but without limitation) its obligations to pay to Solaris when due any sums owed by Central to Solaris. In addition to any other remedy available to Solaris, quantities ordered but not taken in the month Solaris agrees to deliver may, at Solaris' option, be cancelled. Solaris shall not be bound to tender delivery of any quantities for which Central has not given shipping instructions. If Central has received a notice of non-renewal of this Agreement, Solaris shall have the right, during the time remaining under this Agreement, to limit the supply of Solaris Products made available to Central to the historical volume of purchases normally made by Central during the relevant month or months.

(b) Price. Solaris shall sell Solaris Products to Central at prices determined by Solaris in its sole discretion; provided, the price for any specific Solaris Product shall not be higher, after considering any netback payments, than the normal (i.e., excluding any special or limited time price discounts or concessions to meet competitive issues) price charged to any Direct Accounts for similar quantities of such Solaris Product at the time an order is accepted by Solaris. Solaris reserves the right to change its prices (to Central and Direct Accounts) at any time on orders which have not been accepted.

(c) Charges and Taxes. Solaris' invoice price to Central shall include all taxes, duties and other charges imposed by governmental authorities based on the production of Solaris Products or their ownership or transportation to the place and time of sale. Solaris' invoice price shall not include any taxes, duties or other charges imposed by governmental authorities based on the purchase, transportation, use, ownership or resale of the Solaris Products sold hereunder (such as license fees and privilege, occupational, sales, use, excise or property taxes) or on the net income, gross income, gross receipts or capital of Central; in addition to the invoice price, Central shall pay, when due, any such charge, either directly to the governmental authority or to Solaris if the charge is payable or collectible by Solaris.

(d) Invoices. Solaris shall invoice Central for each order within a reasonable time after shipment and shall provide Central with a sufficient number of copies of the invoices. Solaris shall also submit a monthly statement to Central. Central shall abide by the terms of sale as stipulated on any invoice.

(e) Shipment and Title. Pursuant to this Agreement, Central is providing warehouse services for Solaris Products. Central shall be responsible for all freight costs for Solaris Products to the extent set forth in Section 2.2(a)(3). Title to the Solaris Products for resale to Distributor Accounts shall pass upon delivery by Solaris to the carrier, and Solaris shall not be responsible for damages to Solaris Products or shortages that occur in transit after passage

of title. At Central's request, Solaris shall aid Central in filing claims with carriers for damaged Solaris Products, but Solaris shall not be responsible for the collection thereof.

(f) Return Credit. Except as otherwise expressly provided in this Agreement, there will be no returns of saleable Solaris Products. Credit shall be given for Solaris Products if Solaris determines they did not conform to Solaris' product labels or were defectively packaged on delivery to carrier for shipment and in such other cases as may be approved by Solaris. Any credit owing by Solaris to Central shall be redeemed, at Central's election, by Solaris check or by shipment of other Solaris Products.

3.6 Credit. Central has applied or hereby applies to Solaris for a line of credit. In the sole discretion of Solaris, Central and sub-distributors appointed pursuant to Section 3.7 may have access to credit from a Solaris affiliated finance company on such terms as may be specified by such finance company.

(a) Financial Data. Central shall supply Solaris such financial data as Solaris may reasonably request to establish or continue a line of credit for Central.

(b) Security. Subject to the provisions of any existing intercreditor agreement to which Solaris is currently a party (as the same may hereafter be amended, modified or terminated) and except as may otherwise be agreed to by Solaris which agreement will not be unreasonably withheld in the case of similar arrangements with existing or future institutional lenders, Solaris shall have a first priority security interest in Central's inventory of Solaris Products. Additionally, Solaris may condition its extension of credit on provision of such other security interests, guarantees and other forms of security as Solaris may determine to be appropriate. Central shall execute such financing statements, security agreements and other documents as Solaris and Central mutually agree to create, perfect and continue in effect such forms of security.

During the 1996 Program Year, the security interests provided by Central to Solaris shall be consistent with the security interests provided to Solaris for the 1995 Program Year in the intercreditor agreement between Solaris and Central's institutional lender and letters of understanding used by the parties. Solaris and Central shall work in good faith to develop a security and credit arrangement for future program years under which Central's credit availability from its institutional lender would be comparable, with respect to Solaris Products, to its credit availability during the 1995 Program Year (assuming that Central's credit worthiness remains reasonably comparable to its credit worthiness in November 1994).

(c) Payment and Late Charge. Central shall pay its account in accordance with the terms of sale for the particular Solaris Products purchased from time to time from Solaris. Payment terms in the 1996 Solaris Program Year shall be no less favorable than payment terms to Central effective for the 1995 Program Year. Central acknowledges the importance of payment within the terms specified when credit is extended and agrees that Central shall pay a late payment charge on any past due balance(s). The acceptance of any payment by Solaris after the due date shall not waive any of Solaris' rights under this Agreement nor affect any obligation of Central hereunder.

(d) Finance Charge. A finance charge shall accrue on past due balances at the rate of PRIME PLUS THREE PERCENT PER ANNUM ON THE UNPAID PRINCIPAL BALANCE or the maximum rate allowed by the laws of the State of California if less than said PRIME PLUS THREE PERCENT. The finance charge shall be payable by Central on demand at Solaris' offices in San Ramon, California, or at such other location(s) in the State of California specified by Solaris. Any payments made by Central pursuant to this Agreement shall first be applied to any accrued finance charge. "Prime" means that rate of interest stated in the money rates section of the Midwest Edition of The Wall Street Journal on the last business day of a calendar month; provided, however, if The Wall Street Journal states a range of interest rates for the day, the prime rate for purposes of this Section shall be the numerical average of the prime rates stated in such issue of The Wall Street Journal. Such prime rate shall change to reflect any fluctuation in the prime rate more than plus or minus one quarter of one percent (0.25%) from the prime rate then in effect. Any change in the prime rate shall become effective three days following the day on which such change in the prime rate is published in the Midwest Edition of The Wall Street Journal.

(e) Tender and Governing Law. Payment for Solaris products and any finance charge assessed thereon shall occur when received by Solaris at Solaris' offices in San Ramon, California or at such other location(s) in the State of California specified by Solaris. THE LAWS OF CALIFORNIA SHALL APPLY TO SUCH PAYMENT AND ANY FINANCE CHARGE ASSESSED.

(f) Change in Financial Condition. Should Central's financial strength become unsatisfactory to Solaris in its reasonable judgment, cash payment or security satisfactory to Solaris may be required by Solaris for future deliveries and for the Solaris Products theretofore delivered.

(g) Survival. This Section 3.6 shall survive any termination, cancellation or expiration of this Agreement.

3.7 Appointment of Sub-Distributors. Subject to the terms of the Master Agreement and the Implementation and Transition Agreement, Central shall have the right to delegate part of its obligations under this Article III to, and appoint, sub-distributors; provided, (i) Central shall remain primarily liable for all of its obligations hereunder and shall be primarily liable for any act or omission of any such sub-distributor and (ii) the term of any sub-distributor agreement shall be for at least 1 Program Year. To the extent this Agreement creates any obligations on Central (such as to provide information to Solaris), such obligations shall apply with respect to any subdistributor. In connection with the foregoing, any reports or other information to be given to Solaris shall be given by Central and shall include any information applicable to sub-distributors. Solaris shall have the right to provide input with respect to the appointment or termination of any sub-distributor and the terms of any sub-distribution agreement (including any change or amendment thereto). Central may create retailer, sub-distributor and consumer promotion programs, subject to input by Solaris prior to communication. Solaris may provide incentives for sub-distributors and may pay such incentives by either (i) paying such incentives to Central and requiring Central to pass them through to sub-distributors or (ii) making such payments directly to sub-distributors. If any Distributor Account does not want Central (or a specific sub-distributor) to act as its distributor and Solaris does not want to convert such

Distributor Account into a Direct Account, then Central shall appoint a subdistributor (or another sub-distributor, as applicable) for such Distributor Account. If Central fails to so appoint a subdistributor, then, notwithstanding anything contained in this Agreement to the contrary, Solaris may after consultation with the Oversight Committee (i) designate a sub-distributor as a Direct Account or (ii) appoint a distributor with respect to such Distributor Account.

ARTICLE IV

REPORTS AND ADDITIONAL OBLIGATIONS OF CENTRAL

4.1 Central's Systems and Reporting Obligations. Central shall establish and maintain such systems and procedures as may be reasonably requested by Solaris in connection with Central's performance under this Agreement. For example, Central and Solaris shall work together to establish electronic mail capabilities between themselves. In addition, Central shall provide the essential data to Solaris as defined in the systems implementation plan (as referred to in the Implementation and Transition Agreement) that enables Solaris to report financial results in a timely and accurate fashion and in accordance with generally accepted accounting principles.

(a) EDI. Solaris and Central will exchange a broad range of operating data on a periodic basis. This Section and Schedule 4.1(a) provide how the specific data will be exchanged. The method of exchange will be by both file transfer and EDI protocol. File transfer will be the preferred form of exchange whenever possible, but EDI will be required at times (e.g., standard business documents such as invoices). When file transfer is used, Solaris and Central will need to determine the detailed content and format of each file. Schedule 4.1(a) provides a summary of the data files to be exchanged.

(b) Weekly Reports. On the first business day of each week, Central shall provide to Solaris update reports, with respect to Direct Accounts and Distributor Accounts (unless otherwise indicated by Solaris), for the prior week, showing: (i) shipments by retailer and by SKU (stock keeping unit), (ii) inventory levels by SKU, (iii) collection activities by retailer and (iv) agency fill rate (Solaris Products ordered by Direct Accounts and shipped by Central by line item, unit and dollar amount).

(c) Monthly Reports. On the first business day of each calendar month, Central shall provide Solaris with the type of data contained in the weekly reports for such Direct Accounts and Distributor Accounts as Solaris may specify with respect to (i) the prior calendar month and (ii) the current year-to-date.

(d) Quarterly Reports. Central shall supply to Solaris, on a quarterly basis and on a form provided by Solaris, a summary of purchases of Solaris Products, in total cases or units, made by each national, regional and local Distributor Account designated by Solaris.

(e) Other Reports. In addition, Central shall provide Solaris with such other reports as may be reasonably requested within a period not to exceed thirty (30) days from such request.

(f) Form of Reports. All reports shall be in formats reasonably specified by Solaris.

4.2 Personal Efforts of Officers, etc; Employee Incentives. Recognizes that, as Solaris' exclusive agent for Direct Accounts and exclusive distributor for Distributor Accounts, Central is to give top priority to the sale and promotion of Solaris Products and to promote the sale of Solaris Products more aggressively than any other product or product line that Central sells, Central's officers and other management shall devote their personal efforts to the distribution of Solaris Products covered by this Agreement. Further, all compensation of Central's personnel shall be consistent with the foregoing and the intent of this Agreement; specifically, Central shall ensure that its personnel are compensated in a manner to encourage them to promote the sale of Solaris Products more aggressively than any other product or product line that Central sells, and the percentage of their variable compensation relating to Solaris Products shall equal or exceed the percentage of Central's Fixed Costs paid by Solaris under the Compensation Agreement.

4.3 Central's Agency Responsibilities. While this Agreement is in effect, Central shall not:

(a) make or offer to make sales of any of the Solaris Products covered hereby as a seller or principal to the Direct Accounts;

(b) except as may be required by the federal securities laws or other applicable laws, disclose to others the terms of this Agreement, the specific Solaris Products being sold by Solaris to any Direct Account and the prices, discounts and terms of sale that Solaris offers its Direct Accounts on the Solaris Products covered hereby; or

(c) act as a selling agent to those accounts as to which Central is performing selling agent functions for Solaris Products or, with respect to any other accounts except as required by written agreements executed prior to the date hereof, for any other supplier of products of the type covered by this Agreement. (As used herein, a selling agent means an agent that is actively engaged in promoting and soliciting sales for a supplier's products; the term does not include an agent who only warehouses and delivers a supplier's products to customers.)

4.4 Insurance. Central, shall, at Central's own expense during the term of this Agreement, maintain full insurance under any Workmen's Compensation Laws covering all persons employed by and working for Central in connection with the performance of this Agreement and, upon request, shall furnish Solaris with satisfactory evidence of the maintenance of said insurance. Central accepts exclusive liability for all contributions and payroll taxes required under federal social security laws and state unemployment compensation laws or other payments under any laws of a similar character as to all persons employed by and working for Central in connection with the performance of this Agreement.

