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

FORM 10-K

(Mark One)

☑ ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended September 30, 2008

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 1-13292

The Scotts Miracle-Gro Company
(Exact name of registrant as specified in its charter)

Ohio	**31-1414921**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
14111 Scottslawn Road, Marysville, Ohio	43041
(Address of principal executive offices)	(Zip Code)

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

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	New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No **o**

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes **o** No ☑

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 ☑ No **o**

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) 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. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑ Accelerated filer o Non-accelerated filer o Smaller reporting company o
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes **o** No ☑

The aggregate market value of Common Shares (the only common equity of the registrant) held by non-affiliates of the registrant computed by reference to the price at which Common Shares were last sold as of the last business day of the registrant's most recently completed second fiscal quarter (March 28, 2008) was approximately $1,410,465,487.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: The number of Common Shares of the registrant outstanding as of November 21, 2008 was 65,373,940.

DOCUMENT INCORPORATED BY REFERENCE:

Portions of the definitive Proxy Statement for Registrant's 2009 Annual Meeting of Shareholders to be held January 22, 2009, are incorporated by reference into Part III hereof.

PART I

ITEM 1. BUSINESS

Company Description

The Scotts Miracle-Gro Company, an Ohio corporation ("Scotts Miracle-Gro" and, together with its subsidiaries, the "Company"), traces its roots to two businesses launched by entrepreneurs. In 1868, Civil War veteran O.M. Scott started a seed business in Marysville, Ohio, based on the conviction that "farmers shall have clean, weed-free fields." Beginning in 1907, The Scotts Company expanded its reach by selling grass seed to consumers and eventually exited the agricultural market. By 1988 — through innovation and acquisition — The Scotts Company had become a leading marketer of lawn fertilizer, grass seed and growing media products within the United States.

Separately, Horace Hagedorn and his partner Otto Stern launched Stern's Miracle-Gro Products, Inc. in 1951 in New York. Their easy-to-use plant food quickly revolutionized the gardening category. Through innovative marketing, Miracle-Gro® eventually became the leading plant food product in the gardening industry. In 1995, The Scotts Company and Stern's Miracle-Gro Products, Inc. merged, marking the start of a significant evolution for the Company.

In the late 1990's, the Company launched both a geographic and a category expansion. It acquired companies with industry-leading brands in France, Germany and the United Kingdom. In fiscal 1999, the Company acquired the Ortho® brand in the United States and exclusive rights for the marketing and distribution of consumer Roundup®* brand products within the United States and other specified countries, thereby adding industry-leading weed, insect and disease control products to its portfolio. The Company expanded into the lawn care service industry with the launch of Scotts LawnService® in 1998. Since fiscal 2001, the Company has invested nearly $125 million in acquisitions of local and regional lawn care businesses to provide a platform for rapid expansion throughout the United States. Most recently, the Company entered the North American wild bird food category in fiscal 2006 with the acquisition of Gutwein & Co., Inc. ("Gutwein") and its Morning Song® brand of bird food.

As the Company celebrates more than 100 years of selling products to consumers, we own the leading brands in nearly every category of the lawn and garden industry. A list of some of our North American leading consumer brands is as follows:

Category	Brands
Lawns	Scotts®; Turf Builder®
Gardens	Miracle-Gro®; Osmocote®; LiquaFeed®; Organic Choice®
Growing Media	Miracle-Gro®; Scotts®; Hyponex®; Earthgro®; SuperSoil®
Grass Seed	Scotts®; Turf Builder®
Controls	Ortho®; Home Defense Max®; Weed-B-Gon Max®; Roundup®*
Outdoor Living	Smith & Hawken®
Wild Bird Food	Morning Song®; Scotts Songbird Selections®

In addition, we have the following significant brands in Europe: Miracle-Gro® plant fertilizers, Weedol® and Pathclear® herbicides, EverGreen® lawn fertilizers and Levington® growing media in the United Kingdom; KB® and Fertiligène® in France; Celaflor®, Nexa Lotte® and Substral® in Germany and Austria; and ASEF®, KB® and Substral® in Belgium, the Netherlands and Luxembourg. Roundup® is also a significant brand in the United Kingdom, France, Germany and other European markets.

Business Segments

For fiscal 2008, the Company divided its businesses into the following segments:

- Global Consumer;
- Global Professional;

* Roundup® is a registered trademark of Monsanto Technology LLC, a company affiliated with Monsanto Company.

- Scotts LawnService®; and
- Corporate & Other.

These segments were changed entering fiscal 2008 and differ from the segments used in the prior year due to the realignment of the North America and International segments into the Global Consumer and Global Professional segments. This division of reportable segments is consistent with how the segments report to and are managed by senior management of the Company. Financial information about these current segments for the three years ended September 30, 2008 is presented in "NOTE 21. SEGMENT INFORMATION" to the Consolidated Financial Statements included in this Annual Report on Form 10-K.

Global Consumer

In our Global Consumer segment, the Company manufactures and markets products that provide easy, reliable and effective assistance to homeowners who seek beautiful, weed and pest-free lawns, gardens and indoor plants. These products incorporate many of the latest technologies available. The Global Consumer segment sells products in the following categories:

Lawns: A complete line of granular lawn fertilizer and combination products, including fertilizer and crabgrass control, weed control or pest control, is sold under the Scotts® and Turf Builder® brand names. The Turf Builder® line of products in the United States is designed to make it easy for do-it-yourself consumers to select and properly apply the right product in the right quantity for their lawns. A similar range of products is available in the United Kingdom under the EverGreen® brand.

Gardens: A complete line of plant foods is marketed under the Miracle-Gro® brand name. In fiscal 2006, we introduced Miracle-Gro® LiquaFeed®, an innovative product that allows consumers to easily feed and water their outdoor plants simultaneously. The Miracle-Gro® brand is marketed primarily in North America and the United Kingdom, although it has been introduced into other Western European markets in recent years. In addition to our high-quality granular and liquid water-soluble plant foods, we have continuous-release plant foods for extended feeding and convenience, which we market under the Osmocote® brand as well as the Shake 'n Feed® sub-brand. The Company also markets an extensive line of plant food products under the Substral® brand name in Germany, Austria, the Nordic countries and throughout Eastern Europe, and under the Fertiligéne® brand name in France.

Growing Media: A complete line of growing media products for indoor and outdoor uses is marketed under the Miracle-Gro®, Scotts®, Hyponex®, Earthgro® and SuperSoil® brand names in the United States, as well as other labels. These products include potting mix, garden soils, seeding soil, topsoil, manures, sphagnum peat and decorative barks and mulches. The addition of the Miracle-Gro® and Scotts® brand names plus plant food to higher quality potting mixes, garden soils and seeding soil has turned previously low-margin commodity products into value-added category leaders. The introduction of the Moisture Control®, Organic Choice® and Nature Scapes® line extensions has provided further innovation and differentiation of our products in the marketplace. This same strategy is being employed in Europe, where the Miracle-Gro® brand, as well as the Levington®, Fertiligène®, KB® and Substral® brands, are being used to market growing media products.

Grass Seed: We offer a broad line of grass seed products for consumers. Our leading grass seed products are sold under the Scotts® Pure Premium®, Classic®, Turf Builder® and PatchMaster® brand names in the consumer market.

Controls: A broad line of weed control, indoor and outdoor pest control and plant disease control products is marketed under the Ortho® brand name in the United States. Ortho® products are available in aerosol, ready-to-use liquid, concentrated, granular and dust forms. Ortho® control products include Weed-B-Gon MAX®, Bug-B-Gon MAX®, Home Defense MAX®, Ortho MAX®, GroundClear®, RosePride®, and Orthene® Fire Ant Killer. In Europe, the Company markets an extensive line of control products under a variety of brand names, including Weedol®, Pathclear®, KB®, Fertiligéne®, Celaflor® and Nexa Lotte®.

In fiscal 1999, the Company entered into a long-term marketing agreement with Monsanto Company ("Monsanto") and became Monsanto's exclusive agent for the marketing and distribution of Roundup® non-selective herbicide products in the consumer lawn and garden market within the United States and other specified countries, including Australia, Austria, Belgium, Canada, France, Germany, the Netherlands and the United Kingdom. (See the "Roundup® Marketing Agreement" discussion later in this Item 1 for a more detailed explanation of the Company's agreement with Monsanto.)

Wild Bird Food: In November 2005, the Company acquired Gutwein and its Morning Song® brand of products. Morning Song® products are sold at leading mass retailers, grocery, pet and general merchandise stores. The Company launched a Scotts® branded line of wild bird food in fiscal 2007, with premium blends and innovative packaging.

Other Consumer Products: The Company also manufactures and markets several lines of high-quality lawn spreaders under the Scotts® brand name - Deluxe EdgeGuard® spreaders, AccuGreen® drop spreaders and Handy Green®II handheld spreaders. We sell a line of hose-end applicators for water-soluble plant foods such as Miracle-Gro® products, and lines of applicators under the Ortho® and Dial 'N Spray® trademarks for the diluted application of control products sold in the concentrated form.

The Global Consumer segment also includes our Canadian consumer operations. In Canada, we believe we are the leading marketer of branded consumer lawn and garden products. We sell a full range of lawn and garden fertilizer, control products, grass seed, spreaders, and value-added growing media products under the Scotts®, Turf Builder®, EcoSense®, Miracle-Gro®, Ortho®, Killex® and Roundup® brands.

Global Professional

The Global Professional business sells professional products to commercial nurseries, greenhouses and specialty crop growers primarily in North America, Europe, the Middle East, Africa, Latin America, Australia, New Zealand and throughout the Far East. Our professional products include a broad line of sophisticated controlled-release fertilizers, water-soluble fertilizers, plant protection products, wetting agents, growing media and grass seed that are sold under brand names that include Osmocote®, Sierrablen Plus®, Peters Professional®, Peters Excel®, Agroblen®, Agrocote®, Rout®, OH2®, Scotts® Professional Seed, Scotts® Turfseed™ and Scotts® Landmark™.

Scotts LawnService®

The Scotts LawnService® segment provides residential lawn care, lawn aeration, tree and shrub care and external pest control services in the United States. As of September 30, 2008, Scotts LawnService® had 81 company-operated locations serving 46 metropolitan markets and 76 independent franchises primarily operating in secondary markets.

Corporate & Other

The Corporate & Other segment includes Smith & Hawken®, a leading brand in the outdoor living and gardening lifestyle category. Smith & Hawken® products, which include high-end outdoor furniture, pottery, garden tools, gardening containers and live goods, are sold in the United States through its 57 retail stores, catalog and Internet sales, and other trade and wholesale relationships. While the Company maintains a bias for divesting the business, current market conditions are not advantageous. As a result, the Company is now simultaneously pursuing other options.

Competitive Marketplace

Our major customers include home centers, mass merchandisers, warehouse clubs, large hardware chains, independent hardware stores, nurseries, garden centers, food and drug stores, commercial nurseries and greenhouses and specialty crop growers. Each of our segments participates in markets that are highly competitive and many of our competitors sell their products at prices lower than ours. The Company attributes its market leadership and continued success in the lawn and garden category to our industry-leading brands, innovative products, award-winning advertising, supply chain excellence, highly effective field sales and merchandising organization and the strength of our relationships with major retailers in our product categories.

In the North American Global Consumer do-it-yourself lawn and garden and pest control markets, we compete primarily against "private label" products as well as branded products. "Private label" products are those sold under a retailer-owned label or a supplier-owned label, which are sold exclusively at a specific retail chain. Recently, the Company's largest North American competitor, Spectrum Brands, announced it would cease competing in the lawn fertilizer, grass seed and growing media categories. As a result, some of our retail partners have approached us regarding the possibility of providing private label solutions for them in these product categories. We believe such an opportunity, if executed, could be beneficial to both the Company and our retail partners.

The Company continues to compete with Spectrum Brands in other lawn and garden categories. We also compete with Bayer AG, Central Garden & Pet Company, Enforcer Products, Inc., Green Light Company and Lebanon Seaboard Corporation. In addition, we face competition from regional competitors who compete primarily on the basis of price for commodity growing media business.

Internationally, we face strong competition in the consumer do-it-yourself lawn and garden market, particularly in Europe. Our competitors in the European Union include Bayer AG, Compo GmbH, a subsidiary of K&S Aktiengesellschaft (which owns the Compo®, Sem® and Algoflash® brands), Westland Horticulture and a variety of local companies.

In the North American Global Professional horticulture markets, we face a broad range of competition from numerous companies such as Agrium, Inc., Haifa Chemicals Ltd., Chisso Asahi Fertilizer Co. Ltd., Syngenta AG and Bayer AG. Some of these competitors have significant financial resources and research departments.

The international Global Professional horticulture markets in which we compete are also very competitive, particularly the markets for controlled-release and water-soluble fertilizer products. We have numerous U.S. and European competitors in these international markets, including Pursell Industries, Inc., Compo GmbH, a subsidiary of K&S Aktiengesellschaft, Norsk Hydro ASA, Haifa Chemicals Ltd. and Kemira Oyj.

We have the second largest market share position in the fragmented U.S. do-it-for-me lawn care service market. We compete against TruGreen-ChemLawn®, a division of ServiceMaster, which has the leading market share in the U.S. lawn care service market and has a substantially larger share of this market than Scotts LawnService®, as well as numerous regional and local lawn care services operations.

Significant Customers

Approximately 75% of our worldwide net sales in fiscal 2008 were made by our Global Consumer segment. Within the Global Consumer segment, approximately 28% of our net sales in fiscal 2008 were made to Home Depot, 18% to Lowe's and 18% to Walmart. We face strong competition for the business of these significant customers. The loss of any of these customers or a substantial decrease in the volume or profitability of our business with any of these customers could have a material adverse effect on our earnings and cash flows.

Competitive Strengths

Strong Brands

The Company considers its industry-leading brands to be its single largest competitive advantage, though hardly its only advantage. The Company believes it has the leading market share in every major U.S. category in which its Global Consumer business competes. The Company also owns many of the leading brands in the European marketplace.

The Company has helped to build awareness of its brands through consistently investing in advertising and marketing. As a result, consumer awareness of the Company's key brands — especially in the United States — rivals that of nearly any other consumer products company. The strength of the Scotts® brand, in particular, has been a critical aspect of the success of Scotts LawnService®.

Trademarks, Patents and Licenses

The Company considers its brands, patents and licenses all to be key competitive advantages. We pursue a vigorous brand protection strategy consisting of registration and maintenance of key trademarks and proactive monitoring and enforcement activities to protect against infringement. The Scotts®, Miracle-Gro®, Ortho®, Scotts LawnService®, Smith & Hawken®, Osmocote®, Hyponex® and Earthgro® brand names and logos, as well as a number of product trademarks, including Turf Builder®, Organic Choice®, Home Defense Max® and Weed-B-Gon Max®, are federally and/or internationally registered and are considered material to our business.

As of September 30, 2008, we held 95 issued patents in the United States covering fertilizer, chemical and growing media compositions and processes; grass varieties; and mechanical dispensing devices such as applicators, spreaders and sprayers. Similar patents have also been issued or are pending internationally, bringing our total worldwide patent portfolio to 406 patents and applications.

The issued patents provide protection generally extending to 20 years from the date of filing, subject to the payment of applicable governmental maintenance and annuity fees. Accordingly, many of our patents will extend well into the next decade.