4.5 Liens. Subject to the provisions of any existing intercreditor agreement to which Solaris is currently a party (as the same may be amended, modified or terminated) and except as may otherwise be agreed to by Solaris which agreement will not be unreasonably withheld in the case of similar arrangements with existing or future institutional lenders, Central agrees not to allow any liens or encumbrances of any nature to attach to the Solaris Products purchased by Central from Solaris for the purposes outlined in this Agreement other than Solaris' security interest therein to receive payment therefor and any liens under Central's credit agreement with Central's principal lender. At Solaris' request, Central shall execute such financing statements, security agreement and other documents as Solaris may request to create, perfect and continue in effect its security interests hereunder. On an attachment of a lien or encumbrance by any other party, Solaris may, but shall not be obligated, to cause such liens or encumbrances to be released or discharged on behalf of Central and Central shall reimburse Solaris for costs incurred in connection therewith, including the cost of reasonable attorneys' fees and related costs.

4.6 Compliance with Laws. Central shall conduct all operations which relate to this Agreement in full compliance with all applicable laws, ordinances and regulations of all governmental authorities, including but not limited to the regulations of the U.S. Environmental Protection Agency.

4.7 Promoting Safe Use Practices. Solaris Products may be or become hazardous unless used in strict accordance with Solaris' product labels. Central shall inform and familiarize its employees, agents, customers, contractors (including warehousemen and transporters) and others who may handle or use Solaris Products of the potential hazards pertaining thereto (including accidental breakage or fire), and shall stress the safe use and application of Solaris Products in strict accordance with Solaris' product labels. In addition, Central shall provide HM126F training to its personnel as required by the United States Department of Transportation. Central shall have the responsibility to dispose of waste materials in accordance with all applicable laws and regulations.

4.8 Relabelling; Restriction on Sale. Central shall not relabel any Solaris Product. Central shall not sell or offer for sale any Solaris Product that has been diluted, contaminated, adulterated or substituted or for which the indicated measure or any other information on the label is false, misleading or inadequate within the knowledge of Central.

4.9 Solaris Inspection Rights. From time to time, as Solaris may reasonably request, Central shall permit representatives of Solaris to inspect Central's inventories of Solaris Products and Solaris Products held by Central on consignment from Solaris. Among the reasons for inspecting Solaris Products are (i) making arrangements for replacing Solaris products when product formulations have changed, (ii) making sure that necessary precautions have been taken to prevent product deterioration and to assure safety, (iii) checking Solaris Products that Solaris may wish to repurchase, (iv) insuring that any environmental requirements or concerns have been satisfied, and (v) insuring that Central is meeting its obligations under this Agreement.

4.10 Recalls. Central shall cooperate with Solaris, and promptly take such actions as may be requested by Solaris, with respect to any defective product including any "stop-sales" or recalls for Solaris Products.

4.11 Central Representation. Central represents, warrants and covenants to Solaris that it is not, and will not be, a party to any agreement that would be in conflict with this Agreement and the requirement that Central promote the sale of Solaris Products more aggressively than any other product or product line that Central sells.

ARTICLE V

TERM, TERMINATION AND FORCE MAJEURE

5.1 Initial Term and Renewals. The initial term of this Agreement shall commence as of October 1, 1995 and continue through September 30, 1999 unless and until sooner cancelled or terminated as provided herein. Following the initial term of this Agreement, this Agreement shall renew automatically for successive two (2) year periods, unless and until sooner cancelled or terminated as provided herein. Nothing contained herein shall be deemed to create any express or implied obligation on either party to renew this Agreement or enter into another agreement at the expiration, termination or cancellation of this Agreement. To the extent provided in this Article VI, each party, in its sole discretion, shall have the right to determine, for any reason whatsoever, not to renew this Agreement.

5.2 Termination of Agreement by Solaris.

(a) Non-renewal. Solaris may terminate this Agreement without cause at the end of the initial term or at the end of any renewal period by giving at least 15 months (27 months, if Solaris has given an "exclusivity" notice under Section 6.2) prior written notice thereof to Central.

(b) Breach. In addition to its other rights under this Agreement, Solaris may, by one or more written notices to Central, (i) terminate this Agreement effective as of any date selected by Solaris that is prior to the earliest date on which this Agreement can be terminated by non-renewal, (ii) make this Agreement nonexclusive (by service, Direct Account, territory or otherwise) with respect to the services to be provided by Central for Direct Accounts and/or (iii) make this Agreement nonexclusive (by Solaris Product, Distributor Account, territory or otherwise) with respect to the rights of Central as a distributor of Solaris Products:

(1) if Central materially breaches any material provision of this Agreement which breach can be cured and (i) if such breach occurs any time during the months from December through May, inclusive, Central fails to cure such breach within 30 days following written notice by Solaris to Central of such breach, (ii) if such breach occurs any time during the months of June through November, inclusive, Central fails to cure such breach within 90 days following written notice by Solaris to Central of such breach or (iii) if such breach cannot reasonably be cured within such specified time periods, Central during such period fails to take all reasonable steps which can be taken to cure such breach and thereafter fails to proceed diligently to cure such breach as soon as may be reasonably practicable;

(2) if Central materially breaches any material provision of this Agreement which cannot be cured;

(3) if Central materially breaches any material provision of this Agreement after notice of two previous material breaches or defaults of any kind has been given hereunder, regardless of whether Central has cured such previous breaches;

(4) if, for any Program Year, there is a 10% or greater decrease in Gross Sales Revenue compared to the prior Program Year, excluding any decrease to the extent caused by Solaris' inability to supply Solaris Products or the failure of Solaris to achieve adequate key account listings reasonably comparable to those assumed in the preparation of the Tier Levels in the Compensation Agreement.

(5) if, for any Program Year, the percentage change in Gross Sales Revenue compared to the prior Program Year is more than 5% below the percentage growth in the industry during the current calendar year (for purposes of this subsection, the percentage growth in the industry shall be deemed to be the percentage change in the aggregate lawn and garden chemical sales as reported by the Greenridge & Associates, Inc. Annual Market Study and published in the Nursery Retailer magazine or such other mutually agreed to industry publication; the parties will attempt to obtain this data as soon as possible during the fourth calendar quarter of each year), excluding any failure to achieve such growth to the extent caused by Solaris' inability to supply Solaris Products or the failure of Solaris to achieve adequate key account listings reasonably comparable to those assumed in the preparation of the Tier Levels in the Compensation Agreement.

(6) if any of the principal executive officers of Central is convicted of a serious crime or takes any action which, in the reasonable opinion of Solaris, materially and adversely affects the business reputation of Central or Solaris;

(7) if Central has stopped or interrupted its payments, a bankruptcy petition is filed by Central, a bankruptcy petition is filed against Central and is not dismissed within thirty (30) days, Central enters into an assignment, composition or other arrangement with or on behalf of its creditors or Central has consented to the appointment of a receiver or liquidator of itself or its assets.

(8) if Central attempts to assign all, or substantially all, of its rights or to delegate all, or substantially all, of its obligations hereunder;

(9) if a force majeure event is reasonably expected to have a material adverse effect on Central's performance hereunder for more than 120 days; or

(10) if Central sells, leases, assigns or otherwise transfers all or substantially all of its assets or business; or if there is a change in control of Central (for purposes of this Section, "change in control" shall be deemed to mean any sale, conveyance, alienation, transfer or other change of interest in or title or beneficial ownership of the voting stock of Central so that William E. Brown and his affiliates no longer hold more voting power than any other shareholder (together with its affiliates) of Central).

Without limiting the generality of the foregoing, each of the following shall be deemed to be a material breach of this Agreement by Central:

(A) Central's failure to maintain a fill rate of at least 98%, as measured in sales to retailer dollars, in six consecutive calendar weeks in any quarter hereunder with respect to those salable items available from Solaris or in stock (with at least a 30 day system-wide supply, including safety stock, throughout the period to draw from) at any of Central's facilities;

(B) Central's operating at a fill rate of 95% or less, as measured in sales to retailer dollars, for any two week period during the term hereof with respect to those salable items available from Solaris or in stock (with at least a 30 day system-wide supply, including safety stock, throughout the period to draw from) at any of Central's facilities; and

(C) Central, rather than actively and aggressively promoting the demand for and sale of Solaris Products, repeatedly (i) is soliciting Central's customers to switch or substitute products from any other product line for one or more Solaris Products, (ii) makes statements that tend to disparage Solaris Products or place them in an unfavorable light, (iii) is selling one or more Solaris Products as a "door opener", "loss leader" or "deal sweetener" for the primary purpose of promoting the sale of other products handled by Central or (iv) is distributing a product that is manufactured in whole or in part by Central, by an affiliate of Central or by an entity in which Central holds a financial interest if such manufacturing or financial interest creates a conflict of interest that materially and adversely affects the fulfillment by Central of its obligations to Solaris under this Agreement. (As used in (iv), the terms "Central" and "affiliate of Central" include the officers, directors or other management of Central or of any affiliate of Central.)

(c) Special Termination Events. Solaris may, with at least 15 months (27 months, if Solaris has given an "exclusivity" notice under Section 6.2) prior written notice to Central, terminate this Agreement effective as of the end of any Program Year:

(1) if all or substantially all of the assets or business of Solaris are sold, assigned or otherwise transferred by Monsanto Company to an unaffiliated third party, or

(2) if Solaris acquires a related consumer package good company in an acquisition in which the purchase price is $500 million or greater.

If such notice is given, until the termination of this Agreement, Solaris shall continue to pay Central its Fixed Costs (as defined in the Compensation Agreement), notwithstanding that services previously to be provided by Central hereunder may be provided by other sources during such time.

5.3 Termination of Agreement by Central.

(a) Non-renewal. Central may terminate this Agreement without cause at the end of the initial term or at the end of any renewal period by giving at least 15 months (27 months, if Solaris has given an "exclusivity" notice under Section 6.2) prior written notice thereof to Solaris.

(b) Breach. Central may terminate this Agreement by written notice thereof to Solaris, if Solaris materially breaches any material provision of this Agreement and (i) Solaris

fails to cure, or to take all reasonable steps to cure, such breach within 30 days if such breach occurs any time during the months from December through May, inclusive (or within 90 days, if such breach occurs any time during the months from June through November, inclusive) of Solaris' receipt of written notice thereof from Central or (ii) such breach cannot be cured in any amount of time.

5.4 Effect of Notice of Termination and Termination.

(a) Remedies Cumulative. If this Agreement is terminated by either party for cause, the parties shall be entitled to exercise all remedies available to them under this Agreement at law and in equity, except to the extent the liability of the parties has been limited pursuant to the provisions of this Agreement.

(b) Nonexclusive Status. Notwithstanding anything contained in this Agreement to the contrary, during and after any period when Solaris has given notice of termination in accordance with Section 5.2, (i) Solaris may make this Agreement nonexclusive (by service, Direct Account, territory or otherwise) with respect to the services to be provided by Central for Direct Accounts; (ii) Solaris may make this Agreement nonexclusive (by Solaris Product, Distributor Account, territory or otherwise) with respect to the rights of Central as a distributor of Solaris Products; (iii) Solaris shall have access to all information held by Central with respect to the subject matter of this Agreement, (iv) Solaris shall have access to, and the right to negotiate and contract with and hire, any employee (except to the extent restricted under Section 5.4(h)), agent, sub-agent or sub-distributor of Central and (v) Central shall cooperate with Solaris to establish an alternative distribution system for the Solaris Products.

(c) Prior Obligations and Shipments. Termination shall not affect obligations of Solaris or of Central which have arisen prior to the effective date of termination. if Solaris notifies Central of its intention to terminate this Agreement in accordance with Section 5.2, the quantity of each of the Solaris Products shipped in any remaining contract month may be limited, at Solaris' option, to the amount of such Solaris Product purchased by Central in the corresponding month of the previous calendar year plus fifteen percent (15%).

(d) Purchase of Inventory. Upon the expiration or earlier termination of this Agreement, Solaris shall have the option, exercisable by written notice to Central within fifteen (15) days after this Agreement has expired by its terms or written notice of termination has been received, to purchase from Central all salable stocks of Solaris Products listed in current Solaris Products price lists which are in full case lots and which were originally purchased by Central from Solaris. If such option is exercised, such purchases by Solaris shall be at Central's cost (net of any discounts, incentives, etc.) and Central shall pay any freight costs in shipping such Solaris Products to Solaris. Central shall establish its cost by producing copies of invoices or other records regularly maintained in the course of Central's business. Upon request by Solaris, during any 15-day option period, Central shall withdraw its entire stock of Solaris Products from sale. If such option is not exercised by Solaris, then Central shall have the option, exercisable by written notice to Solaris within 45 days after this Agreement has expired by its terms or been terminated pursuant to the provisions of this Article to sell to Solaris all salable stocks of products listed in current Solaris product price list which are in full case lots and which were

originally purchased and paid for by Central from Solaris at Central's cost, established the manner set forth above.

(e) Representations and Materials. Upon termination of this Agreement for any reason, Central shall not continue to represent itself as authorized to deal in Solaris Products, and shall remove, so far as practical, any printed material relating to such products from its salesmen's manuals and shall discontinue the use of any display material on or about the Central's premises containing any reference to Solaris Products.

(f) Orders after Termination. If Solaris continues to accept orders from Central for Solaris Products covered hereby after the expiration of the term of this Agreement, such sales shall be upon all the terms and conditions hereof, provided that such sales shall not be construed to evidence a renewal of this Agreement by operation of law or otherwise but shall imply only an agreement from day-to-day which Solaris may terminate without cause at any time upon giving Central written notice of such termination.

(g) No Liability. Neither party, by reason of the expiration, cancellation, termination or non-renewal of this Agreement, shall be liable to the other party for compensation, reimbursement or damages because of the loss of anticipated sales or prospective profits or because of expenditures, investments, leases, property improvements or other matters related to the business or goodwill of the parties. In no event shall either party hereto be liable for special or consequential damages arising under this Agreement or the cancellation, expiration, non-renewal or termination thereof.

(h) Nonsolicitation of Employees. Solaris and Central each agrees that during the term of this Agreement and for a period of two years after termination, expiration, cancellation or non-renewal of this Agreement, it will not nor will it permit any entity or other person under its control to solicit for employment any person then employed by the other party to this Agreement, except any person who was employed by the soliciting party prior to the date hereof.

5.5 Force Majeure. Neither party shall be in breach of its obligations hereunder to the extent that performance is prevented, delayed or (in the sole but reasonable judgment of the party concerned) made substantially more expensive as a result of any of the following contingencies:

(i) any cause beyond the reasonable control of the party concerned;

(ii) labor disturbance, whether involving the employees of the party concerned or otherwise, and regardless whether the disturbance could be settled by acceding to the demands of a labor group;

(iii) compliance with a request or order of a person purporting to act on behalf of any government or governmental department or agency (including, but not limited to, EPA, OSHA, CALOSHA, etc.); or

(iv) shortage in raw material, transportation, manufacturing capacity, etc., or the product itself from Solaris' then contemplated source of supply thereof not demonstrated by Central to be due to Solaris' lack of diligence.

(a) Allocation of Solaris Products. Whenever performance is prevented or delayed by such a contingency, Solaris may reduce deliveries in a manner which fairly apportions the consequences of the contingency among all competing customers purchasing Solaris Products.

(b) Performance More Expensive. Whenever performance is made substantially more expensive by such a contingency, Solaris shall have the option either to reduce or stop deliveries from one or more facilities and apportion as provided above or to continue deliveries and increase prices in a manner which fairly apportions the increased cost of operating under such a contingency among all competing customers purchasing Solaris Products.

(c) Foreseeable Events. Performance will be excused as provided herein even though the occurrence of the contingency in question may have been foreseeable or be foreseeable at the time of contracting or subsequently become foreseeable.

(d) Payments. Nothing in this Section shall excuse Central from its obligations to make payments when due.

(e) Alternative Sources. Notwithstanding anything contained herein to the contrary, if a force majeure event is expected to affect Central's performance hereunder for a period of time between 14 and 120 days, then Solaris shall have the right, during such time and for a reasonable amount of time thereafter, to use alternate sources to perform Central's obligations hereunder. In connection therewith Solaris shall have the right (i) to make this Agreement nonexclusive (by service, Direct Account, territory or otherwise) with respect to the services to be provided by Central for Direct Accounts and (ii) to make this Agreement nonexclusive (by Solaris Product, Distributor Account, territory or otherwise) with respect to the rights of Central as a distributor of Solaris Products.

(f) Costs. In no event shall Solaris be responsible to pay or reimburse Central for any costs (i) associated with a force majeure event affecting Central's performance hereunder or (ii) incurred by Central during such time as Solaris is using alternate sources as provided in Section 5.5(e) for the types of services provided by such alternate sources.

ARTICLE VI

CONFIDENTIALITY, NONCOMPETITION, INDUSTRIAL PROPERTY, CONFLICTS OF INTEREST AND RECORDS

6.1 Confidentiality. Except as necessary for its performance under this Agreement and except as may be required by the federal securities laws or other applicable laws, neither party shall at any time or in any manner, either directly or indirectly, and shall not permit its employees to, use, divulge, disclose or communicate to any person or entity any "confidential information" of the other party. For purposes of this Section 6.1, "confidential information" includes any information of any kind, nature, or description that is proprietary, treated as confidential by, owned by, used by, or concerning any matters affecting or relating to the business of a party or the subject matter of this Agreement, including but not limited to, the names, business patterns and practices of any of its customers, its marketing methods and related

data, the names of any of its vendors and suppliers, the prices it obtains or has obtained or at which it sells or has sold products or services, lists, other written records, and information relating to its manner of operation; provided, Central's "confidential information" hereunder shall be limited to any proprietary information, other than that of Solaris, possessed by Central prior to the date of this Agreement and to its costs, selling prices to Distributor Accounts and the terms of any agreements between Central and manufacturers other than Solaris or any and all other information not principally related to the manufacture, sale or distribution of Solaris Product. All other confidential information relating to the subject matter of this Agreement shall be the confidential information of Solaris. "Confidential information" shall not include any information which (i) is or becomes public knowledge through no fault or wrongful act of the party disclosing such information or its employees, (ii) was known by such party prior to any agency or distributor relationship with the other party or any predecessor or (iii) is received from a third party who is not obligated to keep such information confidential. All "confidential information" in any form (electronic or otherwise) shall be and remain the sole property of the party possessing such information and shall be returned to such party upon the termination of this Agreement.

6.2 Noncompetition. Without Solaris' prior written consent, Central shall not (i) make material additions to a vendor's lawn and garden chemical line, (ii) add new vendors to its lawn and garden chemical business or (iii) acquire or materially expand a lawn and garden chemical product line or a lawn and garden chemical manufacturing business or participate in a private label program. Central shall not solicit Direct Accounts or Excluded Accounts for the sale of Solaris Products, except in accordance with this Agreement. By written notice given at any time at least 90 days before the beginning of the third Program Year under this Agreement, Solaris may require Central to sell Solaris products as Central's exclusive lawn and garden chemical product line. Upon receipt of any such notice, Central shall immediately take all necessary action to eliminate any other lawn and garden chemical products from its business within 90 days or as soon as permissible under the terms of any written agreements in existence as of the date hereof. Agreements for other lawn and garden chemical products that Central enters into or renews after the date hereof shall permit termination by Central with 90 days or less notice. If such notice is given and Central complies with this Section 6.2, the initial term of this Agreement shall be automatically extended to the first September 30 that is at least 4 years from the date of such notice.

Notwithstanding anything else herein contained, none of the restrictions on Central set forth in this Section 6.2 shall have any further force or effect after Solaris has given Central notice of non-renewal or termination pursuant to Section 5.2 hereof.

Notwithstanding anything else herein contained, Solaris may only give Central the exclusivity notice referred to in this Section 6.2 ("the Exclusivity Notice") if the Gross Sales Revenue from that portion of the Direct Account stores serviced by Central exceeded the Threshold Amount (defined as 67% of the Gross Sales Revenue from Direct Accounts) in the program year preceding the giving of the Exclusivity Notice and is reasonably expected by Solaris to exceed the Threshold Amount in the program year in which such Notice is given. For purposes of this Section 6.2, the term "serviced by Central" shall mean those stores in which (1) no sub-agent is used and (2) in which any in-store service required is provided by Central, except for the Home Depot (where it is agreed that Solaris will provide the in-store service). If

the Gross Sales Revenue from Direct Accounts serviced by Central falls below the Threshold Amount in the program year in which the Exclusivity Notice is given or in any subsequent program year, then Central shall have no further obligation to honor the prior Exclusivity Notice (or any future Exclusivity Notice) and the non-renewal notice period shall revert to 15 months.

6.3 Industrial Property. Central acknowledges the validity of the trademarks which designate and identify the Solaris Products. Central further acknowledges that Solaris is the exclusive owner of the trademarks, trade names, packages and designs used in the sale of the Solaris Products (hereinafter referred to as "Industrial Property").

(a) Central agrees that, to the extent it uses Industrial Property, such Property shall be used in its standard form and style as it appears upon Solaris Products or as instructed in writing by Solaris. No other letter(s), word(s), design(s), symbol(s) or other matter of any kind shall be superimposed upon, associated with or shown in such proximity to the Industrial Property so as to tend to alter or dilute such Property, and Central further agrees not to combine or associate any of such Industrial Property with any other Industrial Property. The generic or common name of the Solaris Product must always follow the Solaris Product trademark.

(b) In all advertisements, sales and promotional or other printed matter in which any Industrial Property appears, Central shall identify itself by full name and address and state its relationship to Solaris. In all such material, the Solaris Product trademark shall be identified as a trademark owned Monsanto Company. In the case of a registered trademark, a (R) shall be placed adjacent to the trademark with the (R) referring to a footnote reading "(R) Registered trademark of Monsanto Company". In the case of unregistered trademarks a "TM" shall be placed adjacent to the trademark with the "TM" referring to a footnote reading "TM Trademark of Monsanto Company".

(c) On its letterheads, business cards, invoices, statements, etc., Central may identify itself as a distributor for the Industrial Property.

(d) Central agrees that it will never use any Industrial Property or any simulation of such Industrial Property as part of Central's corporate or other trading name or designation of any kind.

(e) Upon expiration or in the event of any termination of this Agreement, Central shall promptly discontinue every use of the Industrial Property and any language stating or suggesting that Central is a distributor for Solaris Products. All advertising and promotional materials which use Industrial Property shall be destroyed.

(f) Central shall not use or facilitate the use of promotional materials which disparage Solaris Products or Industrial Property. If Central should become aware of any suspected counterfeiting of Solaris Products or Industrial Property, Central shall promptly notify The Solaris Group of such suspected counterfeiting. Central shall cooperate in any investigation or legal proceedings that Solaris deems desirable to protect its rights in the Industrial Property. Central shall not promote the sale of products using trademarks, packages or designs which are in Solaris' opinion deceptively similar to Industrial Property.

6.4 Conflicts of Interest. Conflicts of interest relating to this Agreement are strictly prohibited. Except as otherwise expressly provided herein, neither Central nor any director, employee or agent of Central or its subcontractors or vendors shall give to or receive from any director, employee or agent of Solaris any gift, entertainment or other favor of significant value, or any commission, fee or rebate. Likewise, neither Central nor any director, employee or agent of Central or its subcontractors or vendors shall, without prior written notification thereof to Solaris, enter into any business relationship with any director, employee, or agent of Solaris or any affiliate unless such person is acting for and on behalf of Solaris. Central shall promptly notify Solaris of any violation of this Section 6.4 and any consideration received as a result of such violation shall be paid over or credited to Solaris. Additionally, in the event of any material violation of this Section 6.4, including any material violation occurring prior to the date of this Agreement, resulting directly or indirectly in Solaris' consent to enter into this Agreement, Solaris may, at Solaris' sole option, terminate this Agreement at any time and, notwithstanding any other provision of this Agreement, pay Central only for that work performed prior to the date of termination. Any representative(s) authorized by Solaris may audit any and all records of Central and its subcontractors and vendors for the purpose of determining whether there has been compliance with this Section 6.4.

6.5 Records Retention. Central and Solaris shall each maintain true and complete records in connection with this Agreement and shall retain all such records for at least 24 months following the termination or expiration of this Agreement. This obligation shall survive the termination or expiration of this Agreement.