In addition, we continue to file new patent applications each year covering new, commercially significant developments conceived by our research and development associates. Currently, we have 205 pending patent applications worldwide, including 35 pending U.S. applications. We also hold exclusive and non-exclusive patent licenses and supply arrangements, permitting the use and sale of additional patented fertilizers, pesticides and mechanical devices.

During fiscal 2008, we were granted four U.S. and 21 foreign national patents, including patents for the design of an improved spraying device and for various hybrid varieties of turfgrass. We continue to extend patent coverage of our core technologies nationally and in our Canadian, European, Asia/Pacific and South American markets.

No significant U.S. or foreign patents expired in fiscal 2008.

Supply Chain and Sales Force

Because the Company sells a substantial majority of its products to a small number of retail customers, it is critical to maintain strong relationships with these partners. We believe our supply chain and sales force are major competitive advantages that have allowed us to build unrivaled relationships with our key retail partners.

Major investments in technology have allowed the Company's supply chain to be a more efficient supplier to its key retail accounts. The Company considers its order fill rate — which measures the accuracy of shipments — to be an important measure of customer service. In fiscal 2008, the Company achieved a global order fill rate of 99.0 percent. Additionally, the supply chain has helped the Company to improve its inventory turns over the past several years, as well as those of its retail partners. The Company has made substantial investments to lower the cost structure of its supply chain operations in Europe while simultaneously improving customer service levels.

The Company's U.S. sales force is another major competitive advantage. By increasing the size of the sales force over several years, the Company has taken a more proactive role in helping our retail partners merchandise the lawn and garden department and maximize the productivity of this space. In addition to working closely with retailers, our nearly 2,000 person full-time and seasonal U.S. in-store sales force also provides the Company with an opportunity to interact face-to-face with consumers at-the-shelf. By helping consumers answer their lawn and garden questions, we believe we can drive higher sales of our products.

Innovation

The Company views its commitment to innovation as a competitive advantage. Consequently, we continually invest in research and development and consumer research to improve and develop existing and new products, manufacturing processes and packaging and delivery systems. Spending on research and development was $44.7 million, $38.8 million and $35.1 million in fiscal 2008, 2007 and 2006, including product registration costs of $9.8 million, $9.3 million and $8.2 million, respectively. The Company's long-standing commitment to innovation is evidenced by a worldwide portfolio of patents. In addition to the benefits of our own research and development, we actively seek ways to leverage the research and development activities of our suppliers.

Our research and development worldwide headquarters is located at the Dwight G. Scott Research Center in Marysville, Ohio. We also have research and development facilities in the United Kingdom, France, the Netherlands and Sydney, Australia, as well as several research field stations located throughout the United States. In these combined locations, the Company employs approximately 30 PhD scientists.

The Company's biotechnology program is evidence of its commitment to responsible research and to developing more effective and easier-to-use products that are preferred by consumers and are better for the environment. As part of this program, the Company is currently employing technology already proven in agriculture to develop new turf varieties that could one day require less maintenance, less water and fewer chemical inputs to resist insects, weeds and disease.

Roundup® Marketing Agreement

The Company is Monsanto's exclusive agent for the marketing and distribution of consumer Roundup® products (with additional rights to new products containing glyphosate or other similar non-selective herbicides) in the consumer lawn and garden market within the United States and other specified countries, including Australia, Austria, Belgium, Canada, France, Germany, the Netherlands and the United Kingdom. Under the terms of the Amended and Restated Exclusive Agency and Marketing Agreement (the "Marketing Agreement") between us and Monsanto, we and Monsanto are jointly responsible for developing global consumer and trade marketing programs for consumer Roundup®. We have assumed responsibility for sales support, merchandising, distribution and logistics for consumer Roundup®. 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.

We are compensated under the Marketing Agreement based on the success of the consumer Roundup® business in the markets covered by the Marketing Agreement. We receive 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. Regardless of these earnings, we are required to make an annual contribution payment against the overall expenses of the consumer Roundup® business. The minimum annual contribution payment is $20 million until 2018 or the earlier termination of the Marketing Agreement.

The gross commission earned under the Marketing Agreement, the contribution payments to Monsanto and the amortization of the initial marketing fee paid to Monsanto are included in the calculation of net sales in the Company's Consolidated Statements of Operations. For fiscal 2008, 2007 and 2006, the net amount earned under the Marketing Agreement was $44.3 million, $41.9 million and $39.9 million, respectively. For further details, see "NOTE 7. MARKETING AGREEMENT" to the Consolidated Financial Statements included in this Annual Report on Form 10-K.

The Marketing Agreement has no definite term except as it relates to the European Union countries (the "EU term"). The EU term had previously been extended through September 30, 2008 and, on March 28, 2008, the parties agreed to further extend the EU term through September 30, 2011, with up to two additional automatic renewal periods of two years each, subject to non-renewal only upon the occurrence of certain performance defaults.

The Marketing Agreement provides Monsanto with the right to terminate the Marketing Agreement upon an event of default (as defined in the Marketing Agreement) by the Company, a change in control of Monsanto or the sale of the consumer Roundup® business. The Marketing Agreement provides the Company with the right to terminate the Marketing Agreement in certain circumstances, including an event of default by Monsanto or the sale of the consumer Roundup® business. Unless Monsanto terminates the Marketing Agreement due to an event of default by the Company, Monsanto is required to pay a termination fee to the Company that varies by program year. The termination fee is calculated as a percentage of the value of the Roundup® business exceeding a certain threshold, but in no event will the termination fee be less than $16 million. If Monsanto were to terminate the Marketing Agreement due to an event of default by the Company, however, the Company would not be entitled to any termination fee, and it would lose all, or a substantial portion, of the significant source of earnings and overhead expense absorption the Marketing Agreement provides. Monsanto may also be able to terminate the Marketing Agreement within a given region, including North America, without paying a termination fee if unit volume sales to consumers in that region decline: (1) over a cumulative three-fiscal-year period; or (2) by more than 5% for each of two consecutive years.

Monsanto has agreed to provide us with notice of any proposed sale of the consumer Roundup® business, allow us to participate in the sale process and negotiate in good faith with us with respect to any such proposed sale. In the event we acquire the consumer Roundup® business in such a sale, we would receive as a credit against the purchase price the amount of the termination fee that would have been paid to us if Monsanto had exercised its right to terminate the Marketing Agreement in connection with a sale to another party. If Monsanto decides to sell the consumer Roundup® business to another party, we must let Monsanto know whether we intend to terminate the Marketing Agreement and forfeit any right to a termination fee or whether we will agree to continue to perform under the Marketing Agreement on behalf of the purchaser.

Strategic Initiatives

Our strategic plan is focused on leveraging our key competitive advantages in a way that fuels growth, reduces costs, distances us from the competition and drives shareholder value. We are currently involved in several initiatives designed to meet this criteria:

- Even in a difficult economy, we continue to expand upon our strategy of strengthening our relationship with the consumer. This will allow us to leverage the cornerstone of our business — our brands — and drive higher usage of our products. Our strategy is to raise household penetration of our products, as well as the frequency with which existing consumers use our products. We believe this can be accomplished by pursuing an advertising strategy that increasingly relies on regional radio advertising, as well as a national approach on television.

  We also continue to execute a strategy focused on better understanding the needs and attitudes of our consumers. We have historically demonstrated the ability to use customer feedback to develop improved products and packaging that drives increased consumer demand.

  In 2008, these strategies helped us succeed with new products such as Roundup® Pump `N Go® in the United States, as well as a full line of natural and organic lawn and garden products in Europe. In 2009, insights gained from consumers will be critical as we navigate a challenging economic environment. Our research will help us more effectively communicate to consumers that our products cost more because they are worth more.

- Our strategic plan is heavily focused on driving innovation, which we believe is necessary to achieve higher sales and profits. In recent years, new products have been critical to our success. Our strategy is focused on continuing to leverage what we consider an unmatched commitment to innovation. This takes into account three strategic imperatives: all new products must be “simple,” “sustainable” and “significant.”

  “Simple” means that products must be easy for the consumer to buy, easy to use and easy to store. In addition, they should reduce the amount of time it takes to accomplish a task and should give the consumer improved results. Being “sustainable” means products must be designed with consumer safety and environmental impacts in mind. “Significant” products should have strong margin potential, generate possible cost savings, present a global opportunity and be proprietary whenever possible.

  We believe this strategy will result in the successful launch of several new products in 2009, including Turf Builder® Water Smart™ Grass Seed and EZ Seed™ Grass Seed. The former includes a full line of premium grass seed products that provide consumers high-performance seed wrapped in a super-absorbent coating. The patented coating allows every seed to absorb up to 40% more water than ordinary seed. As a result, the seed needs to be watered less frequently, which enables consumers to more easily succeed in growing a healthy lawn. EZ Seed™ is a seed mix which includes premium grass seed, fertilizer and a proprietary growing material. Our proprietary technology absorbs water, expanding to surround the seed in a moist protective layer. The protective layer continues to care for the seed, infusing it with water and nutrients, so it builds strong roots that survive tough conditions.

- Our strategic plan also continues to focus on further assisting our retail partners in order to improve their sales and the productivity of the lawn and garden department. We believe this strategy makes us a more critical component to their success and helps to ensure our continued growth.

  In 2009, we will employ more merchandisers and expert product counselors and significantly increase the number of hours we spend in the stores of our major retail partners. We are rebalancing our sales force in a cost neutral way that allows us to spend more time helping our retailers and consumers and less time on administrative activities.

  We believe this strategy will provide a more flexible cost structure that helps maximize the return on our investment and allows us to better meet the needs and timing of local markets. It also allows us to quickly deploy more labor in those regions where business is particularly strong and reduce spending in regions where sales may be lower than expected due to poor weather, economic concerns or other factors.

- Our strategy will continue to transform our U.S. supply chain into a more regional model. We believe this effort can result in cost savings of $50 million annually and reduce inventories by more than $100 million.

  Today, the majority of our lawn fertilizer products in the United States are shipped from our plant in Marysville, Ohio to one of 11 warehouses across the country. From those warehouses, the fertilizer products are then shipped — along with controls, plant food, grass seed and durable products — directly to home center stores. These products are often shipped on less-than-full trucks, making their distribution less efficient than we would like.

  Meanwhile, growing media products are shipped direct-to-store through a network of 26 manufacturing facilities. Because these shipments go shorter distances on full trucks, they are more efficient.

  Our strategy for a future model — which is being rolled out in the Southeastern United States in 2009 — allows fertilizer products to be shipped into these growing media facilities, instead of to warehouses. From there, the fertilizer and growing media products are co-distributed directly to the stores. Once deployed across the entire country, nearly all fertilizer products for home center customers will be shipped through these growing media facilities, significantly improving our product distribution efficiency.

  Within five years, it is anticipated that up to half of our third-party warehouse square footage could be eliminated. With fertilizer and growing media products shipping together to home center retailers, most of the remaining cased goods would be shipped from the warehouses to our retail partners' distribution centers on fully-loaded trucks.

  These strategic efforts not only present a significant economic benefit to the Company, but our retail partners will benefit as well, through more frequent store replenishment, improved inventory turns and reduced order lead times. As such, we believe our partners can maximize their retail point-of-sale opportunities without compromising the customer service rates they have come to expect.

Strengthening our Global Consumer Business Internationally

We continue to believe in the long-term growth potential of our Global Consumer business internationally. In order to maximize shareholder value in this business, we have sharpened our focus by: (i) reducing costs in the business to improve profitability and to allow for marketing investments; (ii) aligning the organization by category rather than by geography to better leverage our knowledge of the marketplace and the consumer; and (iii) better leveraging the Company's innovation competencies. We have implemented a global supply chain to provide our smaller, international market segments with the benefits of the larger Company, such as lower packaging costs and the ability to source products from any Company-owned plant globally. The first steps of the organizational realignment have taken place, and as part of a broader corporate initiative, they will continue to evolve in fiscal 2009 and beyond. Finally, we are combining global scale with locally tailored products to streamline our technology platform in the international Global Consumer business. As an example, when the Company introduced LiquaFeed® Plant Food to a variety of European countries in fiscal 2008, each label carried the same design and branding while the claims and instructions were displayed in the local language. At the same time, the European business doubled sales of natural products in fiscal 2008 by launching Naturen® sub-branded products as a locally driven effort.

Expanding Scotts LawnService®

The number of homeowners who want to maintain their lawns and gardens but do not want to do it themselves represents a significant portion of the total lawn and garden market. We recognize that our portfolio of well-known brands provides us with a unique ability to extend our business into lawn and garden services and that the strength of our brands provides us with a competitive advantage in acquiring new customers. We have spent the past several years developing our Scotts LawnService® business model and the business has grown significantly, from revenues of $41.2 million in fiscal 2001 to revenues of $247.4 million in fiscal 2008. This growth has come from geographic expansion, acquisitions and organic growth fueled by our direct marketing programs. Although acquisition activity was negligible in fiscal 2008 and $22.5 million in fiscal 2007, we anticipate continuing to make selective acquisitions in fiscal 2009 and beyond. We will also continue to invest in the Scotts LawnService®

business infrastructure in order to continually improve customer service throughout the organization and leverage economies of scale as we continue to grow.

Seasonality and Backlog

Our business is highly seasonal, with 70% to 75% of our annual net sales occurring in our combined second and third fiscal quarters. Our annual sales are further concentrated in our second and third fiscal quarters by retailers who increasingly rely on our ability to deliver products “in season” when consumers buy our products, thereby reducing their inventories.

We anticipate significant orders for the upcoming spring season will start to be received late in the winter and continue through the spring season. Historically, substantially all orders are received and shipped within the same fiscal year with minimal carryover of open orders at the end of the fiscal year.

Raw Materials

We purchase raw materials for our products from various sources that we presently consider to be adequate to supply the needs of each of our segments and our business as a whole. We are subject to market risk from fluctuating prices of certain raw materials, including urea, resins, fuel, grass seed and wild bird food components. 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. When appropriate, we will procure a certain percentage of our needs in advance of the season to secure pre-determined prices. We also hedge certain commodities to improve predictability and control costs.

Manufacturing and Distribution

We manufacture products for our Global Consumer business in North America at our facilities in Marysville, Ohio, Fort Madison, Iowa, Albany, Oregon and Temecula, California, as well as at a number of third-party contract packer facilities in the United States and Canada. In addition, the Company manufactures growing media products in 27 regional facilities located throughout North America. We also own five production facilities for our wild bird food operations in Indiana, South Dakota, South Carolina and Texas. The primary distribution centers for our Global Consumer business in North America are managed by the Company and strategically placed across the United States.

We manufacture the non-growing media products for our Global Consumer business internationally at our facilities in Howden, the United Kingdom and Bourth, France. We also utilize a number of third-party contract packers. The primary distribution centers for our Global Consumer business internationally are located in the United Kingdom, France and Germany and are managed by a logistics provider.

The growing media products for our international Global Consumer business are produced at our facilities in Hatfield and Sutton Bridge, both in the United Kingdom, and Hautmont, France, and at a number of third-party contract packer facilities. These growing media products are generally shipped direct without passing through a distribution center.

We also manufacture horticultural products for our Global Professional business at a leased fertilizer manufacturing facility in Charleston, South Carolina and a Company-owned site in Heerlen, the Netherlands. The remaining products for our Global Professional businesses are produced at other Company-owned facilities and subcontractors in the United States and Europe.

The majority of shipments to customers are made via common carriers or through distributors in the United States and through a network of public warehouses and distributors in Europe. We are subject to market risk from fluctuating market prices of diesel fuel, which our common carriers pass on to the Company in the form of fuel surcharges. When appropriate, the Company will hedge a portion of these indirect fuel costs to improve predictability and control costs.