ARTICLE VII

LIMITATION OF LIABILITY, REMEDIES, WARRANTIES AND INDEMNIFICATION

7.1 Limitation of Liability. Nothing contained in this Agreement shall be deemed to create any express or implied obligation on either party to renew or extend this Agreement or, if Central is continued or renewed as the servicing agent for Solaris Products for Direct Accounts, to create any right to continue such relationship on the same terms and conditions contained in this Agreement. Each party, in its sole discretion, shall have the right to determine, for any reason whatsoever, not to renew, continue or extend this Agreement or to continue the relationship on the terms and conditions contained in this Agreement. Neither party, by reason of the expiration, cancellation, termination or non-renewal of this Agreement, shall be liable to the other for any compensation, indemnification, reimbursement or damages arising out of the loss of anticipated sales or prospective profits hereunder or investments, leases, property improvements or any other, expenditures related to the business or goodwill of the parties made in connection herewith.

7.2 Exclusive Remedy. EACH PARTY'S EXCLUSIVE REMEDY SHALL BE FOR DAMAGES, AND EACH PARTY'S TOTAL LIABILITY FOR ANY AND ALL LOSSES AND DAMAGES ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE) SHALL IN NO EVENT EXCEED $5,000,000, EXCEPT FOR PAYMENT

OBLIGATIONS FOR SERVICES PREVIOUSLY RENDERED BY CENTRAL OR FOR SOLARIS PRODUCTS PURCHASED BY CENTRAL; PROVIDED THAT THE FOREGOING DOES NOT LIMIT A PARTY'S OBLIGATIONS TO IDENTIFY THE OTHER PARTY FOR THIRD-PARTY CLAIMS. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES RESULTING FROM ANY SUCH CAUSES. TRANSPORTATION CHARGES FOR THE RETURN OF SOLARIS PRODUCT(S) SHALL NOT BE PAID UNLESS AUTHORIZED IN ADVANCE BY SOLARIS.

7.3 Solaris Warranties. Solaris warrants to Central that the Solaris Products shall conform to the applicable Solaris Product label. EXCEPT AS STATED ON SUCH LABEL OR CONTAINED IN THIS AGREEMENT, SOLARIS MAKES NO WARRANTY OR REPRESENTATION WITH RESPECT TO THE SOLARIS PRODUCTS OR ANY OTHER MATTERS COVERED BY THIS AGREEMENT, EXPRESS OR IMPLIED (INCLUDING MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE). Central is not authorized and shall not hold itself out as authorized to make on behalf of Solaris any oral or written warranty or representation regarding Solaris Products other than what is stated on the applicable Solaris Product label or in other written material furnished to Central by Solaris.

7.4 Indemnification and Claims Procedure.

(a) Indemnification. Subject to Sections 7.1 and 7.2, each party hereto agrees to indemnify, defend and hold harmless the other party and its employees, officers, directors, agents and assigns from and against any and all loss (including attorneys' fees), damage, injury, liability and claims thereof for injury to or death of a person and for loss of or damage to property, including employees and property of the indemnified party, to the extent resulting directly or indirectly from the indemnifying party's negligence or willful misconduct in the performance of its obligations under this Agreement, except to the extent that such indemnification is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Agreement.

(b) Claims Procedure. The party requesting indemnification shall promptly notify the other party in writing of any claim or action made against the notifying party for which indemnification is claimed by the notifying party. The indemnifying party shall have the right to conduct the defense of any such claim and to settle or compromise the same. The foregoing rights of indemnity shall survive termination of this Agreement.

ARTICLE VIII

MISCELLANEOUS

8.1 Status of Parties. Central and Solaris are independent contractors retaining complete control over and complete responsibility for their own operations and employees. Except as expressly provided herein, this Agreement shall not be construed to grant either party any right or authority to assume or create any obligation on behalf of or in the name of the other.

Nothing in this Agreement shall be construed to establish a franchise relationship or to make either party a partner or joint venturer of the other party hereto.

8.2 Solaris Obligations. All permits, licenses and registrations needed for the sale of Solaris Products to Direct Accounts shall be obtained by Solaris. Solaris shall assume the cost of all federal and state registration fees related to the sale of Solaris Products. After Solaris Products have been reacquired by Solaris from Central, all insurance and any tax liability with respect to such Solaris Products shall be borne by Solaris.

8.3 Entire Agreement. This Agreement, together with the Compensation Agreement, the Master Agreement and the Implementation and Transition Agreement and the exhibits and schedules hereto, constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all representations, warranties, understandings, terms or conditions on such subjects that are not set forth herein. Agreements on other subjects, such as security and other credit agreements or arrangements shall remain in effect according to their terms. The parties recognize that, from time to time, purchase orders, bills of lading, delivery instructions, invoices and similar documentation will be transmitted by each party to the other to facilitate the implementation of this Agreement. Any terms and conditions contained in any of those documents which are inconsistent with the terms of this Agreement shall be null, void and not enforceable. This Agreement is for the benefit of the parties hereto and is not intended to confer upon any other person any rights or remedies hereunder. The provisions of this Agreement shall apply to each division or subsidiary of Central and either Central or Solaris may seek enforcement of the provisions of this Agreement on behalf of or with respect to a particular subsidiary or division without changing the rights and obligations of the parties under this Agreement as to other aspects of Central's business.

8.4 Modification and Waiver. No conditions, usage of trade, course of dealing or performance, understanding or agreement purporting to modify, vary, explain or supplement the terms or conditions of the Agreement and no amendment to or modification of this Agreement, and no waiver of any provision hereof, shall be effective unless it is in writing and signed by each party hereto. No waiver by either Solaris or Central, with respect to any default on breach or of any right or remedy, and no course of dealing shall be deemed to constitute a continuing waiver of any other breach or default or of any other right or remedy, unless such waiver be expressed in writing signed by the party to be bound.

8.5 Assignment. This Agreement is personal to Central and Central shall not assign any rights or delegate any duties that Central has or may have under this Agreement, either voluntarily, involuntarily by operation of law or otherwise by sale, assignment, transfer, delegation or other arrangement having similar effect, without Solaris' prior written consent except as specifically provided herein. Any sale, conveyance, alienation, transfer or other change of interest in or title or beneficial ownership of the voting stock of Central so that William E. Brown and his affiliates no longer hold more voting power than any other shareholder (together with its affiliates) of Central shall be construed as an assignment of Central's rights hereunder.

8.6 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given on the same business day if delivered personally or sent by telefax with

confirmation of receipt, on the next business day if sent by overnight courier or on the earlier of actual receipt as shown on the register receipt or five business days after mailing if mailed by registered or certified mail (return receipt requested) to the parties at the addresses set forth below (or at such other address for a party as shall be specified by like notice):

If to Central, to:	CENTRAL GARDEN & PET COMPANY 3697 Mt. Diablo Blvd., Suite 310 Lafayette, CA 94549 Attn: Glenn Novotny Telefax no.: (510) 283-4991
with a copy to:	ORRICK, HERRINGTON & SUTCLIFFE Old Federal Reserve Bank Building 400 Sansome Street San Francisco, CA 94111-3143 Attn: John F. Seegal Telefax no.: (415) 773-5759
If to Solaris, to:	The Solaris Group 2527 Camino Ramon, Suite 200 San Ramon, CA 94583 Attn: President Telefax no.: (510) 355-3530
with a copy to:	The Solaris Group 2527 Camino Ramon, Suite 200 San Ramon, CA 94583 Attn: Company Counsel Telefax no.: (510) 355-3530

If any notice required or permitted hereunder is to be given a fixed amount of time before a specified event, such notice may be given any time before such fixed amount of time (e.g., a notice to be given 30 days prior to an event may be given at any time longer than 30 days prior to such event).

8.7 Severability. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, under a judgment, law or statute now or hereafter in effect, the remainder of this Agreement shall not thereby be impaired or affected.

8.8 Equal Opportunity. To the extent applicable to this Agreement, Central shall comply with the following clauses contained in the Code of Federal Regulations and incorporated herein by reference: 48 C.F.R. ss.52.203-6 (Subcontractor Sales to Government); 48 C.F.R. ss.52.219-8, 52.219-9 (Utilization of Small and Small Disadvantaged Business Concerns); 48 C.F.R. ss.52.219-13 (Utilization of Women-Owned Business Concerns); 48 C.F.R. ss.52.222-26 (Equal Opportunity); 48 C.F.R. ss.52.222-35 (Disabled and Vietnam Era Veterans); 48 C.F.R. ss.52.222-36 (Handicapped Workers); 48 C.F.R. ss.52.223-2 (Clean Air and Water); and 48 C.F.R. ss.52.223-3 (Hazardous Material Identification and Material Safety Data). Unless

previously provided, if the value of this Agreement exceeds $10,000, Central shall provide a Certificate of Nonsegregated Facilities to Solaris. Furthermore, Central shall comply with the Immigration Reform and Control Act of 1986 and all rules and regulations issued thereunder. Central hereby certifies, agrees and covenants that none of its employees or employees of its subcontractors who perform work under this Agreement is or shall be unauthorized aliens as defined in the Immigration Reform and Control Act of 198S, and Central shall defend, indemnify and hold Solaris harmless from any and all liability incurred by or sought to be imposed on Solaris as a result of Central's failure to comply with the certification, agreement and covenant made by Central in this Section.

8.9 Governing Law. THE VALIDITY, INTERPRETATION, EFFECT AND PERFORMANCE OF THIS AGREEMENT AND ANY DISPUTE CONNECTED HEREWITH SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA.

8.10 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall be constitute one and the same agreement.

[signature page next]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above mentioned.

THE SOLARIS GROUP, A STRATEGIC BUSINESS UNIT OF MONSANTO COMPANY

By: ----------

Name: ----------

Title: ----------

CENTRAL GARDEN & PET COMPANY

By: ----------

Name: ----------

Title: ----------

EXHIBIT B

TERMINATION NOTICE REGARDING CENTRAL AGREEMENTS

[Monsanto Company Letterhead]

June 28, 1998

Glenn W. Novotny
President & Chief Operating Officer
Central Garden & Pet Company
3697 Mt. Diablo Blvd.
Lafayette, CA 94549

VIA FACSIMILE WITH COPY VIA U.S. MAIL

Dear Glenn:

As provided for in Article V of the Exclusive Agency and Distributor Agreement (as well as the corresponding clauses of the ancillary and related agreements between us), this letter will serve as Monsanto's notice of non-renewal. Accordingly, these agreements shall terminate as of the end of the initial term, September 30, 1999.

Regards,

Jim R. Neal
V.P. & General Manager

cc: William E. Brown
Chairman & Chief Executive Officer

John Seegal
Orrick, Herrington

Jack Silhavy
Monsanto

EXHIBIT C

LETTER AGREEMENT REGARDING PLASTID TRANSFORMATION TECHNOLOGY AND ASSOCIATED GENES

September 28, 1998

Monsanto Company
800 North Lindbergh Boulevard
St. Louis, Missouri 63167

RE: PEHR LICENSE

Gentlemen:

This letter will confirm the agreement reached between Monsanto Company ("Monsanto") and The Scotts Company ("Scotts") (together, the "Parties") regarding the licensing process currently underway as relates to technology known as "Plastid Expression of Herbicide Resistance (the "Technology").

Sanford Scientific, Inc. ("SSI") and the Feed My Sheep Foundation ("FMS"), the co-owners of the Technology, are currently engaged in an offering whereby the successful bidder will exclusively license the Technology on a worldwide basis (the "Offering"). Scotts agrees, and will cause SSI and FMS to also agree, to grant to Monsanto an exclusive negotiation period of seven days (the "Quiet Period") in connection with the Offering, under the following terms and conditions:

1. The Parties shall have executed the Roundup Agency Agreement by September 30, 1998;
2. The Parties shall have executed a definitive Ortho Assets Purchase Agreement by October 31, 1998;
3. Monsanto shall have submitted a substantial bid for the Technology by November 6, 1998;
4. If the above three conditions are met, the Quiet Period will occur November 7 through November 13, 1998, during which time SSI and FMS will negotiate only with Monsanto for the Technology;
5. If Monsanto fails to meet the above three conditions or fails to reach agreement with SSI and FMS during the Quiet Period, SSI and FMS will hold a second round of negotiations with interested parties, and Monsanto may participate in such second round on equal footing with other participants.

If you are in agreement with the terms of this Letter, please indicate your acceptance below. Thank you.

Sincerely,

The Scotts Company

By:

Title:

Date:

ACCEPTED AND AGREED:

Monsanto Company

By:

Title:

Date:

EXHIBIT D

PERMITTED PRODUCTS

United States	
Groundclear Triox	glyphosate & arsenal
Brush-B-Gon	triclopyr
Groundclear Super Edger	glyphosate & oxyflourfen
United Kingdom	
Weedatak	glyphosate & diuron
France	
Herbatak	glyphosate & diuron

SCHEDULE 1.1(a)
Included Markets

U.S.
Belgium
Denmark
Norway
Sweden
EIRE
France
Germany
Netherlands
Canada
Australia
Puerto Rico
U.K.
Austria
Finland
Luxemburg

SCHEDULE 1.1(b)
Roundup Products

	Formulation	Size
United States and Puerto Rico		
Roundup RTU	2% or less	2 gal or less
Roundup Concentrate	18%	1 gal or less
Roundup Tough Weed	27%	1 gal or less
Roundup Super Conc.	41%	1 gal or less
Roundup Aerosol	2% or less	2 gal or less
Roundup Edger	2% or less	2 gal or less
Kleeraway RTU	1% or less	1 gal or less
Kleeraway Conc.	7.5% or less	1/2 gal or less
Grower's Choice		
Pennington Pride	1% or less RTU	1 gal or less RTU
Green Charm Knock Out	7.5% or less Conc.	1/2 gal or less Conc.
Bullseye		
Belgium		
Roundup Alphee	7.2 g/l	3 1 or less
Roundup 60	60 g/l	500 ml or less
Roundup 120	120 g/l	500 ml or less
Roundup Ultra	360 g/l	500 ml or less
Howdown	120 g/l	500 ml or less
Quickclaim	120 g/l	500 ml or less
Denmark		
Roundup Spray	7.2 g/l	3 1 or less
Roundup Gdn Plus	120 g/l	1 1 or less
Norway		
Roundup Spray	7.2 g/l	3 l or less
Roundup Garden	120 g/l	250 ml or less
Sweden		
Roundup Spray	7.2 g/l	3 l or less
Roundup Garden	120 g/l	1 l or less

EIRE

Roundup RTU	7.2 g/l	3 1 or less
Roundup GC	120 g/l	500 ml or less

France

Roundup Alphee	7.2 g/l	3 l or less
Roundup Pro 2	360 g/l	1 l or less
Roundup 3 p	170 g/l	1 l or less
Roundup GT	400 g/l	.91, 451
Goliath	360 g/l	500 ml or less
Goliath CJ	120 g/l	1 l or less
Herbivorax 90	90 g/l	1 l or less
Kommando	100 g/l	1 l or less

Germany

Roundup Alphee	7.2 g/l	1 l or less
Roundup L B Plus	360 g/l	125 ml or less
Roundup Ultra Gran	420 g/l	15.5g

Netherlands

Roundup RTU	7.2 g/l	1 l or less
Roundup H&T	360 g/l	125 ml

Canada

Roundup RTU	2% or less	4 l or less
Roundup Concentrate	18%	1 l or less
Roundup Super Conc.	41%	1 l or less

Australia

Roundup RTU	7.2 g/l	3 l or less
Roundup	360 g/l	1 l or less

United Kingdom

Roundup RTU	7.2 g/l	3 l or less
Roundup Brushkiller	120 g/l	1 l or less
Roundup Brushkiller RTU	7.2 g/l	1 l or less
Roundup GC Biactive	120 g/l	1 l or less
Roundup Ultra 3000	360 g/l	1 l or less
B&Q Complete Weed Killer RTU	7.2 g/l	3 l or less

B&Q Complete Weed Killer	45.2 g/l	1 l or less
Austria		
- - -------		
Roundup LB Plus	360 g/l	125 ml or less
Finland		
- - -------		
Roundup Spray	7.2 g/l	3 l or less
Roundup Bio	120 g/l	1 l or less

SCHEDULE 2.2(a)
Annual Business Plan Template

1) Mission Statement and Explanation: Answers questions: What business are we in? Why does the business exist?
2) Category Definition/Growth Trend: Also need to address related categories and their potential interaction with the target category
   a) Assessment of growth potential
   b) Competitor evaluation/assessment of threat
3) Business Review: Summary of a process that will occur in each preceding January
   a) Critical learning from prior year
   b) Key Implications from learning: Arranged by key functional area
4) Brand Positioning:
   a) Consumer Target: Demographics, Psychographics, use Segmentation
   b) Key feature(s), Attribute(s) and Benefits delivered (for brand and sub-brands)
   c) Brand Character/Imagery: Describe the personification of the brand/sub-brands
      i) This section should also specifically address the degree to which the proposed positioning is consistent with the Brand's historical image
5) Key Business Goals
   a) Financial: Historical trend and three year projections of Equivalent Case Volume, Net Sales, EBIT and ACM
   b) Competitive:
      i) Market Share Goal and trend
      ii) Advertising Share of Voice Goal and trend
   c) Consumer: Critical behavioral and attitudinal measures that describe the development of the Brand which could include:
      i) Penetration
      ii) Unaided awareness
      iii) Annual usage
      iv) Seasonal usage
   d) Customer:
      i) % ACV Distribution by Channel
      ii) Fill Rates by Top 10 customers (with detailed definition of what constitutes an on-time shipment)
      iii) Display achievement
      iv) Other measurable customer satisfaction measures
6) Major Strategies to achieve Key Goals (some examples include...)
   a) Product Line: What products/drive groups/lines to focus on
   b) Significant new product launches
   c) Private Label at a Key Account(s)
   d) Marketing Support focus: Example would be a shift from advertising to promotion
   e) New Consumer Uses: Extended use campaign, new forms
   f) Geographic focus including a new regional/market emphasis. CDI/BDI analysis
   g) Seasonal focus including new emphasis if relevant. Weekly seasonality by region and drive group/item.
   h) Channel/Customer including new/alternative channels if relevant
   i) Operational strategies to address quality, capacity, cost position, service, technology application, etc., including fill rates, inventory levels and turns
   j) Acquisition/divestiture strategies to improve market position

7) Functional Operating Plans: This is a lengthy section that lays out a detailed annual operating plan for each functional area in the business (including rationale where appropriate) and that pays particular attention to changes in that plan from the prior year's plans and results. Each section will contain a detailed budget with direct and assigned expenses shown.

- a) General Management: Description of Business Unit Management team and planned costs
  - i) Performance standards for all employees
  - ii) Description of employee performance incentives and link to performance standards
- b) Marketing:
  - i) Organization Plan
  - ii) Spending allocation: Total spending by marketing support category including working and non-working media, consumer promotion, public relations, market research, etc.
  - iii) Advertising: Preliminary media plan including spending trends, creative strategy and discussion of any planned/contemplated changes to that strategy.
  - iv) Consumer Promotion: Promotion objectives, key plan elements and payout calculations
  - v) POP Plan: Focus on Key changes versus prior year plan
  - vi) Pricing: To include trends and competitive benchmarks
  - vii) Packaging - graphic and physical: Changes planned along with specific costs, implementation timing and risk factors
  - viii) Market Research plan: List all studies, cost estimate and rationale for each, including tracking
  - ix) Public Relations
  - x) Test plans (applies to all of above)
- c) Sales:
  - i) Organization Plan
  - ii) Top 5 Account Plans
    - (1) Program changes anticipated
    - (2) Planned Net Sales trends by drive group/item (with historical trend)
    - (3) Profitability analysis
    - (4) Category Management plans
  - iii) Five year sales goals
  - iv) Private Label/control brand opportunities
  - v) Headquarter Sales Presentation plan with a focus on what the key messages are and discussion of any unique methods of communication to customers
  - vi) Retail Merchandising Support including planned in-house, distributor and contracted merchandising services. Focus on in-store merchandising and display techniques as well as pre-season store set plans
    - (1) Share of shelf
    - (2) Share of off-shelf
  - vii) Other selling services plans as appropriate
  - viii) Product Knowledge Plan including principle target(s) and vehicles
- d) Operations:
  - i) Organization Plan
  - ii) Key Manufacturing initiatives such as: Cost savings, capacity planning, make/buy analyses, etc.
  - iii) Distribution/Warehousing Plan
  - iv) Inventory plan by month (versus prior year) that balances the need for high fill rates with a product utilization of working capital. Targets to be included in plan.

v) Purchasing: Including Key supplier relationship development
vi) Quality: Measurement and delivery against objectives from balanced scorecard
vii) Capital Plan with capital expenditure detail

e) Research & Development:
i) Organization/Staffing Plan
ii) Priority projects and innovation pipeline - new product portfolio review
iii) Innovation launch timeline
iv) Product specifications and planned changes
v) Pioneering Research

f) Customer Service:
i) Organization Plan
ii) Special Programs such as telemarketing
iii) Discussion of and key changes to order taking, order processing invoicing, collection, reconciliation (to original P0 and program) procedures

g) Consumer Service:
i) Organization plan including a discussion of outsourced versus in-house services
ii) Call volume and measurement of answering efficiency and effectiveness
iii) Plan for communicating to marketing and operations any significant consumer complaints

8) Detailed Financials - Prior Year, Current Year, Future Year
a) Income Statement (annual and monthly), cash flow and balance sheet
b) Net Sales and margins by key drive group/item, and including product mix analysis
c) Selling and Marketing Expenses by key line item
d) Assignment of Shared Services: This section will discuss the agreed upon allocation methodology for shared services to their respective Business Unit statements and highlights any proposed changes to that methodology
e) Anticipated changes form prior year
f) Financial Metrics
i) Invoice accuracy
ii) Days Sales Outstanding (DSO)
iii) Obsolete inventory charge
iv) Bad debt allowance
v) Netbacks, MAT and COGS detail prior, current and next year

9) Approved amendments: This section will show any amendments approved by senior management (or the Steering Committee)
a) Includes spending at levels above those established in the annual business plan.

SCHEDULE 2.2(a)(ii)
TRANSITION SERVICES

The parties agree that it is unnecessary to describe in detail the transition services called for by this Schedule 2.2(a)(ii); rather, the parties agree that these services shall be provided in good faith based on the past practices of the Solaris business unit of Monsanto.

SCHEDULE 3.1(a)
ACCOUNTING AND CASH FLOW PROCEDURES OUTSIDE THE UNITED STATES

I. EUROPE

The following terms shall govern operations of the Roundup L&G Business in Europe in place of Sections 3.1 through 3.3 of the Agreement. The remainder of the terms of Article 3 of the Agreement shall apply to the operations for the European Roundup L&G Business.

SECTION 3.1. BOOKKEEPING AND FINANCIAL REPORTING.

(a) Bookkeeping. Monsanto shall be responsible for all the bookkeeping for the Roundup L&G Business, which shall include, but not be limited to, (i) setting up a separate set of accounting records reflecting all the items of income, profit, gain, loss and deduction with respect to the Roundup L&G Business, including a profit and loss statement ("Roundup P&L") and all other records relating to the Roundup L&G Business, including sales invoices and customer data (the "Roundup Records") in accordance with Monsanto's accounting policies (including the currency exchange methodology used by Monsanto); provided, that if any change in Monsanto's accounting policies would adversely affect the Agent's Commission (other than in a de minimis amount), the parties shall negotiate in good faith to change the thresholds and/or the Commission, as appropriate, to eliminate such adverse affect; (ii) collecting, recording and safeguarding receipts of all receivables and payables, costs or expenses either directly incurred by the Roundup L&G Business or Allocated thereto by either party pursuant to the terms of Section 3.3 hereof. At all times, Monsanto shall make available via computer and/or original documentation, to the Agent's employees designated by the Agent, access to the Roundup Records as appropriate on a need-to-know basis, and such access shall include, but not be limited to, daily sales updates.

(b) Financial Reporting. Monsanto shall provide to the Agent financial reports for the Roundup L&G Business based on Monsanto's current practice and timing.

(c) Audit. The Agent shall have the right to periodically audit or have an independent accountant audit, on the Agent's behalf, all the Roundup Records. The audit shall be at the cost of the Agent unless any material error has been committed by Monsanto, in which case Monsanto shall bear the cost of the audit. Upon exercise of its right of audit, and discovery of any disputed item, the Agent shall provide written notice of dispute to Monsanto. The parties shall resolve such dispute in the manner set forth in Section 3.4 hereof.

SECTION 3.2. ORDERING, INVOKING AND CASH FLOW CYCLE.