Employees

As of September 30, 2008, we employed 5,303 full-time employees in the United States and an additional 1,075 full-time employees located outside the United States. During peak sales and production periods, we utilize seasonal and temporary labor.

None of our U.S.-based employees are members of a union. Approximately 35 of our full-time U.K.-based employees are members of the Transport and General Workers Union and have full collective bargaining rights. An undisclosed number of our full-time employees at our office in Ecully, France are members of the Confederation Francaise Democratique du Travail and Confederation Generale du Travail, participation in which is confidential under French law. In addition, a number of union and non-union full-time employees are members of works councils at three sites in Bourth, Hautmont and Ecully, France, and a number of non-union employees are members of works councils in Ingelheim, Germany. In the Waardenburg office and in the Heerlen Plant in the Netherlands, approximately 10 employees are members of a workers union, but we are not responsible for collective bargaining negotiations with this union. In the Netherlands, we are governed by the Works Councils Act with respect to the union. Works councils represent employees on labor and employment matters and manage social benefits.

We believe we have good relationships with our employees in the United States, and both unionized and non-unionized international employees.

Regulatory Considerations

Local, state, federal and foreign laws and regulations affect the sale of our products in several ways.

In the United States, all products containing pesticides must comply with the Federal Insecticide, Fungicide, and Rodenticide Act of 1947, as amended ("FIFRA"), and be registered with the U.S. Environmental Protection Agency (the "U.S. EPA") (and similar state agencies) before they can be sold or distributed. The inability to obtain or maintain such compliance, or the cancellation of any such registration, could have an adverse effect on our business, the severity of which would depend on the products involved, whether another product could be substituted and whether our competitors were similarly affected. We attempt to anticipate regulatory developments and maintain registrations of, and access to, substitute active ingredients, but there can be no assurance that we will continue to be able to avoid or minimize these risks.

Fertilizer and growing media products are subject to state and foreign labeling regulations. Our manufacturing operations are subject to waste, water and air quality permitting and other regulatory requirements of federal and state agencies. The Company's wild bird food business is subject to regulation by the U.S. Food and Drug Administration and our grass seed products are regulated by the Federal Seed Act and various state regulations.

Pursuant to the Food Quality Protection Act, the U.S. EPA is evaluating the cumulative risks from dietary and non-dietary exposures to pesticides. The pesticides in our products are typically manufactured by independent third parties and as a result of the U.S. EPA's continuing risk assessment, a decision by the U.S. EPA or the third party registrant may restrict our access to the pesticides. We cannot predict the outcome or the severity of the effect of these continuing evaluations.

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 to individuals in the vicinity that products will be applied in the future or may ban the use of certain ingredients. We believe we are operating in substantial compliance with, or taking action aimed at ensuring compliance with, these laws and regulations.

State, federal and foreign authorities generally require growing media facilities 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 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. We are generally required by these permits to limit our harvesting and to restore the property consistent with the intended residual use. In some locations, these facilities have been required to create water retention ponds to control the sediment content of discharged water.

FIFRA Compliance, the Corresponding Governmental Investigation and Related Matters

In April 2008, the Company learned that a former associate apparently deliberately circumvented the Company's policies and U.S. EPA regulations under FIFRA by failing to obtain valid registrations for products and/or causing invalid product registration forms to be submitted to regulators. Since that time, we have been cooperating with the U.S. EPA in its civil investigation into pesticide product registration issues involving the Company and with the U.S. EPA and the U.S. Department of Justice (the "U.S. DOJ") in a related criminal investigation. In late April of 2008, in connection with the U.S. EPA's investigation, the Company was required to conduct a consumer-level recall of certain consumer lawn and garden products and a Scotts LawnService® product. Subsequently, the Company and the U.S. EPA agreed upon a Compliance Review Plan for conducting a comprehensive, independent review of our product registration records. Pursuant to the Compliance Review Plan, an independent third-party firm, Quality Associates Incorporated ("QAI"), has been reviewing all of the Company's U.S. pesticide product registration records, some of which are historical in nature and no longer support sales of our products. The Company has identified approximately 132 of the registrations under review as relating to products for which there was sales activity in the period generally representing the Company's 2008 fiscal year ("Active Registrations"). These Active Registrations supported products which accounted for approximately $680 million of the Company's net sales in the period. The U.S. EPA investigation and QAI review process identified several issues affecting Active Registrations which resulted in the issuance of a number of Stop Sale, Use or Removal Orders by the U.S. EPA and caused the Company to temporarily suspend sales and shipments of affected products. In addition, as the QAI review process or our internal review has identified a FIFRA registration issue or a potential FIFRA registration issue (some of which appear unrelated to the former associate), we have endeavored to stop selling or distributing the affected products until the issue could be resolved with the U.S. EPA.

To date, QAI has completed a review of the registration records for substantially all of the Company's Active Registrations. Based on such review, and with the cooperation and prompt attention of the U.S. EPA, the Company believes it has restored the ability to sell and distribute products representing over 90% of the sales associated with Active Registrations; and we are hopeful that we will be able to satisfactorily resolve most, if not all, of the remaining issues prior to the start of the 2009 lawn and garden season. The QAI review process is expected to continue with a focus on reviewing advertising and related promotional support of our registered pesticide products. For more information with respect to additional risks and uncertainties the Company may face in connection with the ongoing investigation and for a discussion of the related costs and expenses, see "NOTE 2. PRODUCT REGISTRATION AND RECALL MATTERS" to the Consolidated Financial Statements included in this Annual Report on Form 10-K.

On September 26, 2008, the Company, doing business as Scotts LawnService®, was named as a defendant in a purported class action filed in the U.S. District Court for the Eastern District of Michigan relating to certain pesticide products. In the suit, Mark Baumkel, on behalf of himself and the purported classes, seeks an unspecified amount of damages, plus costs and attorney fees, for alleged claims involving breach of contract, unjust enrichment and violation of the Michigan consumer protection act. Given the preliminary stages of the proceedings, no reserves have been booked at this time, and the Company intends to vigorously contest the plaintiff's assertions.

In addition, in fiscal 2008 the Company conducted a voluntary recall of most of its wild bird food products due to a formulation issue. The wild bird food products had been treated with pest control additives to avoid insect infestation, especially at retail stores. While the pest control additives had been labeled for use on certain stored grains that can be processed for human and/or animal consumption, they were not labeled for use on wild bird food products. This voluntary recall was completed prior to the end of fiscal 2008.

Other Regulatory Matters

In 1997, the Ohio Environmental Protection Agency (the "Ohio EPA") initiated an enforcement action against us with respect to alleged surface water violations and inadequate wastewater treatment capabilities at our Marysville, Ohio facility and sought corrective action under the Federal Resource Conservation and Recovery Act. The action related to discharges from on-site waste water treatment and several discontinued on-site disposal areas that date back to the early operations of the Marysville facility, which we had already been assessing and, in some cases, remediating, on a voluntary basis. We

are remediating the Marysville site under the terms of a judicial consent order under the oversight of the Ohio EPA.

We completed negotiations with the Philadelphia District of the U.S. Army Corps of Engineers regarding the terms of site remediation and the resolution of the Corps' civil penalty demand in connection with our prior peat harvesting operations at our Lafayette, New Jersey facility. A final consent decree was entered into on October 18, 2004 that required us to perform five years of wetland monitoring, and the completion of additional actions if after five years, the monitoring indicates the wetlands have not developed satisfactorily.

At September 30, 2008, $3.8 million was accrued for these non-FIFRA compliance-related environmental actions, the majority of which is for site remediation. Most of the costs accrued as of September 30, 2008 are expected to be paid in fiscal 2009; however, payments could be made for a period thereafter. During fiscal 2008, 2007 and 2006, we expensed approximately $1.4 million, $1.5 million, and $2.4 million for non-FIFRA compliance-related environmental matters. There were no material capital expenditures during the last three fiscal years related to environmental or regulatory matters.

General Information

The Company maintains a website at http://investor.scotts.com (this uniform resource locator, or URL, is an inactive textual reference only and is not intended to incorporate our website into this Annual Report on Form 10-K). We file reports with the Securities and Exchange Commission (the "SEC") and make available, free of charge, on or through our website, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as well as our proxy and information statements, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

Financial Information About Geographic Areas

For certain information concerning our international revenues and long-lived assets, see "NOTE 21. SEGMENT INFORMATION" to the Consolidated Financial Statements included in this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

Cautionary Statement on Forward-Looking Statements

We have made and will make "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 in this Annual Report on Form 10-K, in our 2008 Annual Report to Shareholders (our "2008 Annual Report") and in other contexts relating to future growth and profitability targets and strategies designed to increase total shareholder value. Forward-looking statements also include, but are not limited to, information regarding our future economic and financial condition, the plans and objectives of our management and our assumptions regarding our performance and these plans and objectives.

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

Some forward-looking statements that we make in our 2008 Annual Report, in this Annual Report on Form 10-K and in other contexts represent challenging goals for our Company, the achievement of which is subject to a variety of risks and assumptions and numerous factors beyond our control. Important factors that could cause actual results to differ materially from the forward-looking statements we make are described below. All forward-looking statements attributable to us or persons working on our behalf are expressly qualified in their entirety by the following cautionary statements. Updates to our risk factors as a result of our 2008 product recalls and the related governmental investigation are included below.

FIFRA Compliance, the Corresponding Governmental Investigation and Related Matters

Our products that contain pesticides must comply with FIFRA and be registered with the U.S. EPA (and similar state agencies) before they can be sold or distributed. In April 2008, we became aware that a former associate apparently deliberately circumvented Company policies and U.S. EPA regulations under FIFRA by failing to obtain valid registrations for products and/or causing invalid product registration forms to be submitted to regulators. Since that time, we have been cooperating with the U.S. EPA in its civil investigation into pesticide product registration issues involving the Company and with the U.S. EPA and the U.S. DOJ in a related criminal investigation.

In connection with the registration investigation and FIFRA compliance review process, we have recorded, and in the future may record, charges and costs, based on our most recent estimates, of retailer inventory returns, consumer returns and replacement costs, costs to rework existing products, inventory write-downs, associated legal and professional fees and costs associated with administration of the registration investigation and compliance review process. Because these current and expected future charges are based on estimates, they may increase as a result of numerous factors, many of which are beyond our control, including the amount of products that may be returned by consumers and retailers, the number and type of legal or regulatory proceedings relating to the registration investigation and FIFRA compliance review process and regulatory or judicial orders or decrees that may require us to take certain actions in connection with the registration investigation and FIFRA compliance review process or to pay civil or criminal fines and/or penalties at the state and/or federal level.

There can be no assurance that the ultimate outcome of the investigation will not result in further action against us, whether administrative, civil or criminal, by the U.S. EPA, U.S. DOJ, state regulatory agencies or private litigants, and any such action, in addition to the costs we have incurred and would continue to incur in connection therewith, could materially and adversely affect our financial condition, results of operations and cash flows. In particular, a significant fine, penalty or judgment assessed against us could result in a charge to earnings or an increase in debt which materially affects our ability to remain in compliance with the financial covenants of our credit facilities, potentially causing us to have to seek an amendment or waiver from our lending group. While we believe we have good relationships with our banking group, given the adverse conditions currently present in the global credit markets, we can provide no assurance that such a request would be likely to result in a modified or replacement credit facility on reasonable terms, if at all.

Product recalls, our inability to ship, sell or transport affected products and the on-going governmental investigation may harm our reputation and acceptance of our products by our retail customers and consumers, which may materially and adversely affect our business operations, decrease sales and increase costs. Moreover, the FIFRA compliance issues we have disclosed throughout fiscal 2008, together with the corresponding governmental investigation by the U.S. EPA and U.S. DOJ, have resulted in coverage critical of us in the press and media. While we believe that these compliance issues are primarily the result of the misguided actions of a former associate who misled us, some of the issues identified appear unrelated to the former associate. And although we believe we have acted promptly, responsibly and in the public interest, these compliance issues may nevertheless harm our reputation and the acceptance of our products by consumers and our retailer customers. Our retailer customers may be less willing to purchase our products or to provide marketing support for those products, such as shelf space, promotions and advertising, or may impose additional requirements that could materially and adversely affect our business operations, decrease sales and increase costs.

On September 26, 2008, the Company, doing business as Scotts LawnService®, was named as a defendant in a purported class action filed in the U.S. District Court for the Eastern District of Michigan relating to certain pesticide products. In the suit, Mark Baumkel, on behalf of himself and the purported classes, seeks an unspecified amount of damages, plus costs and attorney fees, for alleged claims involving breach of contract, unjust enrichment and violation of the Michigan consumer protection act. Given the preliminary stages of the proceedings, no reserves have been booked at this time, and the Company intends to vigorously contest the plaintiff's assertions.

Commodity Cost Pressures

Our ability to manage our cost structure can be adversely affected by movements in commodity and other raw material prices, such as those experienced in both fiscal 2008 and 2007. Market conditions may limit the Company's ability to raise selling prices to offset increases in our input and distribution

costs. The uniqueness of our technologies can limit our ability to locate or utilize alternative inputs for certain products. For certain inputs, new sources of supply may have to be qualified under regulatory standards, which can require additional investment and delay bringing a product to market.

Competition

Each of our segments participates in markets that are highly competitive. Many of our competitors sell their products at prices lower than ours. The most price sensitive segment of our category may be more likely to trade down to lower price point products in a more challenging economic environment. We compete primarily on the basis of product innovation, product quality, product performance, value, brand strength, supply chain competency, field sales support and advertising. Some of our competitors have significant financial resources. The strong competition that we face in all of our markets may prevent us from achieving our revenue goals, which may have a material adverse affect on our financial condition, results of operations and cash flows.

The Regulatory Environment

Local, state, federal and foreign laws and regulations relating to environmental matters affect us in several ways. In the United States, all products containing pesticides must comply with FIFRA and be registered with the U.S. EPA (and similar state agencies) before they can be sold or distributed. The inability to obtain or maintain such compliance, or the cancellation of any registration, could have an adverse effect on our business, the severity of which would depend on the products involved, whether another product could be substituted and whether our competitors were similarly affected. We attempt to anticipate regulatory developments and maintain registrations of, and access to, substitute active ingredients, but there can be no assurance that we will continue to be able to avoid or minimize these risks. In the EU, the European Parliament is considering the adoption of certain regulations, the effect of which would substantially restrict or eliminate our ability to market and sell certain of our pesticide products. If these regulations were to be adopted in their current form in the EU, the resulting impact on our consumer and professional European controls businesses could be materially adversely impacted. In addition, there are provincially-driven regulations pending across Canada that, depending on the timing and scope of final issuance, could substantially restrict or eliminate our ability to market and sell certain of our consumer pesticide products there.

Under the Food Quality Protection Act, enacted by the U.S. Congress in 1996, food-use pesticides are evaluated to determine whether there is reasonable certainty that no harm will result from the cumulative effects of pesticide exposures. Under this Act, the U.S. EPA is evaluating the cumulative risks from dietary and non-dietary exposures to pesticides. The pesticides in our products, certain of which may be used on crops processed into various food products, are typically manufactured by independent third parties and continue to be evaluated by the U.S. EPA as part of this exposure risk assessment. The U.S. EPA or the third party registrant may decide that a pesticide we use in our products will be limited or made unavailable to us. For example, in December 2000, the U.S. EPA reached agreement with various parties, including manufacturers of the active ingredient diazinon, regarding a phased withdrawal from retailers by December 2004 of residential uses of products containing diazinon, which was also used in our lawn and garden products. We cannot predict the outcome or the severity of the effect of continuing evaluations.