(a) Ordering and Invoicing. Monsanto shall perform all order taking, order processing and invoicing for the Roundup Products. Orders filled for Roundup Products shall be invoiced on invoices, or an EDI version thereof, which shall include all taxes (other than Income Taxes), duties, and other charges imposed by governmental authorities based on the production or sale of Roundup Products or their ownership or transportation to the place and time of sale, based on Monsanto's past practices for such products.

(b) Customer Remittances. Customers of Roundup Products shall be directed, as per the invoices, to remit directly the invoiced amounts for all Roundup Products to Monsanto's designated bank account.

(c) Roundup Bank Accounts. Monsanto shall establish or use existing bank accounts (the "Roundup Europe Bank Accounts") to serve as the bank accounts for the Roundup L&G Business in Europe (i) for the receipt of Customer remittances as described in Section 3 22(b), and (ii) for making any and all payments incurred in connection with the Roundup L&G Business either as direct Expenses of the Roundup L&G Business or as reimbursements to either party for services rendered or out of pocket costs related to the Roundup L&G Business as described more particularly in Section 3.3 hereof.

SECTION 3.3. EXPENSES AND ALLOCATION RULES.

(a) Expenses. Each and every Expense, either as a direct expense or an allocated one, shall only be charged to the Roundup L&G Business and consequently taken into account in the Program EBIT statements set forth in Section 3.6(c) hereto if part of a category of Expenses specifically authorized by the terms of the Annual Business Plan and within the aggregate amount prescribed in the Annual Business Plan for such category of Expense ("Budget") ("Approved Expense"). Any Expense which shall exceed its prescribed Budget shall solely be the responsibility of the party incurring it unless such expense is required to implement an approved Significant Deviation from the Annual Business Plan or is necessary to support sales orders above budgeted sales pursuant to sales programs contemplated by the Annual Business Plan.

(b) Direct vs. Allocated. Each party shall have the right to verify whether any particular Expense is an Approved Expense by sending a written inquiry to that effect to the Agent's nominee. The party incurring an Expense shall endeavor to promptly provide upon request of the Agent's nominee the appropriate documentary evidence supporting such Expense. Upon failure by the said party to provide the appropriate documentary evidence, the inquiring party shall have the right to send a written notice of dispute to the other party and the parties shall resolve such dispute in the manner set forth in Section 3.4 hereof. Upon determination by such Independent Accountant (as defined in Section 3.4) that the Expense was not Approved, such Expense shall be deducted from the Program Expenses and the party having incurred such Expense shall either promptly reimburse it to the Roundup Europe Bank Account, or shall withdraw its request for reimbursement if not reimbursed yet.

Expenses shall be classified into (i) direct expenses of the Roundup L&G Business payable to vendors, which shall be submitted directly to Monsanto for payment out of the Roundup Europe Bank Account or (ii) as Allocated Expenses which shall be submitted by either party to Monsanto for reimbursement out of the Roundup Europe Bank Account. Payment of any direct expenses incurred by either party on behalf of the Roundup L&G Business shall be made as they become due in accordance with the applicable commercial terms agreed upon with each vendor.

Allocated Expenses shall be paid on the fifteenth (15th) day of each month provided such allocated Expenses shall be properly supported and submitted in writing no more than three (3) days after the end of each month to Monsanto.

(c) Allocation Rules. In the performance of their obligations under this Agreement, each party shall incur allocated Expenses directly related to the Roundup L&G Business. Each allocated Approved Expense, regardless of the party incurring it, shall be reimbursed as described in Section 3.5(b) provided such expense shall be allocated in accordance with the Allocation Rules set forth for each category of cost and service per country or region, as the case may be, in Schedule 3.3(c) attached hereto ("Allocated Expense").

II. CANADA

The following terms shall govern operations of the Roundup L&G Business in Canada in place of Sections 3.1 through 3.3 of the Agreement. The remainder of the terms of Article 3 of the Agreement shall apply to Canadian Roundup L&G Business operations.

SECTION 3.1. BOOKKEEPING AND FINANCIAL REPORTING.

(a) Bookkeeping. The Agent shall, on behalf of Monsanto, be responsible for all the bookkeeping for the Roundup L&G Business, which shall include, but not be limited to, (i) setting up a separate set of accounting records reflecting all the items of income, profit, gain, loss and deduction with respect to the Roundup L&G Business, including a profit and loss statement ("Roundup P&L") and all other records relating to the Roundup L&G Business including sales invoices and customer data (the "Roundup Records") in accordance with the written set of accounting policies (including the currency exchange methodology used by Monsanto) as shall be provided by Monsanto; provided, that if any change in Monsanto's accounting policies would adversely affect the Agent's Commission (other than in a de minimis amount), the parties shall negotiate in good faith to change the thresholds and/or the Commission, as appropriate, to eliminate such adverse effect; (ii) collecting, recording and safeguarding receipts of all receivables and payables, costs or expenses either directly incurred by the Roundup L&G Business or Allocated thereto by either party pursuant to the terms of Section 3.3 hereof. At all times, the Agent shall make available via computer and/or original documentation, to the Assigned Employees designated by Monsanto, continuous access to the Roundup Records as appropriate on a need-to-know basis; such access shall include, but not be limited to, daily sales updates.

(b) Financial Reporting. The Agent shall provide to Monsanto monthly financial statements, including (i) the Roundup P&L, balance sheet and cash flow statements, (ii) the Netback expense detail (accruals and actuals), (iii) all other Expense detail (accruals and actuals), and (iv) Cost of Goods Sold detail. Such monthly financial statements shall be provided (i) in their preliminary form, no later than four (4) business days following the end of the calendar month, and (ii) in their final form, together with an estimate of sales for the current month, no later than six (6) business days following the end of the calendar month.

(c) Audit. Monsanto shall have the right to periodically audit or have an independent accountant audit, on Monsanto's behalf, all the Roundup Records. The audit shall be at the cost of Monsanto unless any material error has been committed by the Agent, in which case the Agent shall bear the cost of the audit. Upon exercise of its right of audit, and discovery of any disputed item, Monsanto shall provide written notice of dispute to the Agent. The parties shall resolve such dispute in the manner set forth in Section 3.4 hereof.

SECTION 3.2. ORDERING, INVOICING AND CASH FLOW CYCLE.

(a) Ordering and Invoicing. The Agent shall perform, on behalf of Monsanto, all order taking, order processing and invoicing for the Roundup Products, it being understood that orders filled for Roundup Products shall be invoiced on the invoices used by the Agent for its other non-Roundup products provided such invoices or their EDI version shall (i) identify the Agent as an agent for Monsanto for the sale of all Roundup Products and Monsanto as the actual transferor of title to Roundup Products; (ii) direct payment of such invoice to be made directly to the account designated by the Agent; and (iii) include all taxes (other than Income taxes), duties, and other charges imposed by governmental authorities based on the production or sale of Roundup Products or their ownership or transportation to the place and time of sale.

(b) Customer Remittances. Customers of Roundup Products shall be directed, as per the invoices, to remit directly the invoiced amounts for all Roundup Products to the Roundup Canada Bank Account (defined below).

(c) Roundup Bank Accounts. Monsanto shall establish or use existing bank accounts (the "Roundup Canada Bank Accounts") to serve as the bank accounts for the Roundup L&G Business (i) for the receipt of Customer remittances as described in Section 3.2(b), and (ii) for making any and all payments incurred in connection with the Roundup L&G Business either as direct Expenses of the Roundup L&G Business or as reimbursements to either party for services rendered or out of pocket costs related to the Roundup L&G Business as described more particularly in Section 3.3 hereof. Monsanto shall grant the Agent's nominee the authority to manage the Roundup Canada Bank Accounts on Monsanto's behalf as it relates to the Roundup L&G Business in Canada, and more generally take any and all actions requested for the payment of all the Roundup L&G Business Expenses in compliance with the terms of Section 3.3 hereunder as per the Cash Flow Chart attached hereto as Schedule 3.2(d); provided that checks in an amount over $25,000 shall also require the co-signature of an Assigned Employee or a member of the Global Support Team or such other employee of Monsanto as is designated by a member of the Global Support Team.

SECTION 3.3. EXPENSES AND ALLOCATION RULES.

(a) Expenses. Each and every Expense, either as a direct expense or an allocated one, shall only be charged to the Roundup L&G Business and consequently taken into account in the Program EBIT statements set forth in Section 3.6(c) hereto if part of a category of Expenses specifically authorized by the terms of the Annual Business Plan and within the aggregate amount prescribed in the Annual Business Plan for such category of Expense ("Budget") ("Approved Expense"). Any Expense which shall exceed its prescribed Budget shall solely be the responsibility of the party incurring it unless such expense is required to implement an approved Significant Deviation from the Annual Business Plan or is necessary to support sales orders above budgeted sales pursuant to sales programs contemplated by the Annual Business Plan.

(b) Direct vs. Allocated. Each party shall have the right to verify whether any particular Expense is an Approved Expense by sending a written inquiry to that effect to the Agent's nominee. The party incurring an Expense shall endeavor to promptly provide upon request of the Agent's nominee the appropriate documentary evidence supporting such Expense. Upon failure by the said party to provide the appropriate documentary evidence, the inquiring party shall have the right to send a written notice of dispute to the other party and the parties shall resolve such dispute in the manner set forth in Section 3.4 hereof. Upon determination by such Independent Accountant (as defined in Section 3.4) that the Expense was not Approved, such Expense shall be deducted from the Program Expenses and the party having incurred such Expense shall either promptly reimburse it to the Roundup Canada Bank Account, or shall withdraw its request for reimbursement if not reimbursed yet.

Expenses shall be classified into (i) direct expenses of the Roundup L&G Business payable to vendors, which shall be submitted directly to the Agent's nominee for payment out of the Roundup Canada Bank Account or (ii) as Allocated Expenses which shall be submitted by either party to the Agent's nominee for reimbursement out of the Roundup Canada Bank Account. Payment of any direct expenses incurred by either party on behalf off the Roundup L&G Business shall be made as they become due in accordance with the applicable commercial terms agreed upon with each vendor.

Allocated Expenses shall be paid on the fifteenth (15th) day of each month provided such allocated Expenses shall be properly supported and submitted in writing no more than five (5) days after the end of each month to the Agent's nominee in charge of the Roundup Canada Bank Account.

(c) Allocation Rules. In the performance of their obligations under this Agreement, each party shall incur allocated Expenses directly related to the Roundup L&G Business. Each allocated Approved Expense, regardless of the party incurring it, shall be reimbursed as described in Section 3.5(b), provided such expense shall be allocated in accordance with the Allocation Rules set forth for each category of cost and service per country or region, as the case may be, in Schedule 3.3(c) attached hereto ("Allocated Expense").

III. AUSTRALIA

The following terms shall govern operations of the Roundup L&G Business in Australia in place of Sections 3.1 through 3.3 of the Agreement. The remainder of the terms of Article 3 of the Agreement shall apply to Australian Roundup L&G Business operations.

SECTION 3.1. BOOKKEEPING AND FINANCIAL REPORTING.

(a) Bookkeeping. The Agent shall, on behalf of Monsanto, be responsible for all the bookkeeping for the Roundup L&G Business, which shall include, but not be limited to, (i) setting up a separate set of accounting records reflecting all the items of income, profit, gain, loss and deduction with respect to the Roundup L&G Business, including a profit and loss statement ("Roundup P&L") and all other records relating to the Roundup L&G Business, including sales invoices and customer data (the "Roundup Records") in accordance with the written set of accounting policies (including the currency exchange methodology used by Monsanto) as shall be provided by Monsanto; provided, that if any change in Monsanto's accounting policies would adversely affect the Agent's Commission (other than in a de minimis amount), the parties shall negotiate in good faith to change the thresholds and/or the Commission, as appropriate, to eliminate such adverse effect; (ii) collecting, recording and safeguarding receipts of all receivables and payables, costs or expenses either directly incurred by the Roundup L&G Business or Allocated thereto by either party pursuant to the terms of Section 3.3 hereof. At all times, the Agent shall make available via computer and/or original documentation, to the Assigned Employees designated by Monsanto continuous access to the Roundup Records as appropriate on a need-to-know basis; such access shall include, but not be limited to, daily sales updates.

(b) Financial Reporting. The Agent shall provide to Monsanto monthly financial statements, including (i) the Roundup P&L, balance sheet and cash flow statements, (ii) the Netback expense detail (accruals and actuals), (iii) all other Expense detail (accruals and actuals), and (iv) Cost of Goods Sold detail. Such monthly financial statements shall be provided (i) in their preliminary form, no later than four (4) business days following the end of the calendar month, and (ii) in their final form, together with an estimate of sales for the current month, no later than six (6) business days following the end of the calendar month.

(c) Audit. Monsanto shall have the right to periodically audit or have an independent accountant audit, on Monsanto's behalf, all the Roundup Records. The audit shall be at the cost of Monsanto unless any material error has been committed by the Agent, in which case the Agent shall bear the cost of the audit. Upon exercise of its right of audit and discovery of any disputed item, Monsanto shall provide written notice of dispute to the Agent. The parties shall resolve such dispute in the manner set forth in Section 3.4 hereof.

SECTION 3.2. ORDERING, INVOKING AND CASH FLOW CYCLE.

(a) Ordering and Invoicing. The Agent shall perform, on behalf of Monsanto, all order taking, order processing and invoicing for the Roundup Products, it being understood that orders filled for Roundup Products shall be invoiced on the invoices used by the Agent for its other non-Roundup products provided such invoices or their EDI version shall (i) identify the Agent as an agent for Monsanto for the sale of all Roundup Products and Monsanto as the actual transferor of title to Roundup Products; (ii) direct payment of such invoice to be made directly to the account designated by the Agent; and (iii) include all taxes (other than Income Taxes), duties, and other charges imposed by governmental authorities based on the production or sale of Roundup Products or their ownership or transportation to the place and time of sale.

(b) Customer Remittances. Customers of Roundup Products shall be directed, as per the invoices, to remit directly the invoiced amounts for all Roundup Products to the Agent's designated bank account.

(c) Receipts. At the end of each month, the Agent shall remit to the account designated by Monsanto for such purposes, the actual amount of the Customers' remittances for the Roundup Products paid over the past month. Customer payment deductions that do not initially, clearly apply to Roundup Products shall not be withheld by the Agent from the remittances to Monsanto. If the Agent subsequently determines any of such payment deductions apply to sales of Roundup Products, the Agent shall be reimbursed therefor as part of the monthly cash reconciliation. Monsanto and the Agent agree that general Customer payment deductions will be prorated based on applicable sales, for which the Agent will also be reimbursed in the monthly cash reconciliation. Any non-Roundup Product payment deductions, for whatever reason, shall not be applied against Roundup Products.

(d) Roundup Bank Accounts. Scotts shall establish or use existing bank accounts (the "Roundup Australia Bank Accounts") to serve as the bank accounts for the Roundup L&G Business (i) for the receipt of Customer remittances as described in Section 3.2(b), and (ii) for making any and all payments incurred in connection with the Roundup L&G Business either as direct Expenses of the Roundup L&G Business or as reimbursements to either party for services rendered or out of pocket costs related to the Roundup L&G Business as described more particularly in Section 3.3 hereof. The Agent shall take any and all actions requested for the payment of all the Roundup L&G Business Expenses in compliance with the terms of Section 3.3 hereunder as per the Cash Flow Chart attached hereto as Schedule 3.2(d). Monsanto may perform its own reconciliation of the Roundup Australia Bank Accounts and may conduct a weekly review of the check register.

SECTION 3.3 EXPENSES AND ALLOCATION RULES.

(a) Expenses. Each and every Expense, either as a direct expense or an allocated one, shall only be charged to the Roundup L&G Business and consequently taken into account in the Program EBIT statements set forth in Section 3.6(c) hereto if part of a category of Expenses specifically authorized by the terms of the Annual Business Plan and within the aggregate amount prescribed in the Annual Business Plan for such category of Expense ("Budget") ("Approved Expense"). Any Expense which shall exceed its prescribed Budget shall solely be the responsibility of the party incurring it unless such expense is required to implement an approved Significant Deviation from the Annual Business Plan or is necessary to support sales orders above budgeted sales pursuant to sales programs contemplated by the Annual Business Plan.

(b) Direct vs. Allocated. Each party shall have the right to verify whether any particular Expense is an Approved Expense by sending a written inquiry to that effect to the Agent's nominee. The party incurring an Expense shall endeavor to promptly provide upon request of the Agent's nominee the appropriate documentary evidence supporting such Expense Upon failure by the said party to provide the appropriate documentary evidence, the inquiring party shall have the right to send a written Section 3.4 hereof. Upon determination by such Independent Accountant (as defined in Section 3.4) that notice of dispute to the other party and the parties shall resolve such dispute in the manner set forth in the Expense was not Approved, such Expense shall be deducted from the Program Expenses and the party having incurred such Expense shall either promptly reimburse it to the Roundup Australia Bank Account, or shall withdraw its request for reimbursement if not reimbursed yet.

Expenses shall be classified into (i) direct expenses of the Roundup L&G Business payable to vendors, which shall be submitted directly to the Agent's nominee for payment out of the Roundup Australia Bank Account or (ii) as Allocated Expenses which shall be submitted by either party to the Agent's nominee for reimbursement out of the Roundup Australia Bank Account. Payment of any direct expenses incurred by either party on behalf of the Roundup L&G Business shall be made as they become due in accordance with the applicable commercial terms agreed upon with each vendor.

Allocated Expenses shall be paid on the fifteenth (15th) day of each month provided such allocated Expenses shall be properly supported and submitted in writing no more than three (3) days after the end of each month to the Agent's nominee in charge of the Roundup Australia Bank Account.

(c) Allocation Rules. In the performance of their obligations under this Agreement, each party shall incur allocated Expenses directly related to the Roundup L&G Business. Each allocated Approved Expense, regardless of the party incurring it, shall be reimbursed as described in Section 3.5(b), provided such expense shall be allocated in accordance with the Allocation Rules set forth for each category of cost and service per country or region, as the case may be, in Schedule 3.3(c) attached hereto ("Allocated Expense").

SCHEDULE 3.2 (d)
CASH FLOW CHART

Schedule 3.2 (d) U.S.

[FLOW CHART DEPICTING TREATMENT OF CASH FLOWS IN CONNECTION WITH ROUNDUP(R) BUSINESS UNIT DOMESTICALLY]

Schedule 3.2 (d) Europe before 10/1/99 Europe

[FLOW CHART DEPICTING TREATMENT OF CASH FLOWS IN CONNECTION WITH ROUNDUP(R) BUSINESS UNIT IN EUROPE BEFORE 10/1/99]

Schedule 3.2 (d) Europe after 10/1/99 Europe

[FLOW CHART DEPICTING TREATMENT OF CASH FLOWS IN CONNECTION WITH ROUNDUP(R) BUSINESS UNIT IN EUROPE AFTER 10/1/99]

Schedule 3.2 (d) Cash Flow -- U.K. Only

DESCRIPTION	ACCTING ENTRI
MONSANTO PLC RECEIPT - direct payments to bank - cheques received and banked / cheque register created - RIP credited	cr to 11125839
Roundup / Non Roundup invoices cleared from SAP according customer remittance advice / Deductions entered in accordance with attached agreement This allocation debits Mplc / Phostrogen RIP.	dr to 11125839
Phostrogen related cash placed in holding account	cr to ????
Cash paid on the 20th of the month following receipt	dr to ????
NON ROUNDUP RECEIPTS - direct payments to bank - cheques received and banked / cheque register created - RIP credited	cr to 11125839
Roundup / Non Roundup invoices cleared from SAP according to customer remittance advice / Deductions entered in accordance with attached agreement This allocation debits Mplc / Phostrogen RIP.	dr to 11125839
PHOSTROGEN LIMITED RECEIPT	
Cheques received payable to Phostrogen Limited forwarded to Corwen immediately and no accounting entries made	
Cheque banked into Phostrogen bank account by Corwen	
Customer accounts cleared in Corwen and deductions booked in accordance with agreement	

Schedule 3.2 (d) Canada

[FLOW CHART DEPICTING TREATMENT OF CASH FLOWS IN CONNECTION WITH ROUNDUP(R) BUSINESS UNIT IN CANADA]

Schedule 3.2 (d) Australia

MONSANTO Example C3
ROUNDUP AUSTRALIA
DATE
CASH FLOW STATEMENT

	Month	YTD
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (Loss)/Income		
Depreciation		
Amortization		
Extraordinary loss		
(Gain)/Loss on sale of property		
Changes in working capital:		
Accounts receivable		
Inventories		
Prepaids		
Accounts payable		
Accrued liabilities		
Other, net		
Net cash provided by / (used in) operations	---------	---------
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital Expenditures		
Proceeds on Sale of Property		
Acquisitions		
Other		
Net cash provided by / (used in) investing activities	---------	---------
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings - operations funding		
Borrowings - acquisitions		
Dividends paid		
Other		
Net cash provided by / (used in) financing activities	---------	---------
Net increase (decrease) in cash	---------	---------
Cash, beginning of period	---------	---------
Cash, end of period	0	0
	=========	=========

SCHEDULE 3.3 (c)
INCOME STATEMENT DEFINITIONS AND ALLOCATION METHODS

*

- - ----------
*Confidential provision omitted and filed separately with the SEC, based upon a request for confidential treatment filed with the SEC.

SCHEDULE 3.8
CURRENT SALES OF 2.5 GALLON SKU INTO THE LAWN & GARDEN CHANNELS

*

- - ----------
*Confidential provision omitted and filed separately with the SEC, based upon a request for confidential treatment filed with the SEC.

SCHEDULE 4.1(a)
MANAGEMENT STRUCTURE

Schedule 4.1 (a)

ROUNDUP(R) MANAGEMENT STRUCTURE

MTC COMMON CORPORATE INTERESTS OMS

- o Achieve Volume and Profit at or above Plan
- o Continue to strengthen the Roundup(R) Brand
- o Have a management structure which leverages the strengths of both companies while working together in a constructive and harmonious way

MTC ISSUES

- o Retain ability to manage the business should the Roundup partnership fail
- o Retain control over key business decisions
- o Provide global stewardship of the Roundup equity

OMS ISSUES

- o Responsible for management of the business within the framework of approved business plans
- o Need clear reporting relationships to business unit heads for all Roundup assigned personnel within the BU's including seconded employees
- o Need clear definition of roles and responsibilities for all Roundup assigned personnel

ROUNDUP(R) MANAGEMENT STRUCTURE

STEERING COMMITTEE: "THE BOARD OF DIRECTORS"
o 2 from MTC, 2 from OMS
o Disputes decided by President of Monsanto Ag

GLOBAL SUPPORT TEAM (GST): "GLOBAL COORDINATION, COMMUNICATION AND STEWARDSHIP OF ROUNDUP L&G BUSINESS"
o 3 members, all from MTC

BUSINESS UNITS (RU'S): "COUNTRY/REGION LINE MANAGEMENT"
o Business Unit Head, Marketing, Sales, Finance, Operations and Other functional areas (including seconded MTC employees)

[FLOW CHART DEPICTING BASIC MANAGEMENT STRUCTURE FOR ROUNDUP(R)]

[FLOW CHART DEPICTING DETAILED MANAGEMENT STRUCTURE FOR ROUNDUP(R)]

DECISION MAKING PROCESS - EXAMPLES

- Advertising Creative Development
- Negative reaction to advertising
- Key Account Planning
- Key Account price exception

EXAMPLE #1: ADVERTISING TV CREATIVE DEVELOPMENT

Action Step	Responsibility	Approval/Dispute Resolution
Overall Brand Strategy developed as part of Business Plan	BU Brand Team	BU Mgmt
Business Plan presentation to BU Mgmt & GRST	BU Brand Team	GRST + BU Mgmt
Annual Business Plan preliminary approval	RU Mgmt & GRST	Steering Committee
Annual Business Plan - final approval	Steering Committee	
Brand Positioning statement developed	BU Brand Team	
Brand Positioning approved	BU Mgmt & Global Rup Team	GRST
Advertising campaign Creative Direction to Agency	BU Brand Team	BU Mgmt
Campaign concepts developed by Ad Agency	BU Mgmt & GRST	GRST
Advertising direction approval	BU Brand Team	BU Mgmt
Narrow campaign concepts to 2	BU Mgmt	
Concept testing with consumers	BU Brand Team	BU Mgmt
TV story board developed	BU Brand Team	BU Mgmt
Final TV storyboard approved - including copy	BU Mgmt & GRST	GRST
TV production (talent, TV shoot, etc.)	BU Brand Team	BU Mgmt
Rough cuts reviewed	BU Mgmt & GRST	
Final TV spot approved	BU Mgmt & GRST	GRST