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, may require users to post notices on properties to which products have been or will be applied, may require notification to individuals in the vicinity that products will be applied in the future or may ban the use of certain ingredients. Even if we are able to comply with all such regulations and obtain all necessary registrations, we cannot provide assurance 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 adversely affect future quarterly or annual operating results.

Perceptions that the products we produce and market are not safe could adversely affect us and contribute to the risk we will be subjected to legal action. We manufacture and market a number of complex chemical products, such as fertilizers, certain growing media, herbicides and pesticides. On

occasion, allegations are made that some of our products have failed to perform up to expectations or have caused damage or injury to individuals or property. Based on reports of contamination at a third party supplier's vermiculite mine, the public may perceive that some of our products manufactured in the past using vermiculite are or may be contaminated. Public perception that our products are not safe, whether justified or not, could impair our reputation, involve us in litigation, damage our brand names and have a material adverse affect on our business.

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

In addition to the regulations already described, local, state, federal and foreign agencies regulate the disposal, handling and storage of waste, air and water discharges from our facilities.

The adequacy of our current non-FIFRA compliance related environmental reserves and future provisions is based on our operating in substantial compliance with applicable environmental and public health laws and regulations and several significant assumptions:

- that we have identified all of the significant sites that must be remediated;
- that there are no significant conditions of potential contamination that are unknown to us; and
- that with respect to the agreed judicial consent order in Ohio relating to the remediation of the Marysville site, the potentially contaminated soil can be remediated in place rather than having to be removed and only specific stream segments will require remediation as opposed to the entire stream.

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

Manufacturing

We use a combination of internal and outsourced facilities to manufacture our products. We are subject to the inherent risks in such activities, including product quality, safety, licensing requirements and other regulatory issues, environmental events, loss or impairment of key manufacturing sites, disruptions in logistics, labor disputes and industrial accidents. Furthermore, we are subject to natural disasters and other factors over which the Company has no control.

Customer Concentration

Global Consumer net sales represented approximately 75% of our worldwide net sales in fiscal 2008. Our top three North American retail customers together accounted for 64% of our Global Consumer segment fiscal 2008 net sales and 34% of our outstanding accounts receivable as of September 30, 2008. Home Depot, Lowe's and Walmart represented approximately 28%, 18% and 18%, respectively, of our fiscal 2008 Global Consumer net sales. The loss of, or reduction in orders from, Home Depot, Lowe's, Walmart 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 on our financial condition and results of operations.

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

Weather and Seasonality

Weather conditions in North America and Europe can have a significant impact on the timing of sales in the spring selling season and overall annual sales. An abnormally wet and/or cold spring

throughout North America or Europe could adversely affect both fertilizer and pesticide sales and, therefore, our financial results. Because our products are used primarily in the spring and summer, our business is highly seasonal. For the past three fiscal years, 70% to 75% of our annual net sales have occurred in the second and third fiscal quarters combined. Our working capital needs and borrowings typically peak during the initial weeks of our third fiscal quarter because we are incurring expenditures in preparation for the spring selling season, while the majority of our revenue collections occur later in our third fiscal quarter. If cash on hand is insufficient to pay our obligations as they come due, including interest payments or operating expenses, at a time when we are unable to draw on our credit facilities, this seasonality could have a material adverse effect on our ability to conduct our business. Adverse weather conditions could heighten this risk.

Debt

We have a significant amount of debt that could adversely affect our financial health and prevent us from fulfilling our obligations. Our substantial indebtedness could have important consequences. For example, it could:

- make it more difficult for us to satisfy our obligations under outstanding indebtedness;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of cash flows from operating activities to payments on our indebtedness, which would reduce the cash flows available to fund working capital, capital expenditures, advertising, research and development efforts and other general corporate requirements;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- limit our ability to borrow additional funds; and
- expose us to risks inherent in interest rate fluctuations because some of our borrowings are at variable rates of interest, which could result in higher interest expense in the event of increases in interest rates.

Our ability to make payments and to refinance our indebtedness, to fund planned capital expenditures and acquisitions and to pay dividends 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 provide assurance that our business will generate sufficient cash flow from operating activities or that future borrowings will be available to us under our credit facilities in amounts sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, on or before maturity. We cannot be sure that we would be able to refinance any of our indebtedness on commercially reasonable terms or at all.

Our credit facilities contain restrictive covenants and cross default provisions that require us to maintain specified financial ratios. Our ability to satisfy those financial ratios can be affected by events beyond our control, and we cannot be assured we will satisfy those ratios. A breach of any of these financial ratio covenants or other covenants could result in a default. Upon the occurrence of an event of default, the lenders could elect to declare the applicable outstanding indebtedness due immediately and payable and terminate all commitments to extend further credit. We cannot be sure that our lenders would waive a default or that we could pay the indebtedness in full if it were accelerated.

Foreign Operations and Currency Exposures

We currently operate manufacturing, sales and service facilities outside of the United States, particularly in Canada, France, the United Kingdom, Germany and the Netherlands. In fiscal 2008, international net sales, including Canada, accounted for approximately 24% of our total net sales. Accordingly, we are subject to risks associated with operating in foreign countries, including:

- fluctuations in currency exchange rates;

- limitations on the remittance of dividends and other payments by foreign subsidiaries;
- additional costs of compliance with local regulations; and
- historically, in certain countries, higher rates of inflation than in the United States.

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

Acquisitions

We make strategic acquisitions from time to time, including the June 2006 acquisition of certain assets of Landmark Seed Company, the May 2006 acquisition of certain assets of Turf-Seed, Inc., the November 2005 acquisition of Gutwein (Morning Song®), the October 2005 acquisition of Rod McLellan Company and the October 2004 acquisition of Smith & Hawken®. Acquisitions have inherent risks, such as obtaining necessary regulatory approvals, retaining key personnel, integration of the acquired business and achievement of planned synergies and projections. We have approximately $745 million of goodwill and intangible assets as of September 30, 2008. Uncertainty regarding the future performance of the acquired businesses could also result in future impairment charges related to the associated goodwill and intangible assets, such as the impairment charges recorded in fiscal 2006, 2007 and 2008.

Significant Agreement

If we were to commit a serious default under the Marketing Agreement with Monsanto for consumer Roundup® products, Monsanto may have the right to terminate the Marketing Agreement. If Monsanto were to terminate the Marketing Agreement for cause, we would not be entitled to any termination fee, and we would lose all, or a substantial portion, of the significant source of earnings and overhead expense absorption the Marketing Agreement provides. Monsanto may also be able to terminate the Marketing Agreement within a given region, including North America, without paying us a termination fee if unit volume sales to consumers in that region decline: (1) over a cumulative three-fiscal-year period; or (2) by more than 5% for each of two consecutive years.

Equity Ownership Concentration

Hagedorn Partnership, L.P. beneficially owned approximately 31% of our outstanding common shares as of November 21, 2008, and has sufficient voting power to significantly influence the election of directors and the approval of other actions requiring the approval of our shareholders.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company owns or leases, as appropriate, numerous facilities throughout the world to support each of its respective business segments.

- Global Consumer — We own manufacturing and distribution and research and development facilities in Marysville, Ohio, research facilities in Apopka, Florida and Gervais, Oregon, and a production facility in Fort Madison, Iowa. We lease a spreader and other durable components manufacturing facility in Temecula, California. In addition, we operate 27 growing media facilities in North America — 22 of which are owned by the Company and five of which are leased. Most of our growing media facilities include production lines, warehouses, offices and field processing areas. We own five production facilities for our wild bird food operations in Indiana, South Dakota, South Carolina and Texas. Further, we own a manufacturing facility in Sutton Bridge, the United Kingdom, a blending and bagging facility for growing media in Hautmont, France and a plant in Bourth, France that we use for formulating, blending and packaging plant protection products for the consumer market. We lease most of our general office space, including business development sales offices in Atlanta, Georgia, Mooresville, North Carolina, Rolling Meadows, Illinois and Bentonville, Arkansas; the headquarters for our Canadian subsidiary in Mississauga, Ontario; the headquarters for our U.K. business in Godalming (Surrey), the United Kingdom; the

headquarters for our international business (which also serves as our local French operations office) in Ecully (Lyon), France; a business office in Ingelheim, Germany; a business office in Salzburg, Austria; and a sales office in Saint Niklaas, Belgium.

- Global Professional — We lease a controlled-release fertilizer manufacturing facility in Charleston, South Carolina, a corporate office in Waardenburg, the Netherlands and a sales office in Bramford, the United Kingdom, where we also have some supply chain services. Further, we lease sales offices in Nordhorn, Germany, Paris, France, Budapest, Hungary, Tarragona, Spain and Nairobi, Kenya, where we also lease warehouse space.
- Global Consumer and Global Professional — In addition to the above, the Company owns or leases a number of properties that we use for both the Global Consumer and Global Professional segments of our business. We own manufacturing facilities in Howden (East Yorkshire) and Hatfield (South Yorkshire), both in the United Kingdom. Our site in Heerlen, the Netherlands includes a research facility, a distribution center and a manufacturing site for coated fertilizers for the consumer and professional markets (we own the land and the building for the manufacturing facility, but lease the distribution center building). We lease land for peat extraction in Manchester, England (Irlam Moss), Gretna, England (Solway Moss) and Dumfriesshire, Scotland (Nutberry Moss and Creca Moss), and we also lease land to stockpile harvested peat in South Lanarkshire, Scotland (Douglas Water). We own peat extraction facilities in Dumfriesshire, Scotland (Nutberry Moss), North Lanarkshire, England (Fannyside Muir), Stirlingshire, Scotland (Letham) and on two properties in South Lanarkshire, Scotland (Douglas Water & Carnwath). We own a grass seed production facility in Albany, Oregon. We lease a research and development facility in Morance, France and we own a research and development facility in Levington, the United Kingdom. We lease sales offices in Treviso, Italy and Warsaw, Poland, and we lease our Australian corporate office, located in Baulkan Hills (New South Wales), Australia.
- Scotts LawnService® — We conduct company-owned Scotts LawnService® operations from 81 leased facilities, primarily located in industrial office parks, serving 46 metropolitan markets across the United States.
- Corporate & Other — Our corporate headquarters are located in Marysville, Ohio. Including our Global Consumer manufacturing and distribution facilities and our research and development facilities, we own or lease approximately 750 acres in Marysville. Smith & Hawken® operates 57 retail stores in the United States, which are all leased facilities, and leases its main headquarters in Novato, California.

The Company also leases warehouse space throughout North America and continental Europe as needed.

We believe that our facilities are adequate to serve their intended purposes and that our property leasing arrangements are satisfactory.

ITEM 3. LEGAL PROCEEDINGS

As noted in the discussion in “ITEM 1. BUSINESS — Regulatory Considerations,” “ITEM 1. BUSINESS — FIFRA Compliance, the Corresponding Governmental Investigation and Related Matters” and “ITEM 1. BUSINESS — Other Regulatory Matters,” we are involved in several pending environmental and regulatory matters. We believe that our assessment of contingencies is reasonable and that related reserves, in the aggregate, are adequate; however, there can be no assurance that the final resolution of these matters will not have a material adverse affect on our results of operations, financial position and cash flows.

Pending significant legal proceedings are as follows:

FIFRA Compliance, the Corresponding Governmental Investigation and Related Matters

The Company’s products that contain pesticides must comply with the Federal Insecticide, Fungicide, and Rodenticide Act of 1947, as amended (“FIFRA”), and be registered with the U.S. Environmental Protection Agency (“U.S. EPA”) (and similar state agencies) before they can be sold or distributed. In April 2008, the Company became aware that a former associate apparently deliberately circumvented the Company’s policies and U.S. EPA regulations under FIFRA by failing to obtain valid registrations for products and/or causing invalid product registration forms to be submitted to regulators. Since that

time, the Company has been cooperating with the U.S. EPA in its civil investigation into product registration issues involving the Company and with the U.S. EPA and the U.S. DOJ in a related criminal investigation. In late April of 2008, in connection with the U.S. EPA's investigation, the Company was required to conduct a consumer-level recall of certain consumer lawn and garden products and a Scotts LawnService® product. Subsequently, the Company and the U.S. EPA agreed upon a Compliance Review Plan for conducting a comprehensive, independent review of the Company's product registration records. Pursuant to the Compliance Review Plan, an independent third party firm, Quality Associates Incorporated ("QAI"), has been reviewing all of the Company's U.S. pesticide product registration records. The U.S. EPA investigation and QAI review process have resulted in the issuance of a number of Stop Sale, Use or Removal Orders by the U.S. EPA that resulted in the Company's temporarily being unable to ship or sell several products. In addition, as the QAI review process or the Company's internal review has indicated a FIFRA registration issue or a potential FIFRA registration issue (some of which appear unrelated to the former associate), the Company has endeavored to stop shipping or selling the affected products until the issue could be resolved with the U.S. EPA.

The U.S. EPA investigation or the compliance review process may result in future state or federal action or private rights of action with respect to additional product registration issues. Until such investigation and compliance review process is complete, the Company cannot fully quantify the extent of additional issues. While the Company continues to evaluate the financial impact of the registration and recall matters, the Company currently expects total fiscal year 2008 and 2009 costs related to the recalls and known registration issues to be limited to approximately $65 million, exclusive of potential fines, penalties and/or judgments, of which approximately $51.1 million was incurred during fiscal 2008. No reserves have been established with respect to any potential fines, penalties and/or judgments at the state and/or federal level related to the product registration issues as the scope and magnitude of such amounts are not currently estimable. However, it is possible that such fines, penalties and/or judgments could be material and have an adverse effect on the Company's financial condition, results of operations and cash flows.

On September 26, 2008, the Company, doing business as Scotts LawnService®, was named as a defendant in a purported class action filed in the U.S. District Court for the Eastern District of Michigan relating to certain pesticide products. In the suit, Mark Baumkel, on behalf of himself and the purported classes, seeks an unspecified amount of damages, plus costs and attorney fees, for alleged claims involving breach of contract, unjust enrichment and violation of the Michigan consumer protection act. Given the preliminary stages of the proceedings, no reserves have been booked at this time, and the Company intends to vigorously contest the plaintiff's assertions.

U.S. Horticultural Supply, Inc. (F/K/A E.C. Geiger, Inc.)

On November 5, 2004, U.S. Horticultural Supply, Inc. ("Geiger") filed suit against the Company in the U.S. District Court for the Eastern District of Pennsylvania. The complaint alleges that the Company conspired with another distributor, Griffin Greenhouse Supplies, Inc., to restrain trade in the horticultural products market, in violation of Section 1 of the Sherman Antitrust Act. On June 2, 2006, the Court denied the Company's motion to dismiss the complaint. Fact discovery and expert discovery are closed. Geiger's damages expert quantifies Geiger's alleged damages at approximately $3.3 million, which could be trebled under antitrust laws. Geiger also seeks recovery of attorneys' fees and costs. The Company has moved for summary judgment requesting dismissal of Geiger's claims.

The Company continues to vigorously defend against Geiger's claims and believes that Geiger's claims are without merit. While no accrual has been established related to this matter, the Company cannot predict the ultimate outcome with certainty. The Company had previously sued and obtained a judgment against Geiger on April 25, 2005, based on Geiger's default on obligations to the Company. The Company is proceeding to collect that judgment.