EXAMPLE #2: NEGATIVE REACTION TO TV ADVERTISING

Action Step	Responsibility	Approval/Dispute Resolution
Consumers call hot-line, write MTC, contact TV station and lodge complaints		
Notification given to brand team & management	1-800 Hot-line	no choice
Notification given to GRST	BU Mgmt	no choice
Decision to notify Steering Committee	BUMgmt&GRST	either can decide
Assessment by brand team of issue, magnitude	BU Brand Team	
Recommendation on action/inaction	BU Mgmt & GRST	GRST
Implement action/changes	BU Brand Team	

EXAMPLE #3: HOME DEPOT MDF PLANNING FOR PROSPECTIVE SEASON

Action Step	Responsibility	Approval/Dispute Resolution
Overall Brand Strategy developed as part of Business Plan	BU Brand Team	BU Mgmt
Business Plan presentation to BU Mgmt & GRST	BU Brand Team	GRST/BU Msmt
Annual Business Plan preliminary approval	BU Mgmt & GRST	Steering Committee
Annual Business Plan - final approval	Steering Committee	
Key Account Strategies developed	BU Key Accounts Team	BU Mgmt
Home Depot approach & specific MDF plan developed	Depot Account Team	BUMgmt&GRST
Preliminary planning session with Home Depot	Depot Account Team	
Finalization session with Home Depot at Hardware Show	BU Mgmt & Depot Account Team	GRST
Regional marketing meetings with Depot Regional Merchants	Depot Account Team	
Implementation of plan	Depot Account Team	

NOTE: KEY ACCOUNTS TEAMS INCLUDE REPRESENTATION FROM 2 MTC EMPLOYEES

EXAMPLE #4: HOME DEPOT DEMANDS INCREMENTAL ROUNDUP PRICE REDUCTION IN-SEASON

Action Step	Responsibility	Approval/Dispute Resolution
Buyer contacts BU Home Depot Account rep/team		
Account rep determines request is above plan & approval level	Account Team	no choice
Rep contacts Sales management & BUp seconded Acct Rep	Account Team	
BU Account Team develops recommendation in concert with MTC Rup key accounts rep	Account Team	
...recommendation is within overall Annual Plan	BU Mgmt	
...recommendation is outside Annual Plan	GRST/BU Mgmt	Steering Committee
Implementation of price change/no change	Account Team	BU Mgmt

SCHEDULE 4.2 (a)
STEERING COMMITTEE

For the Agent:

Charles Berger
Jim Hagedorn

For Monsanto:

Arnold W. Donald
Jim Neal

SCHEDULE 4.3
ASSIGNED EMPLOYEES

Dawn Albery, Finance

Kevin Cannon, Roundup America Brand Director

Dave Chambers, Key Accounts, U.S.

Sarah Dutton, Admin. Europe

Ralph Dymes, Key Accounts, Europe

Richard Garnett, Registration, Europe

Phil Jones, Marketing, Europe

Virginie Liardet, Brand Manager, Europe

Peter Medendorp, Key Accounts, U.S.

Open, Roundup Brand Director, Asia

Open, Key Accounts, France

Mark Pyper, Roundup Brand Director, Europe

Lynette Ross, Admin., U.S.

Daina Schmidt, Brand Manager, U.S.

Debbie Tracy, Admin., U.S.

Dennis Ward, Registration, U.S.

SCHEDULE 4.3 (b)
ASSIGNED EMPLOYEE FUNCTIONS

- - - Deliver Monsanto budgeted and LRP levels of financial performance for the business including:

  - gross and net sales net income
  - net income
  - CODB
  - COGS
  - MAT
  - Capital Employed
  - Cash Flow

- - - Participate in development of strategic business plans including the annual business plan and long range strategic plans.

- - - Provide Roundup brand stewardship and oversight to protect and build the value of the brand in all markets and for all products.

- - - Participate in all brand advertising and creative development efforts and promotions to ensure executions that are aligned with financial objectives and brand stewardship interests.

- - - Ensure measurement of key consumer brand metrics to monitor the health and growth of the brand.

- - - Monitor AG, industrial and L&G market activities and pricing moves on Roundup to ensure maximum profitability for the overall Roundup franchise.

- - - Direct all brand innovation efforts consistent with business plan objectives and financial targets.

- - - Provide sales leadership and focus for Roundup. Facilitate achievement of account goals through joint/Scotts sales people and distribution.

- - - Maintain key account relationships to secure leverage and support for Roundup.

- - - Leverage trade marketing and category management initiatives to secure Roundup's lead position in the weed control market.

- - - Provide global priority and focus to the Scotts business units for Roundup interests.

- - - Maintain critical leverage across the business management process to ensure development and growth of Monsanto's Roundup L&G business interests.

- - - Maintain involvement in analysis of competitive activity and play an integral role in addressing competitive pressures and future threats.

- - - Coordinate SKU forecasts for production/deployment and financial purposes.

- - - Provide regulatory interface with MTC to ensure proper regulatory support for products.

THE SCOTTS COMPANY
ORTHO BUSINESS GROUP
BRAND MANAGER MAJOR RESPONSIBILITIES
FEBRUARY 1999

As the primary champion of a Brand, the Brand Manager's overarching responsibility is to optimize its short and long term volume and profit performance. Brand Managers have the authority and responsibility to interact with and manager every function in the Corporation to the extent they are required to deliver against this overarching goal. The Brand Manager's major responsibilities include:

- Develop and manage business plans to exceed Brand annual plan volume and profit goals
  - Recommend Brand annual plans
  - Perform ongoing review of Brand business to confirm appropriateness of selected strategy and plans. Recommend and alter as appropriate to deliver against Company volume and profit commitments
  - Develop overall Brand marketing plans including advertising, strategy, advertising creative, media, public relations, consumer promotion, trade promotion, and merchandising
  - Recommend and manage market research studies that can result in higher sales through improved consumer and customer understanding
  - Identify and implement cost savings opportunities that improve profitability without sacrificing Brand performance

- Manage major Brand product development projects
  - Identify and evaluate opportunities and formulate plans to address them
  - Inspire all functions involved in projects to outstanding levels of performance
  - Recommend, conduct and analyze appropriate research to guide the process

- Ensure all managed marketing plans are executed with excellence through Sales and all other functional groups
  - Inspire Sales through development and presentation of compelling selling tools
  - Communicate with Sales continually to ensure plan success
  - Work to ensure smooth transition of improved products or packages to distribution channels

- Train subordinates to allow them to achieve their full potential as business managers
  - Develop and implement training plans, continuous feedback and formal evaluation
  - Foster an environment that supports high performance, job and Company commitment and fun
  - Manage and administer subordinate compensation consistent with Company policy

- Make contributions to Brand, Department and Company to improve overall performance
  - Contribute to the recruiting process as appropriate
  - Mentor high potential employees
  - Develop and present marketing training programs as appropriate
  - Recommend and implement new processes or systems to smooth work process

THE SCOTTS COMPANY
ORTHO BUSINESS GROUP
DIRECTOR OF MARKETING MAJOR RESPONSIBILITIES
FEBRUARY 1999

A Director of Marketing at Scotts is the primary champion of a major brand or brands for the Company. In this role, the Director of Marketing is responsible for the short and long-term volume and profit performance of these brands and, in particular, for the health of the categories they compete in. The Directory of Marketing's major responsibilities include the following:

- Develop annual business plans for managed Brands to surpass budgeted volume and profit goals
  - Business Review
  - Product Line Review
  - Annual Business Plan

- Manage the strategic planning process to ensure the long-term health of the Brands
  - SWOT Analysis
  - Identification of key success factors
  - Long Term Strategic Plan

- Aggressively manage the growth of relevant category (ies) and ensure that Brands take a disproportionate share of that growth.
  - Ensure that category (ies) grow at a rate in excess of base population growth
  - Recommend category business building initiatives and test or expand them aggressively as appropriate

- Ensure all Brands business plans are executed with excellence through Sales and other functional groups
  - Work closely with Sales Management to ensure strategic alignment
  - Collaborate with appropriate Innovation Team members to manage executional consistency to base Brands plans

- Train subordinates to allow them to achieve their full potential as business managers
  - Develop and execute training plans, continuous feedback and formal evaluation
  - Create an atmosphere that fosters high performance, job and Company commitment and fun on the job
  - Manage and administer subordinate compensation consistent with Corporate policies

- Make contributions to Department and Company to improve overall performance
  - Develop and present relevant training programs for Marketing and other functions
  - Create and refine Business processes to ensure excellent execution of plans

SCHEDULE 4.4 (a)
GLOBAL SUPPORT TEAM

Jim Neal, Leader

Danna McKay, Transition

Dawn Albery, Finance

Exhibit 21

Subsidiaries of the Registrant

Exhibit 21

SUBSIDIARIES OF REGISTRANT

*EG Systems, Inc., dba Scotts Lawn Service, an Indiana corporation
Hyponex Corporation, a Delaware corporation
    EarthGro, Inc., a Connecticut corporation
OMS Investments, Inc., a Delaware corporation
    Old Fort Financial Corp., a Delaware corporation
    Republic Tool & Manufacturing Corp., a Delaware corporation
*Sanford Scientific, Inc., a New York corporation
Scotts Miracle-Gro Products, Inc., a New York corporation
    Miracle-Gro Lawn Products, Inc., a New York corporation
    Miracle-Gro Products Ltd., a New York corporation
Scotts Products Co., an Ohio corporation
Scotts Professional Products Co., an Ohio corporation
Scotts-Sierra Horticultural Products Company, a California corporation
    Scotts-Sierra Crop Protection Company, a California corporation
    Scotts-Sierra Investments, Inc., a Delaware corporation
        ASEF Holding BV (Netherlands)
            ASEF BV (Netherlands
        Scotts Asef BVBA (Belgium)
        Scotts Australia Pty Ltd. (Australia)
        Scotts Canada Ltd. (Canada)
        Scotts de Mexico SA de CV (Mexico)
        Scotts France Holdings SARL (France)
            Scotts France SARL (France)
          **Scotts France SAS (France)
        Scotts Holding GmbH (Germany)
            Scotts Celaflor HG (Austria)
            Scotts Celaflor GmbH & Co. KG (Germany)
        Scotts Holdings Limited (United Kingdom)
            Levington Group Ltd. (United Kingdom)
                Levington Trustees LTD (United Kingdom)
                Murphy Home and Garden Ltd. (United Kingdom)
                The Scotts Company (UK) LTD (United Kingdom)
                    The Scotts Company (Manufacturing) Ltd.
                      (United Kingdom)
            O M Scott International Investments LTD (United Kingdom)
                Levington Horticulture LTD (United Kingdom)
                Miracle Holdings LTD (United Kingdom)
                    Miracle Garden Care Limited (United
                      Kingdom)

O. M. Scott & Sons LTD (United Kingdom)
Phostrogen Limited (United Kingdom)
Scotts Europe B.V. (Netherlands)
Scotts Belgium BVBA (Belgium)
Scotts Deutschland GmbH (Germany)
Scotts OM Espana S.A. (Spain)
Scotts Italia SRL (Italy)
Scotts Horticulture Ltd. (Ireland)
The Scotts Co. Kenya Limited (Kenya)
Scotts Poland Sp.z.o.o. (Poland)
Scotts Switzerland SARL (Switzerland)
Swiss Farms Products, Inc., a Delaware corporation

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*Not wholly-owned
**Scotts France SARL owns remaining .1% of Scotts France SAS

Exhibit 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (File Nos. 33-47073, 33-60056, 333-00021, 333-06061, 333-27561, 333-72715, and 333-76697) and the Registration Statement on Form S-4 (File No. 333-76739) of The Scotts Company of our reports dated October 21, 1999 relating to the financial statements and financial statement schedules, which appear in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Columbus, Ohio
December 22, 1999

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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-K FOR THE YEAR ENDED SEPTEMBER 30, 1999.

12-MOS
SEP-30-1999
SEP-30-1998
SEP-30-1999
30,300,000
0
217,800,000
(16,400,000)
313,200,000
641,700,000
422,000,000
(162,600,000)
1,769,600,000
366,900,000
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173,900,000
200,000
269,200,000
1,769,600,000
1,648,300,000
1,678,600,000
989,100,000
1,486,100,000
(3,600,000)
3,600,000
79,100,000
117,100,000
47,900,000
69,100,000
0
5,900,000
0
63,200,000
2.93
2.08