The Scotts Company LLC v. Liberty Mutual Insurance Company

On October 25, 2006, The Scotts Company LLC ("Scotts LLC"), as successor to The Scotts Company ("Scotts"), the public company predecessor of Scotts Miracle-Gro, sued Liberty Mutual Insurance Company ("Liberty Mutual") in the U.S. District Court for the Southern District of Ohio. In the suit, Scotts LLC sought damages and the rescission of a 2000 agreement between Scotts and Liberty Mutual that purports to be a complete buyout by Scotts of any insurance policies that Liberty Mutual might have issued to Scotts (the "2000 Agreement").

As alleged in Scotts LLC's complaint, in 1998, Scotts tendered certain claims to Liberty Mutual, one of its primary-layer insurers, in connection with costs incurred by Scotts for environmental liabilities. Scotts believed that it had coverage from Liberty Mutual for at least 10 years beginning in 1958, but could only locate a single policy from 1967. Liberty Mutual responded to Scotts' tender by stating that, after conducting an internal search, Liberty Mutual did not have sufficient evidence to establish that it had ever insured Scotts before 1967. Based on Liberty Mutual's representations and Scotts' inability to locate any additional Liberty Mutual policies in Scotts' own files, Scotts eventually entered into the 2000 Agreement. According to the complaint, in Fall 2006, Scotts discovered evidence confirming that, contrary to its representations during the negotiations leading to the 2000 Agreement, Liberty Mutual provided liability insurance to Scotts beginning in at least 1958 and, in fact, paid claims to third parties on Scotts' behalf during that period.

The complaint seeks rescission of the 2000 Agreement and seeks damages based on Liberty Mutual's breach of fiduciary duty, fraud, breach of the implied covenant of good faith and fair dealing and bad faith denial of coverage. Scotts LLC intends to prosecute these claims vigorously. Liberty Mutual has filed an answer that denies the complaint's allegations and has moved for summary judgment against Scotts LLC's claims. The Court has not set a trial date.

Other

The Company has been named as a defendant in a number of cases alleging injuries that the lawsuits claim resulted from exposure to asbestos-containing products, apparently based on the Company's historic use of vermiculite in certain of its products. The complaints in these cases are not specific about the plaintiffs' contacts with the Company or its products. The Company in each case is one of numerous defendants and none of the claims seek damages from the Company alone. The Company believes that the claims against it are without merit and is vigorously defending against them. It is not currently possible to reasonably estimate a probable loss, if any, associated with the cases and, accordingly, no accrual or reserves have been recorded in the Company's consolidated financial statements. There can be no assurance that these cases, whether as a result of adverse outcomes or as a result of significant defense costs, will not have a material adverse effect on the Company's financial condition, results of operations and cash flows.

The Company is reviewing agreements and policies that may provide insurance coverage or indemnity as to these claims and is pursuing coverage under some of these agreements and policies, although there can be no assurance of the results of these efforts.

On April 27, 2007, the Company received a proposed Order On Consent from the New York State Department of Environmental Conservation (the "Proposed Order") alleging that, during calendar year 2003, the Company and James Hagedorn, individually and as Chairman of the Board and Chief Executive Officer of the Company, unlawfully donated to a Port Washington, New York youth sports organization forty bags of Scotts® LawnPro® Annual Program Step 3 Insect Control Plus Fertilizer which, while federally registered, was allegedly not registered in the state of New York. The Proposed Order requests penalties totaling $695,000. The Company has made its position clear to the New York State Department of Environmental Conservation and is awaiting a response.

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

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

There were no matters submitted to a vote of the security holders of Scotts Miracle-Gro during the fourth quarter of fiscal 2008.

SUPPLEMENTAL ITEM. EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of Scotts Miracle-Gro, their positions and, as of November 21, 2008, their ages and years with Scotts Miracle-Gro (and its predecessors) are set forth below.

Name	Age	Position(s) Held	Years with Company
James Hagedorn	53	Chief Executive Officer and Chairman of the Board	21
Mark R. Baker	51	President and Chief Operating Officer	<1
Michael P. Kelty, Ph.D.	58	Executive Vice President	26
David C. Evans	45	Executive Vice President and Chief Financial Officer	15
Michael C. Lukemire	50	Executive Vice President, Global Technologies and Operations	13
Denise S. Stump	54	Executive Vice President, Global Human Resources	8
Barry W. Sanders	44	Executive Vice President, North American Business	7
Claude L. Lopez	47	Executive Vice President, International and Chief Marketing Officer	7
Vincent C. Brockman	45	Executive Vice President, General Counsel and Corporate Secretary	6

Executive officers serve at the discretion of the Board of Directors of Scotts Miracle-Gro and pursuant to employment agreements or other arrangements.

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

Mr. Hagedorn was named Chairman of the Board of Scotts in January 2003 and named Chief Executive Officer of Scotts in May 2001. He served as President of Scotts Miracle-Gro (or its predecessor) from November 2006 until October 2008 and from May 2001 until December 2005. Mr. Hagedorn serves on the Company's Board of Directors, a position he has held since 1995. He also serves as a director for Farms For City Kids Foundation, Inc., Nurse Family Partnership, The CDC Foundation, Embry-Riddle Aeronautical University, North Shore University Hospital (New York), Scotts Miracle-Gro Foundation and the Intrepid Sea-Air-Space Museum, all charitable organizations. Mr. Hagedorn is the brother of Katherine Hagedorn Littlefield, a director of Scotts Miracle-Gro.

Mr. Baker was named President and Chief Operating Officer of Scotts Miracle-Gro in October 2008, and continues to serve on the Company's Board of Directors, a role he has held since 2004. From September 2002 until October 2008, Mr. Baker served as Chief Executive Officer of Gander Mountain Company, an outdoor retailer specializing in hunting, fishing and camping gear. He served as President of Gander Mountain Company from February 2004 until October 2008 and as a director of Gander Mountain Company from April 2004 until October 2008.

Dr. Kelty was named Executive Vice President of Scotts Miracle-Gro in October 2008. He served as Vice Chairman and Executive Vice President of Scotts Miracle-Gro (or its predecessor) from May 2001 until his retirement in November 2005. After his retirement, Dr. Kelty served as an hourly consultant to the Company at various times, most recently beginning in October 2007.

Mr. Evans was named Executive Vice President and Chief Financial Officer of Scotts Miracle-Gro on September 14, 2006. From October 2005 to September 2006, he served as Senior Vice President, Finance and Global Shared Services of Scotts LLC. From March 2005 to September 2005, he served as Senior Vice President, North America of Scotts LLC, and from October 2003 to March 2005, he served in

the same capacity for Scotts. From June 2001 to September 2003, he served as Vice President, Finance, North America Sales of Scotts.

Mr. Lukemire was named Executive Vice President, Global Technologies and Operations of Scotts Miracle-Gro in June 2008. From August 2007 until June 2008, Mr. Lukemire served as Senior Vice President, Global Technologies and Operations of Scotts LLC. From March 2005 until August 2007, he served as Senior Vice President, Global Supply Chain of Scotts LLC, and from October 2003 to March 2005, he served in the same capacity for Scotts.

Ms. Stump was named Executive Vice President, Global Human Resources of Scotts in February 2003. She was named Senior Vice President, Global Human Resources of Scotts in October 2002. From July 2001 until October 2002, Ms. Stump served as Vice President, Human Resources North America of Scotts. From September 2000 until July 2001, Ms. Stump served as Vice President, Human Resources Technology and Operations of Scotts.

Mr. Sanders was named Executive Vice President, North America of Scotts Miracle-Gro in September 2007. From January 25, 2005 until September 2007, he served as Executive Vice President of Global Technologies and Operations of Scotts Miracle-Gro (or its predecessor), and was responsible for the Company's supply chain and information systems as well as research and development efforts. He previously led the North American and global supply chain organizations as well as the North American sales force. In 2005, he ran the Smith & Hawken® business on an interim basis. Prior to joining the Company in 2001, he was a partner with CapGemini/Ernst & Young.

Mr. Lopez was named Executive Vice President, International and Chief Marketing Officer of Scotts Miracle-Gro in October 2007. Mr. Lopez leads marketing for all global consumer-facing business. He also has leadership responsibility for the Company's Global Professional and Pro Seed businesses. He served as Senior Vice President, International and Chief Marketing Officer of the Company from September 2007 until October 2007. From December 2004 until September 2007, Mr. Lopez served as Senior Vice President, International of the Company. From the time Mr. Lopez joined the Company in 2001 until December 2004, he served as general manager of the Company's French business.

Mr. Brockman was named Executive Vice President, General Counsel and Corporate Secretary of Scotts Miracle-Gro in January 2008. From February 2007 until January 2008, he served as Senior Vice President, Chief Ethics and Compliance Officer and Chief Administrative Officer of Scotts LLC. He served as Chief Administrative Officer of Scotts LLC from 2006 until February 2007. From March 2005 until February 2007, he served as Chief Ethics and Compliance Officer of Scotts LLC, and from 2004 until March 2005, he served in the same capacity for Scotts. He served as Vice President and Assistant General Counsel of Scotts from 2002 until 2004.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The common shares of The Scotts Miracle-Gro Company ("Scotts Miracle-Gro" and, together with its subsidiaries, the "Company") trade on the New York Stock Exchange under the symbol "SMG." The quarterly high and low sale prices, which have not been adjusted for the special one-time cash dividend of $8.00 per share described below, for the fiscal years ended September 30, 2008 and 2007 were as follows:

	Sale Prices	
	High	Low
FISCAL 2008		
First quarter	$ 46.90	$ 33.50
Second quarter	$ 40.65	$ 30.51
Third quarter	$ 36.76	$ 17.79
Fourth quarter	$ 30.17	$ 16.12
FISCAL 2007		
First quarter	$ 54.72	$ 44.02
Second quarter	$ 57.45	$ 40.57
Third quarter	$ 47.30	$ 42.80
Fourth quarter	$ 49.69	$ 40.60

On June 22, 2005, the Company announced that its Board of Directors had approved the establishment of a quarterly cash dividend. The $0.50 per share (adjusted for the 2-for-1 stock split distributed November 9, 2005) annual dividend has been paid in quarterly increments since the fourth quarter of fiscal 2005. In addition, the Company paid a special one-time cash dividend of $8.00 per share on March 5, 2007. The payment of future dividends, if any, on the common shares will be determined by the Board of Directors of Scotts Miracle-Gro in light of conditions then existing, including the Company's earnings, financial condition and capital requirements, restrictions in financing agreements, business conditions and other factors. Future dividend payments are currently restricted to $55 million annually under our existing credit facilities. See discussion regarding the recapitalization plan executed in the second quarter of fiscal 2007 in "ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — Executive Summary." See "NOTE 11. DEBT" to the Consolidated Financial Statements included in this Annual Report on Form 10-K for further discussion regarding the restrictions on dividend payments.

As of November 21, 2008, there were approximately 29,000 shareholders, including holders of record and our estimate of beneficial holders.

The following table shows the purchases of common shares of Scotts Miracle-Gro ("Common Shares") made by or on behalf of Scotts Miracle-Gro or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended) of Scotts Miracle-Gro for each of the three fiscal months in the quarter ended September 30, 2008:

Period	Total Number of Common Shares Purchased(1)	Average Price Paid per Common Share	Total Number of Common Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Common Shares That May Yet Be Purchased Under the Plans or Programs
June 29 through July 26, 2008	798	$ 19.02	0	Not applicable
July 27 through August 23, 2008	0	Not applicable	Not applicable	Not applicable
August 24 through September 30, 2008	825	$ 25.63	0	Not applicable
Total	1,623	$ 22.98	0	Not applicable

(1) Amounts in this column represent Common Shares purchased by the trustee of the rabbi trust established by the Company as permitted pursuant to the terms of The Scotts Company LLC Executive Retirement Plan (the "ERP"). The ERP is an unfunded, non-qualified deferred compensation plan which, among other things, provides eligible employees the opportunity to defer compensation above specified statutory limits applicable to The Scotts Company LLC Retirement Savings Plan and with respect to any Executive Incentive Pay (as defined in the ERP) awarded to such eligible employees. Pursuant to the terms of the ERP, each eligible employee has the right to elect an investment fund, including a fund consisting of Common Shares (the "Scotts Miracle-Gro Common Stock Fund"), against which amounts allocated to such employee's account under the ERP will be benchmarked (all ERP accounts are bookkeeping accounts only and do not represent a claim against specific assets of the Company). Amounts allocated to employee accounts under the ERP represent deferred compensation obligations of the Company. The Company established the rabbi trust in order to assist the Company in discharging such deferred compensation obligations. When an eligible employee elects to benchmark some or all of the amounts allocated to such employee's account against the Scotts Miracle-Gro Common Stock Fund, the trustee of the rabbi trust purchases the number of Common Shares equivalent to the amount so benchmarked. All Common Shares purchased by the trustee are purchased on the open market and are held in the rabbi trust until such time as they are distributed pursuant to the terms of the ERP. All assets of the rabbi trust, including any Common Shares purchased by the trustee, remain, at all times, assets of the Company, subject to the claims of its creditors. The terms of the ERP do not provide for a specified limit on the number of Common Shares that may be purchased by the trustee of the rabbi trust.

None of the Common Shares purchased during the three fiscal months in the quarter ended September 30, 2008 were purchased pursuant to a publicly announced plan or program.

Recent Sales of Unregistered Securities

The Company has determined that, during a period between August 6, 2008 and October 16, 2008, the trustee of The Scotts Company LLC Retirement Savings Plan (the "RSP") allocated to certain RSP participants' accounts a total of 84,701 Common Shares that were not registered in accordance with the Securities Act of 1933, as amended (the "Securities Act"). The RSP is a qualified defined contribution plan that enables participants to defer some portion of their current compensation for later distribution pursuant to the terms of the RSP and to direct that such deferrals and other contributions made on such participants' behalves be invested in one or more investment funds administered pursuant to the terms of the RSP, including the Scotts Miracle-Gro Common Stock Fund. The Securities Act requires Scotts Miracle-Gro to register Common Shares for use in connection with the RSP prior to such Common Shares being allocated to the accounts of those RSP participants who elect to invest some or all of their deferral and other contribution amounts in the Scotts Miracle-Gro Common Stock Fund.

To satisfy obligations under the RSP with respect to amounts invested in the Scotts Miracle-Gro Common Stock Fund, the trustee of the RSP purchases previously issued Common Shares on the open market. Although Common Shares purchased on the open market were registered with the Securities and Exchange Commission (the "SEC") in accordance with the Securities Act at the time they were originally issued, such registration was effective only with respect to the original issuance of the Common Shares, and, unless an exemption from the registration requirements of the Securities Act is available, the purchased Common Shares must again be registered under the Securities Act before they can be allocated to participant accounts under the RSP. While Scotts Miracle-Gro had previously filed two Registration Statements on Form S-8 with the SEC in order to register Common Shares for use in connection with the RSP, the trustee of the RSP had allocated all available registered Common Shares to RSP participant accounts by August 6, 2008. Accordingly, Common Shares allocated to RSP participant accounts between August 6, 2008 and October 16, 2008 were not registered in accordance with the Securities Act. On October 16, 2008, Scotts Miracle-Gro filed a third Registration Statement on Form S-8 with the SEC in order to register an additional 2,500,000 Common Shares for use in connection with the RSP, and all Common Shares allocated to the RSP participant accounts after that date were registered.

Because the Common Shares allocated to RSP participant accounts between August 6, 2008 and October 16, 2008 were not registered, those RSP participants to whose accounts Common Shares were allocated during that period may have a right to rescind purchases made on their behalf through the RSP. Given an average daily closing price of $24.50 per Common Share during the period at issue, and a

closing price of $26.38 per Common Share on November 21, 2008, the Company does not intend to make a rescission offer to participants in the RSP.

ITEM 6. SELECTED FINANCIAL DATA

Five-Year Summary(1)
For the fiscal year ended September 30,
(in millions, except per share amounts)

	2008	2007	2006(2)	2005(2)	2004
OPERATING RESULTS(3):					
Net sales	$2,981.8	$2,871.8	$2,697.1	$2,369.3	$2,106.5
Gross profit	939.6	1,004.5	955.9	860.4	792.4
Income from operations	98.0	277.1	252.5	200.9	252.8
Income (loss) from continuing operations (net of tax)	(10.9)	113.4	132.7	100.4	100.5
Net income (loss)	(10.9)	113.4	132.7	100.6	100.9
Depreciation and amortization	70.3	67.5	67.0	67.2	57.7
FINANCIAL POSITION:					
Working capital	$ 366.8	$ 412.7	$ 445.8	$ 301.6	$ 396.7
Current ratio	1.5	1.7	1.9	1.6	1.9
Property, plant and equipment, net	344.1	365.9	367.6	337.0	328.0
Total assets	2,156.3	2,277.2	2,217.6	2,018.9	2,047.8
Total debt to total book capitalization(4)	69.6%	70.0%	30.8%	27.7%	41.9%
Total debt	999.5	1,117.8	481.2	393.5	630.6
Total shareholders' equity	436.7	479.3	1,081.7	1,026.2	874.6
CASH FLOWS:					
Cash flows from operating activities	$ 200.9	$ 246.6	$ 182.4	$ 226.7	$ 214.2
Investments in property, plant and equipment	56.1	54.0	57.0	40.4	35.1
Investments in intellectual property	4.1	—	—	—	—
Investments in acquisitions, including seller note payments	2.7	21.4	122.9	84.6	20.5
PER SHARE DATA:					
Basic earnings (loss) per common share	$ (0.17)	$ 1.74	$ 1.97	$ 1.51	$ 1.56
Diluted earnings (loss) per common share	(0.17)	1.69	1.91	1.47	1.52
Total cash dividends paid	32.5	543.6	33.5	8.6	—
Dividends per share(5)(6)	0.50	8.50	0.50	0.125	—
Stock price at year-end(6)	23.64	42.75	44.49	43.97	32.08
Stock price range — High(6)	46.90	57.45	50.47	43.97	34.28
Stock price range — Low(6)	16.12	40.57	37.22	30.95	27.63
OTHER:					
Adjusted EBITDA(7)	$ 318.4	$ 382.6	$ 385.9	$ 291.5	$ 310.5
Interest coverage (Adjusted EBITDA/interest expense)(7)	3.9	5.4	9.7	7.0	6.4
Weighted average common shares outstanding	64.5	65.2	67.5	66.8	64.7
Common shares and dilutive potential common shares used in diluted EPS calculation	64.5	67.0	69.4	68.6	66.6

(1) All common share and per share information presented in the above five-year summary have been adjusted to reflect the 2-for-1 stock split of the common shares which was distributed on November 9, 2005 to shareholders of record on November 2, 2005.

(2) Fiscal 2006 includes Rod McLellan Company, Gutwein & Co., Inc. and certain brands and assets acquired from Turf-Seed, Inc. and Landmark Seed Company from the dates of acquisition. Fiscal 2005 includes Smith & Hawken® from the October 2, 2004 date of acquisition. See further discussion of acquisitions in "NOTE 8. ACQUISITIONS" to the Consolidated Financial Statements included in this Annual Report on Form 10-K.

(3) Operating results include the following items segregated by lines affected as set forth on the Consolidated Statements of Operations included with the Consolidated Financial Statements included in this Annual Report on Form 10-K.

	For the Fiscal Year Ended September 30,				
	2008	2007	2006	2005	2004
Net sales includes the following relating to the Roundup® Marketing Agreement:					
Net commission income, excluding the deferred contribution charge	$ 44.3	$41.9	$ 39.9	$ 40.4	$28.5
Reimbursements associated with the Roundup® Marketing Agreement	58.0	47.7	37.6	40.7	40.1
Deferred contribution charge	—	—	—	(45.7)	—
Cost of sales includes:					
Costs associated with the Roundup® Marketing Agreement	58.0	47.7	37.6	40.7	40.1
Impairment, restructuring, and other charges (income)	15.1	—	0.1	(0.3)	0.6
Product registration and recall matters	27.2	—	—	—	—
Selling, general and administrative includes:					
Restructuring and other charges	—	2.7	9.3	9.8	9.1
Impairment charges	121.7	35.3	66.4	23.4	—
Product registration and recall matters	12.7	—	—	—	—
Interest expense includes:					
Costs related to refinancings	—	18.3	—	1.3	45.5

(4) The total debt to total book capitalization percentage is calculated by dividing total debt by total debt plus shareholders' equity.

(5) The Company began paying a quarterly dividend of 12.5 cents per share in the fourth quarter of fiscal 2005.

(6) The Company paid a special one-time cash dividend of $8.00 per share on March 5, 2007. Stock prices have not been adjusted for this special one-time cash dividend.

(7) Given our significant borrowings, we view our credit facilities as material to our ability to fund operations, particularly in light of our seasonality. Please refer to "ITEM 1A. RISK FACTORS — Debt" in this Annual Report on Form 10-K for a more complete discussion of the risks associated with the Company's debt and our credit facilities and related covenants. Our ability to generate cash flows sufficient to cover our debt service costs is essential to our ability to maintain our borrowing capacity. We believe that Adjusted EBITDA provides additional information for determining our ability to meet debt service requirements. The presentation of Adjusted EBITDA herein is intended to be consistent with the calculation of that measure as required by our borrowing arrangements, and used to calculate a leverage ratio (maximum of 4.25 at September 30, 2008) and an interest coverage ratio (minimum of 3.25 for the year ended September 30, 2008). The Company's leverage ratio was 3.97 at September 30, 2008 and our interest coverage ratio was 3.87 for the year ended September 30, 2008.

In accordance with the terms of our credit facilities, Adjusted EBITDA is defined as net income before interest, taxes, depreciation and amortization, as well as certain other items such as the impact of discontinued operations, the cumulative effect of changes in accounting, costs associated with debt refinancings, and other non-recurring, non-cash items effecting net income. Adjusted EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations as determined by accounting principles generally accepted in the United States, and Adjusted EBITDA does not necessarily indicate whether cash flow will be sufficient to meet cash requirements.

Interest coverage is calculated as Adjusted EBITDA divided by interest expense excluding costs related to refinancings.

A numeric reconciliation of net income (loss) to Adjusted EBITDA is as follows:

	2008	2007	2006	2005	2004
Net income (loss)	$ (10.9)	$ 113.4	$ 132.7	$ 100.6	$ 100.9
Interest	82.2	70.7	39.6	41.5	48.8
Income taxes	26.7	74.7	80.2	57.7	58.0
Deprecation and amortization	70.3	67.5	67.0	67.2	57.7
Loss on impairment and other charges	136.8	38.0	66.4	23.4	—
Product registration and recall matters, non-cash portion	13.3	—	—	—	—
Costs related to refinancings	—	18.3	—	1.3	45.5
Discontinued operations	—	—	—	(0.2)	(0.4)
Adjusted EBITDA	$ 318.4	$ 382.6	$ 385.9	$ 291.5	$ 310.5

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

The purpose of this discussion is to provide an understanding of the financial condition and results of operations of The Scotts Miracle-Gro Company ("Scotts Miracle-Gro") and its subsidiaries (collectively the "Company"), by focusing on changes in certain key measures from year-to-year. Management's Discussion and Analysis ("MD&A") is divided into the following sections:

- Executive summary
- Results of operations
- Management's outlook
- Liquidity and capital resources
- Critical accounting policies and estimates

Executive Summary

We are dedicated to delivering strong, consistent financial results and outstanding shareholder returns by providing products of superior quality and value in order to enhance consumers' outdoor living environments. We are a leading manufacturer and marketer of consumer branded products for lawn and garden care and professional horticulture in North America and Europe. We are Monsanto's exclusive agent for the marketing and distribution of consumer Roundup® non-selective herbicide products within the United States and other contractually specified countries. We have a presence in similar consumer branded and professional horticulture products in Australia, the Far East, Latin America and South America. In the United States, we operate Scotts LawnService®, the second largest residential lawn care service business, and Smith & Hawken®, a leading brand in the outdoor living and garden lifestyle category. In fiscal 2008, our operations were divided into the following reportable segments: Global Consumer, Global Professional, Scotts LawnService® and Corporate & Other. The Corporate & Other segment consists of the Smith & Hawken® business and corporate general and administrative expenses.

As a leading consumer branded lawn and garden company, our marketing efforts are largely focused on building brand and product level awareness to inspire consumers and create retail demand. We have successfully applied this consumer marketing focus for a number of years, consistently investing approximately 5% of our annual net sales in advertising to support and promote our products and brands. We continually explore new and innovative ways to communicate with consumers. We believe that we receive a significant return on these marketing expenditures and anticipate a similar level of advertising and marketing investments in the future, with the continuing objective of driving category growth and increasing market share.

Our sales are susceptible to global weather conditions. For instance, periods of wet weather can adversely impact sales of certain products, while increasing demand for other products. We believe that

our diversified product line provides some mitigation to this risk. We also believe that our broad geographic diversification further reduces this risk.

	Percent of Net Sales by Quarter		
	2008	2007	2006
First Quarter	10.4%	9.5%	9.3%
Second Quarter	32.1%	34.6%	33.6%
Third Quarter	39.3%	38.2%	38.9%
Fourth Quarter	18.2%	17.7%	18.2%

Due to the nature of our lawn and garden business, significant portions of our products ship to our retail customers during the second and third fiscal quarters. Our annual sales are further concentrated in the second and third fiscal quarters by retailers who increasingly rely on our ability to deliver products “in season” when consumers buy our products, thereby reducing their inventories.

Management focuses on a variety of key indicators and operating metrics to monitor the health and performance of our business. These metrics include consumer purchases (point-of-sale data), market share, net sales (including volume, pricing, product mix and foreign exchange movements), gross profit margins, income from operations, net income and earnings per share. To the extent applicable, these measures are evaluated with and without impairment, restructuring and other charges, which management believes are not indicative of the ongoing earnings capabilities of our businesses. We also focus on measures to optimize cash flow and return on invested capital, including the management of working capital and capital expenditures.

Given the Company’s historical performance and consistent cash flows, the Company has undertaken a number of actions over the past several years to return cash to our shareholders. We began paying a quarterly cash dividend of 12.5 cents per share in the fourth quarter of fiscal 2005. In fiscal 2006, the Company launched a five-year, $500 million share repurchase program pursuant to which we repurchased 2.0 million common shares for an aggregate purchase price of $87.9 million during fiscal 2006. In December 2006, the Company announced a recapitalization plan to return $750 million to the Company’s shareholders. This plan expanded and accelerated the previously announced five-year, $500 million share repurchase program (which was canceled). Pursuant to the recapitalization plan, in February 2007, the Company repurchased 4.5 million of the Company’s common shares for an aggregate purchase price of $245.5 million ($54.50 per share) and paid a special one-time cash dividend of $8.00 per share ($508 million in the aggregate) in early March 2007.

In order to fund this recapitalization, the Company entered into credit facilities totaling $2.15 billion and terminated its prior credit facility. Please refer to “NOTE 11. DEBT” to the Consolidated Financial Statements included in this Annual Report on Form 10-K for further information as to the credit facilities and the repayment and termination of the Company’s prior credit facility and the Company’s 6$^{5}/_{8}$% senior subordinated notes.

Product Registration and Recall Matters

In April 2008, the Company learned that a former associate apparently deliberately circumvented the Company’s policies and U.S. Environmental Protection Agency (“U.S. EPA”) regulations under the Federal Insecticide, Fungicide, and Rodenticide Act of 1947, as amended (“FIFRA”), by failing to obtain valid registrations for products and/or causing invalid product registration forms to be submitted to regulators. Since that time, the Company has been cooperating with the U.S. EPA in its civil investigation into pesticide product registration issues involving the Company and with the U.S. EPA and the U.S. Department of Justice (the “U.S. DOJ”) in a related criminal investigation. In late April of 2008, in connection with the U.S. EPA’s investigation, the Company was required to conduct a consumer-level recall of certain consumer lawn and garden products and a Scotts LawnService® product. Subsequently, the Company and the U.S. EPA agreed upon a Compliance Review Plan for conducting a comprehensive, independent review of the Company’s product registration records. Pursuant to the Compliance Review Plan, an independent third-party firm, Quality Associates Incorporated (“QAI”), has been reviewing all of the Company’s U.S. pesticide product registration records, some of which are historical in nature and no longer support sales of the Company’s products. The Company has identified approximately 132 of the registrations under review as relating to products for which there was sales activity in the period

generally representing the Company's 2008 fiscal year ("Active Registrations"). These Active Registrations supported products which accounted for approximately $680 million of the Company's net sales in the period. The U.S. EPA investigation and QAI review process identified several issues affecting Active Registrations which resulted in the issuance of a number of Stop Sale, Use or Removal Orders by the U.S. EPA and caused the Company to temporarily suspend sales and shipments of affected products. In addition, as the QAI review process or the Company's internal review has identified a FIFRA registration issue or a potential FIFRA registration issue (some of which appear unrelated to the former associate), the Company has endeavored to stop selling or distributing the affected products until the issue could be resolved with the U.S. EPA.

To date, QAI has completed a review of the registration records for substantially all of the Company's Active Registrations. Based on such review, and with the cooperation and prompt attention of the U.S. EPA, the Company believes it has restored the ability to sell and distribute products representing over 90% of the sales associated with Active Registrations; and the Company is hopeful that it will be able to satisfactorily resolve most, if not all, of the remaining issues prior to the start of the 2009 lawn and garden season. The QAI review process is expected to continue with a focus on reviewing advertising and related promotional support of our registered pesticide products.

While the Company believes it has made substantial progress toward completing the FIFRA compliance review process, the process continues and may result in future state or federal action with respect to additional product registration issues. Until such investigation is complete, the Company cannot fully quantify the extent of additional issues. Furthermore, the Company may be subject to civil or criminal fines and/or penalties or private rights of action at the state and/or federal level as a result of the product registration issues. At this time, management cannot reasonably determine the scope or magnitude of possible liabilities that could result from known or potential additional product registration issues, and no reserves for these claims have been established as of September 30, 2008. However, it is possible that such fines, penalties and/or judgments could be material and have an adverse effect on the Company's financial condition, results of operations and cash flows.

On September 26, 2008, the Company, doing business as Scotts LawnService®, was named as a defendant in a purported class action filed in the U.S. District Court for the Eastern District of Michigan relating to certain pesticide products. In the suit, Mark Baumkel, on behalf of himself and the purported classes, seeks an unspecified amount of damages, plus costs and attorney fees, for alleged claims involving breach of contract, unjust enrichment and violation of the Michigan consumer protection act. Given the preliminary stages of the proceedings, no reserves have been booked at this time, and the Company intends to vigorously contest the plaintiff's assertions.

In addition, in fiscal 2008 the Company conducted a voluntary recall of most of its wild bird food products due to a formulation issue. The wild bird food products had been treated with pest control additives to avoid insect infestation, especially at retail stores. While the pest control additives had been labeled for use on certain stored grains that can be processed for human and/or animal consumption, they were not labeled for use on wild bird food products. This voluntary recall was completed prior to the end of fiscal 2008.

As a result of these registration and recall matters, the Company has reversed sales associated with estimated returns of affected products, recorded an impairment estimate for affected inventory and recorded other registration and recall-related costs. The cumulative impact of these adjustments reduced income from operations by $51.1 million for the fiscal year ended September 30, 2008. While the Company continues to evaluate the financial impact of the registration and recall matters, the Company currently expects total fiscal year 2008 and 2009 costs related to the recalls and known registration issues to be limited to approximately $65 million, exclusive of potential fines, penalties and/or judgments.

Scotts Miracle-Gro is committed to providing its customers and consumers with products of superior quality and value to enhance their lawns, gardens and overall outdoor living environments. We believe consumers have come to trust our brands based on the superior quality and value they deliver, and that trust is highly valued. We are also committed to conducting business with the highest degree of ethical standards and in adherence to the law. While we are disappointed in these recent events, we believe we have made significant progress in addressing the issues and restoring customer and consumer confidence in our products.

Results of Operations

The following table sets forth the components of income and expense as a percentage of net sales for the three years ended September 30, 2008:

	2008	2007	2006
Net sales	100.0%	100.0%	100.0%
Cost of sales	67.1	65.0	64.6
Cost of sales — impairment, restructuring and other charges	0.5	—	—
Cost of sales — product registration and recall matters	0.9	—	—
Gross profit	31.5	35.0	35.4
Operating expenses:			
Selling, general and administrative	24.1	24.4	23.6
SG&A — impairment, restructuring and other charges	4.1	1.4	2.8
SG&A — product registration and recall matters	0.4	—	—
Other income, net	(0.4)	(0.4)	(0.4)
Income from operations	3.3	9.6	9.4
Costs related to refinancings	—	0.6	—
Interest expense	2.8	2.5	1.5
Income before income taxes	0.5	6.5	7.9
Income taxes	0.9	2.6	3.0
Net income (loss)	(0.4)%	3.9%	4.9%

Net Sales

Consolidated net sales for fiscal 2008 increased 3.8% to $2.98 billion from $2.87 billion in fiscal 2007, while for fiscal 2007, net sales increased 6.3% to $2.87 billion from $2.70 billion in fiscal 2006. Significantly impacting the rate of sales growth in both years were the following items:

	2008	2007
Net sales growth	3.8%	6.3%
Acquisitions	(0.3)	(1.3)
Foreign exchange rates	(2.0)	(1.6)
Product recall matters — returns	0.8	—
Adjusted net sales growth	2.3%	3.4%

Excluding the impact of pricing, Global Consumer adjusted net sales declined by 2.5% for the year. We believe this was a result of a number of factors, including the overall economic climate in the United States, as well as unfavorable early spring weather conditions. Adjusted net sales in our Global Professional segment grew 9.3% excluding the impact of pricing, driven by strong demand for the proprietary technology used in that segment. Despite a reduction in customer count, Scotts LawnService® experienced adjusted net sales growth of 1.2%, excluding the impact of pricing. Corporate & Other adjusted net sales decreased 13.8%, primarily driven by declines across all channels of the Smith & Hawken® business.

The adjusted net sales increase of 3.4% in fiscal 2007 was reflective of the weather related challenges in the largest part of our business, the Global Consumer segment. Extreme cold and wet weather in April 2007 discouraged consumer usage during this key retail selling period, and these lost opportunities were not recovered as the weather improved later in the spring. While we saw strong growth in the gardening category, in our Scotts LawnService® business, and our in Global Professional segment, the adverse impact of weather on the important lawns business in North America overshadowed these successes.

Gross Profit

As a percentage of net sales, gross profit was 31.5% of net sales for fiscal 2008 compared to 35.0% for fiscal 2007. The decrease in gross profit margin percentage was primarily driven by increased commodity costs, which unfavorably impacted all operating segments. Product registration and recall matters and impairment charges unfavorably impacted gross profit rates for fiscal 2008 by 90 basis points and 50 basis points, respectively.

As a percentage of net sales, gross profit was 35.0% of net sales for fiscal 2007 compared to 35.4% for fiscal 2006. This decline in gross profit was driven primarily by the Global Consumer segment, due almost entirely to unfavorable product mix. Strong net sales growth in the lower margin wild bird food and growing media businesses, coupled with a net sales decline in our higher margin lawns business, were the drivers behind this decrease. Offsetting this decline were gross profit improvements in our Scotts LawnService®, Smith & Hawken® and the Global Professional businesses.

Selling, General and Administrative Expenses (in millions)

	2008	2007	2006
Advertising	$142.4	$150.9	$137.3
Advertising as a percentage of net sales	4.8%	5.3%	5.1%
Other SG&A	$547.1	$519.2	$468.7
Stock-based compensation	12.5	15.5	15.7
Amortization of intangibles	15.6	15.3	15.2
	$717.6	$700.9	$636.9

Advertising expenses in fiscal 2008 were $142.4 million, a decrease of $8.5 million or 5.6% from fiscal 2007. Fiscal 2007 advertising expenses were $150.9 million, an increase of $13.6 million or 9.9% from fiscal 2006. On a percentage of net sales basis, advertising expenses were 4.8% of net sales in fiscal 2008, 5.3% in fiscal 2007 and 5.1% in fiscal 2006. The fiscal 2008 decrease as a percent of net sales was principally the result of a shift from media to consumer promotions and other trade expense, the costs of which are netted against sales rather than classified as SG&A. The fiscal 2007 increase as a percent of net sales was due to an effort to drive consumer interest and reinvigorate the lawns category following weak net sales performance in April 2007.

In fiscal 2008, other SG&A spending increased $27.9 million or 5.4% from fiscal 2007. The Company's increased investments were focused principally within the sales force, research and development and marketing areas ($14.2 million). The increase from fiscal 2007 to fiscal 2008 was largely driven by increased investments within the North America portion of the Global Consumer segment. The adverse impact of foreign exchange rates on spending outside of the United States represented the majority of the remaining increase ($11.3 million). In fiscal 2007, other SG&A spending increased $50.5 million or 10.8% from fiscal 2006. An increase in Scotts LawnService® infrastructure ($20.4 million), the adverse effect of foreign exchange rates on spending outside the United States ($11.3 million), and a nonrecurring benefit in fiscal 2006 ($10.1 million) for an insurance recovery relating to past legal costs incurred in our defense of lawsuits regarding our use of vermiculite were the primarily drivers behind the increase from fiscal 2006 to fiscal 2007.

The majority of our stock-based awards vest over three years, with the associated expense recognized ratably over the vesting period. The decrease in stock-based compensation expense in fiscal 2008 as compared to fiscal 2007 was primarily attributable to a change in the Board of Directors equity compensation plan effective in February 2008, which resulted in the majority of associated expense being recognized ratably over the Board of Directors' service period, compared to previous years' grants where the associated expense was recorded entirely in the year of the grant. Additionally, the decrease in the Company's share price during fiscal 2008 resulted in a reduction of expense for the equity awards that are expensed based on the Company's share price.

Amortization expense of $15.6 million in fiscal 2008 is comparable to $15.3 million in fiscal 2007 and $15.2 million in fiscal 2006.

Impairment, Restructuring and Other Charges (in millions)

	2008	2007	2006
Goodwill and intangible asset impairment	$120.0	$35.3	$66.4
Property, plant and equipment impairment	1.7	—	—
SG&A — product registration and recall matters	12.7	—	—
Restructuring — severance and related	—	—	9.3
Other	—	2.7	—
	$134.4	$38.0	$75.7

During the third quarter of fiscal 2007, the Company changed the timing of its SFAS 142, “Goodwill and Other Intangible Assets” annual goodwill impairment testing from the last day of our first fiscal quarter to the first day of our fourth fiscal quarter. Moving the timing of our annual goodwill impairment testing better aligns with the seasonal nature of our business and the timing of our annual strategic planning process. In addition, the Company also changed the date of its annual indefinite life intangible impairment testing to the first day of our fourth fiscal quarter. Management engages an independent valuation firm to assist in its impairment assessment reviews.

As a result of a significant decline in the market value of the Company’s common shares during the latter half of the third fiscal quarter ended June 28, 2008, the Company’s market value of invested capital was approximately 60% of the comparable impairment metric used in our fourth quarter fiscal 2007 annual impairment testing. Management determined this was an indicator of possible goodwill impairment and, therefore, interim impairment testing was performed as of June 28, 2008.

The Company’s third quarter fiscal 2008 interim impairment review resulted in a non-cash charge of $123.3 million to reflect the decline in the fair value of certain goodwill and other assets evidenced by the decline in the Company’s common shares. No further adjustments to the goodwill portion of this impairment charge were required as a result of the completion of the SFAS 142 Step 2 evaluation in the fourth quarter of fiscal 2008. However, an additional impairment charge of $13.5 million was recorded in the fourth quarter of fiscal 2008, primarily related to leasehold improvements of Smith & Hawken®. In total, the fiscal 2008 impairment charges comprise $80.8 million for goodwill, $19.0 million related to indefinite-lived tradenames and $37.0 million for SFAS 144 long-lived assets. Of the $37.0 million impairment charge recorded for SFAS 144 long-lived assets, $15.1 million was recorded in cost of sales. On a reportable segment basis, $64.5 million of the impairment was in Global Consumer, $38.4 million was in Global Professional, with the remaining $33.9 million in Corporate & Other.

The Company recorded $12.7 million of SG&A-related product registration and recall costs during fiscal 2008 which primarily relate to third-party compliance review, legal and consulting fees.

Our fourth quarter fiscal 2007 impairment review resulted in a non-cash goodwill and intangible asset impairment charge of $35.3 million. Partially as a result of the disappointing 2007 lawn and garden season, management completed a comprehensive strategic update of its business initiatives in the fourth quarter of fiscal 2007. One outcome of this update was a decision to increase the focus of Company resources on our core consumer lawn and garden do-it-yourself businesses. This process also involved a re-evaluation of the strategy and cash flow projections surrounding our Smith & Hawken® business, which has consistently performed below expectations since it was acquired in early fiscal 2005. We revised our Smith & Hawken® strategy to reflect a scaled back retail expansion plan, with an increased focus on aggressively expanding the wholesale aspect of this business. This resulted in a decrease in our prior cash flow projections for this business, resulting in a $24.6 million goodwill impairment charge and a $4.6 million impairment charge for an indefinite-lived tradename. The Company finalized the fourth quarter fiscal 2007 SFAS 142 impairment evaluation of the Smith & Hawken® goodwill during the first quarter of fiscal 2008 and there was no change to the related impairment charge recorded in the fourth quarter of fiscal 2007.

Our fiscal 2007 fourth quarter strategic update also encompassed other areas. We remain strongly committed to the development of turfgrass varieties that could one day require less mowing, less water and fewer treatments to resist insects, weeds and disease. Our efforts to develop such turfgrass varieties include conventional breeding programs as well as research and development involving biotechnology. Our efforts to develop turfgrass varieties involving biotechnology have yielded positive results; however, the required regulatory approval process is taking longer than anticipated, impacting our ability to

commercialize our innovations. As a result of our fiscal 2007 fourth quarter strategic update, we recorded a $2.2 million goodwill impairment charge related to our turfgrass biotechnology program. Similarly, a strategic update of certain information technology initiatives in our Scotts LawnService® segment resulted in a $3.9 million impairment charge.

Other charges in fiscal 2007 related to ongoing monitoring and remediation costs associated with our turfgrass biotechnology program. Restructuring activities in fiscal 2006 related primarily to organizational reductions associated with Project Excellence, initiated in the third quarter of fiscal 2005. As a result of this program, approximately 110 associates accepted early retirement or were severed during fiscal 2006.

Other Income, net

Other income, net was $10.4 million for fiscal 2008, $11.5 million for fiscal 2007 and $9.2 million for fiscal 2006. Royalty income was the most significant component of other income, approximating $9.6 million, $9.9 million and $6.8 million in fiscal 2008, 2007 and 2006, respectively.

Income from Operations

Income from operations in fiscal 2008 was $98.0 million compared to $277.1 million in fiscal 2007, a decrease of $179.1 million. Fiscal 2008 was negatively impacted by impairment charges ($136.8 million) and product registration and recall costs ($51.1 million) that, when excluded, result in income from operations of $285.9 million. Fiscal 2007 was negatively impacted by impairment and other charges ($38.0 million) that, when excluded, result in income from operations of $315.1 million. Excluding the impairment and other charges and product registration and recall costs, income from operations declined by $29.2 million in 2008, primarily driven by increased commodity costs which more than offset price increases passed onto our customers.

Income from operations in fiscal 2007 was $277.1 million compared to $252.5 million in fiscal 2006, an increase of $24.6 million. Both years were negatively impacted by impairment, restructuring and other charges that, when excluded, result in a decline of $13.1 million of income from operations in fiscal 2007 as compared to fiscal 2006. The adverse effects of weather on net sales growth coupled with a 40 basis point decline in gross profit and SG&A spending increases were the drivers behind this decline.

Interest Expense and Refinancing Activities

Interest expense in fiscal 2008 was $82.2 million compared to $70.7 million and $39.6 million in fiscal 2007 and 2006, respectively. The increase in interest expense is primarily attributable to an increase in borrowings resulting from the recapitalization transactions that were consummated during the second quarter of fiscal 2007. We also recorded $18.3 million in costs in fiscal 2007 related to the refinancing undertaken to facilitate the recapitalization transactions.

Income Taxes

The effective tax rate for fiscal 2008 was 168.6% compared to 39.7% in fiscal 2007 and 37.7% in fiscal 2006. The increase in the effective tax rate for fiscal 2008 and fiscal 2007 was due to goodwill impairment charges ($80.8 million, $26.8 million and $1.8 million in fiscal 2008, 2007 and 2006, respectively), which are not fully deductible for tax purposes. The fiscal 2008 income tax expense also includes $16.9 million of charges to fully reserve for deferred tax assets that originated as a result of impairments of the Smith & Hawken® business in fiscal 2008 and fiscal 2007. The Company has concluded that it is probable that we will not receive any future benefit from these deferred tax assets.

Net Income (Loss) and Earnings (Loss) per Share

The Company reported a net loss of $10.9 million or $0.17 per diluted share in fiscal 2008 compared to net income of $113.4 million or $1.69 per diluted share in fiscal 2007. The Company recorded $136.8 million in impairment charges, as well as $51.1 million in costs related to product registration and recall matters, in fiscal 2008. Challenging weather conditions in March 2008 negatively impacted net sales for the largest part of our business, the Global Consumer segment. Additionally, commodity costs increased significantly in fiscal 2008. Diluted weighted-average common shares outstanding decreased from 67.0 million in fiscal 2007 to 64.5 million in fiscal 2008, due to the

4.5 million common shares repurchased as part of the recapitalization consummated during the second quarter of fiscal 2007, weighted for the period outstanding, and offset by common shares issued upon the exercise of share-based awards and the vesting of restricted stock. Furthermore, 0.9 million potential common shares were excluded from the diluted loss per share calculation for fiscal 2008 because their effect is anti-dilutive. The number of potential common shares declined in fiscal 2008 as a result of a lower average market price for our common shares.

While income from operations increased $24.6 million in fiscal 2007 over fiscal 2006, net income decreased from $132.7 million or $1.91 per diluted share in fiscal 2006 to $113.4 million or $1.69 per diluted share in fiscal 2007. Adverse weather conditions negatively impacted net sales in the Global Consumer segment, particularly during the important month of April. Costs related to the refinancing, increased levels of debt and a higher weighted average interest rate resulting from the recapitalization transactions coupled with a higher effective tax rate also contributed to the decline. Diluted weighted-average common shares outstanding decreased from 69.4 million in fiscal 2006 to 67.0 million in fiscal 2007 due to the repurchase of 4.5 million of our common shares, weighted for the period outstanding, as part of the recapitalization transactions consummated in the second quarter of fiscal 2007.

Segment Results

The Company is divided into the following segments: Global Consumer, Global Professional, Scotts LawnService® and Corporate & Other. These segments differ from those used in the prior year due to the realignment of the North America and International segments into the Global Consumer and Global Professional segments. The Corporate & Other segment consists of Smith & Hawken® and corporate general and administrative expenses. The prior year amounts have been reclassified to conform to the fiscal 2008 segments. Segment performance is evaluated based on several factors, including income from operations before amortization, product registration and recall costs, and impairment, restructuring and other charges, which are not generally accepted accounting principles ("GAAP") measures. Management uses this measure of operating profit to gauge segment performance because we believe this measure is the most indicative of performance trends and the overall earnings potential of each segment.

Net Sales by Segment (in millions)

	2008	2007	2006
Global Consumer	$2,250.1	$2,176.2	$2,089.6
Global Professional	348.8	281.9	233.4
Scotts LawnService®	247.4	230.5	205.7
Corporate & Other	158.6	184.0	169.2
Segment total	3,004.9	2,872.6	2,697.9
Roundup® amortization	(0.8)	(0.8)	(0.8)
Product registrations and recall matters-returns	(22.3)	—	—
Consolidated	$2,981.8	$2,871.8	$2,697.1

Income from Operations by Segment (in millions)

	2008	2007	2006
Global Consumer	$ 344.5	$379.1	$392.4
Global Professional	33.7	31.3	27.3
Scotts LawnService®	11.3	11.3	15.6
Corporate & Other	(87.2)	(90.5)	(91.0)
Segment total	302.3	331.2	344.3
Roundup® amortization	(0.8)	(0.8)	(0.8)
Other amortization	(15.6)	(15.3)	(15.2)
Product registrations and recall matters	(51.1)	—	—
Impairment of assets	(136.8)	(35.3)	(66.4)
Restructuring and other charges	—	(2.7)	(9.4)
Consolidated	$ 98.0	$277.1	$252.5

Global Consumer

Global Consumer segment net sales were $2.25 billion in fiscal 2008 compared to $2.18 billion in fiscal 2007, an increase of 3.4%. Within Global Consumer, North America consumer sales increased by 2.0%. Net sales of our gardening products, which consist of plant foods and growing media, increased by 0.7%, with growth driven by growing media products, where consumers continue to trade up for branded, value-added solutions. Net sales of our lawn products, comprised of fertilizers, grass seed, and durables, increased by 0.8% as the season got off to a late start, with unseasonable March weather resulting in reduced sales of higher priced lawn fertilizer combination products. Ortho® net sales decreased by 3.4% in fiscal 2008, while the net sales in the wild bird food category have increased by 20.0% primarily due to pricing, and net sales in Canada increased by 9.3% excluding the effect of foreign exchange rates. International consumer sales increased by 10.8% in 2008. Excluding foreign exchanges rates, international consumer net sales increased 2.0% driven by growth in France and Central Europe as the result of improved marketing programs and new products. This growth offset the decreased net sales in the United Kingdom where the economic environment is more challenging and competition has been more aggressive.

Global Consumer segment operating income decreased by $34.6 million or 9.1% in fiscal 2008. The decrease in operating income was driven primarily by a decrease in gross margin rates of 160 basis points. The decrease in gross margin rates was largely the result of higher commodity costs, which more than offset price increases. SG&A spending, including media advertising, increased 3.7% in fiscal 2008 primarily related to higher selling and R&D costs.

For fiscal 2007, Global Consumer segment net sales were $2.18 billion, an increase of $86.6 million or 4.1% compared to fiscal 2006. In the North American consumer business, adverse weather conditions for much of the core selling season disproportionately impacted the lawns business, resulting in a 5.6% decline in net sales. The other core businesses were less impacted by the weather, with net sales in the gardening category up 7.4% and Ortho® up 2.9%. Net sales in our wild bird food business improved by 13.5%. International consumer net sales increased by 5.5% excluding foreign exchange rates, driven by growth in our two largest markets, France and the United Kingdom. The increase in net sales for the segment did not generate the gross margin improvement needed to offset the growth in advertising and other SG&A spending, with the result being a decline in segment operating income of $13.3 million or 3.4% compared to fiscal 2006.

Global Professional

Global Professional segment net sales increased $66.9 million or 23.7% in fiscal 2008. Excluding the effect of exchange rates, net sales increased by 17.2%. Strong demand for our proprietary technology drove the sales growth of 9.3% in fiscal 2008, excluding pricing actions. The segment operating income increased by $2.4 million in fiscal 2008 as the strong growth in net sales was partially offset by increased commodity costs and SG&A spending, primarily related to selling costs.

Global Professional segment net sales increased $48.5 million or 20.8% in fiscal 2007, driven by the impact of foreign exchange rates as well as organic growth in the international professional business. The segment operating income increased by $4.0 million or 14.7% in fiscal 2007 driven by a steady gross margin on higher net sales as well as tight control over growth in SG&A spending.

Scotts LawnService®

Compared to fiscal 2007, Scotts LawnService® net sales increased 7.3% to $247.4 million in fiscal 2008. The increase for fiscal 2008 was the result of acquisition growth of 3.3%, pricing of 2.8% and organic growth of 1.2%. Despite macroeconomic pressures that have reduced customer count, the business has grown partially due to increased penetration on tree, shrub and insect services, a reduction in new customer cancel rates and reduced cancels due to issues with service or results. Additionally, the shifting of late season lawn treatments to the first quarter of fiscal 2008 positively impacted net sales. The Scotts LawnService® segment operating income is flat compared to fiscal 2007 as the net sales and gross margin growth were offset by an increase in SG&A spending.

Compared to fiscal 2006, segment net sales increased 12.1% to $230.5 million for fiscal 2007. This revenue growth was primarily attributable to an increase in average customer count. Approximately 3.6% of the revenue increase came from acquisitions completed in fiscal 2006 and fiscal 2007. Operating income decreased from $15.6 million in fiscal 2006 to $11.3 million in fiscal 2007. The decrease in operating income was primarily attributable to higher planned SG&A spending to support higher volume and continued service improvements. Improved labor productivity helped to offset higher fertilizer and fuel costs, but revenue growth was not adequate to cover the higher levels of SG&A spending due to adverse weather conditions during the important late winter/early spring period.

Corporate & Other

Net sales for the Corporate & Other segment, which pertain primarily to Smith & Hawken®, decreased $25.4 million or 13.8% in fiscal 2008. Net sales decreased across all channels of Smith & Hawken®. Additionally, the first half of fiscal 2007 benefited from initial start-up activity with Starbucks®. The operating loss for Corporate & Other decreased by $3.3 million in fiscal 2008 primarily due to lower net Corporate spending.

Net sales for the Corporate & Other segment increased $14.8 million or 8.7% in fiscal 2007 due largely to the business-to-business channel, including the initial start-up activity with Starbucks®. The operating loss for Corporate & Other decreased by $0.5 million in fiscal 2007. Spending at the Corporate level declined more than the numbers indicate for fiscal 2007, as fiscal 2006 benefited from a $10.1 million insurance recovery.

Management's Outlook

Entering fiscal 2009, we expected net income and earnings per share, excluding impairment charges and product registration and recall costs, to be in line with the results we reported in fiscal 2008. We anticipated net sales to be flat compared to 2008, as average price increases of eight percent would be largely offset by unfavorable foreign exchange rate movements and unit volume declines. We also anticipated that gross margin rates would be in line with 2008 and that SG&A would likely grow at a minimal level.

In the early weeks of fiscal 2009, however, key commodity costs continued to trend more favorably than expected. Subsequently, several retail partners approached the Company about possibly providing private label products for them in fiscal 2009 after a major competitor unexpectedly exited the category. While we are hopeful that favorable commodity price trends will continue and that we will ultimately be successful in securing additional volume from the private label opportunities, we are mindful of the continually deteriorating outlook for consumer spending. Given the seasonality of our business (which results in a concentration of sales in the second and third fiscal quarters), it is difficult for us to predict what impact the current economic volatility will have on upcoming consumer lawn and garden spending. Nevertheless, we believe that we have more opportunity than not to exceed the financial expectations we had entering fiscal 2009.

The Company remains focused on maintaining its free cash flow and return on invested capital, both of which the Company believes are important drivers of shareholder value. Our regular quarterly

dividend will allow us to continue to return funds to shareholders while maintaining our targeted capital structure.

For certain information concerning our risk factors, see “ITEM 1A. RISK FACTORS.”

Liquidity and Capital Resources

Operating Activities

Cash provided by operating activities decreased from $246.6 million in fiscal 2007 to $200.9 million in fiscal 2008. Net income (loss) plus non-cash impairment charges, non-cash costs related to refinancing, stock-based compensation expense, depreciation and amortization declined by $41.8 million from $250.5 million in fiscal 2007 to $208.7 million in fiscal 2008, primarily due to product registration and recall costs of approximately $51.1 million.

Cash provided by operating activities increased from $182.4 million in fiscal 2006 to $246.6 million in fiscal 2007. Net income plus non-cash impairment charges, non-cash costs related to refinancing, stock-based compensation expense, depreciation and amortization declined by $31.3 million from $281.8 million in fiscal 2006 to $250.5 million in fiscal 2007, primarily due to higher interest expense after our February 2007 recapitalization and lower operating income in our Global Consumer segment. Fiscal 2006 operating cash flows were unfavorably impacted by inventory and accounts receivable increases, which did not impact fiscal 2007. Furthermore, fiscal 2006 reflects a $43.0 million usage of cash to fund the Roundup® deferred contribution payment in October 2005.

The seasonal nature of our operations generally requires cash to fund significant increases in working capital (primarily inventory) during the first half of the year. Receivables and payables also build substantially in the second quarter of the year in line with the timing of sales to support our retailers’ spring selling season. These balances liquidate during the June through September period as the lawn and garden season unwinds. Unlike our core retail business, Scotts LawnService® typically has its highest receivables balances in the fourth quarter because of the seasonal timing of customer applications and extra service revenues.

Investing Activities

Cash used in investing activities was $59.1 million and $72.2 million for fiscal 2008 and 2007, respectively. Capital spending increased from $54.0 million in fiscal 2007 to $60.2 million in fiscal 2008. Capital spending in fiscal 2008 included a $4.1 million investment in intellectual property rights to certain organically derived herbicides, repellants and insecticides. For the three years ended September 30, 2008, the Company’s capital spending was allocated as follows: 50% for expansion and maintenance of Global Consumer productive assets; 12% for new productive assets supporting our Global Consumer business; 9% primarily for leasehold improvements associated with new Smith & Hawken® retail stores; 5% for expansion and upgrades of Scotts LawnService® facilities; 16% to expand our information technology capabilities; and 8% for other corporate assets. Acquisition activity in fiscal 2007 was restricted to our Scotts LawnService® business, approximating $18.7 million. There was no acquisition activity in fiscal 2008.

Financing Activities

Financing activities used cash of $123.0 million and $158.8 million in fiscal 2008 and 2007, respectively. In fiscal 2008, the cash used was primarily the result of net repayments on outstanding debt of $99.9 million and dividends paid of $32.5 million, offset by cash of $9.2 million received from the exercise of stock options. Fiscal 2007 included the recapitalization plan that returned $750 million to shareholders in addition to the repurchase of all of our 6$^{5}/_{8}$% senior subordinated notes in an aggregate principal amount of $200 million. These actions were financed by replacing, effective February 7, 2007, our prior revolving credit facility with senior secured $2.15 billion multicurrency credit facilities that provide for revolving credit and term loans through February 7, 2012.

Credit Agreements

Our primary sources of liquidity are cash generated by operations and borrowings under our credit agreements. In connection with the recapitalization transactions discussed in “NOTE 5. RECAPITALIZATION” to the Consolidated Financial Statements included in this Annual Report on Form 10-K, in February

2007, Scotts Miracle-Gro and certain of its subsidiaries entered into the following loan facilities totaling up to $2.15 billion in the aggregate: (a) a senior secured five-year term loan facility in the principal amount of $560 million and (b) a senior secured five-year revolving loan facility in the aggregate principal amount of up to $1.59 billion. Borrowings may be made in various currencies including U.S. dollars, Euros, British pounds, Australian dollars and Canadian dollars. These $2.15 billion senior secured credit facilities replaced the Company's former $1.05 billion senior credit facility. In addition, we used proceeds from these senior secured credit facilities to repurchase all of our then outstanding 6 5/8% senior subordinated notes in an aggregate principal amount of $200 million. Under our current structure, we may request an additional $200 million in revolving credit and/or term credit commitments, subject to approval from our lenders. As of September 30, 2008, there was $1.19 billion of availability under our senior secured credit facilities. "NOTE 11. DEBT" to the Consolidated Financial Statements included in this Annual Report on Form 10-K provides additional information pertaining to our borrowing arrangements. Although we were in compliance with all of our debt covenants throughout fiscal 2008, please see "ITEM 1A. RISK FACTORS — FIFRA Compliance, the Corresponding Governmental Investigation and Related Matters" for a discussion of the potential negative impact of such issues on our compliance with certain covenants contained in our credit agreements.

On April 11, 2007, the Company entered into a one-year Master Accounts Receivable Purchase Agreement (the "Original MARP Agreement"). On April 9, 2008, the Company terminated the Original MARP Agreement and entered into a new Master Accounts Receivable Purchase Agreement (the "New MARP Agreement") with a stated termination date of April 8, 2009, or such later date as may be extended by mutual agreement of the Company and its lenders. The terms of the New MARP Agreement are substantially the same as the Original MARP Agreement. The New MARP Agreement provides an interest rate savings of 40 basis points as compared to borrowing under our senior secured credit facilities. The New MARP Agreement provides for the sale, on a revolving basis, of accounts receivable generated by specified account debtors, with seasonally adjusted monthly aggregate limits ranging from $10 million to $300 million. The New MARP Agreement also provides for specified account debtor sublimit amounts, which provide limits on the amount of receivables owed by individual account debtors that can be sold to the banks. Borrowings under the New MARP Agreement at September 30, 2008 were $62.1 million.

At September 30, 2008, the Company had outstanding interest rate swaps with major financial institutions that effectively converted a portion of our variable-rate debt denominated in Euros, British pounds and U.S. dollars to a fixed rate. The swap agreements had a total U.S. dollar equivalent notional amount of $711.4 million at September 30, 2008. The term, expiration date and rates of these swaps are shown in the table below.

Currency	Notional Amount in USD (In millions)	Term	Expiration Date	Fixed Rate
British pound	$ 51.2	3 years	11/17/2008	4.76%
Euro	60.2	3 years	11/17/2008	2.98%
U.S. dollar	200.0	2 years	3/31/2009	4.90%
U.S. dollar	200.0	3 years	3/30/2010	4.87%
U.S. dollar	200.0	5 years	2/14/2012	5.20%

Our primary sources of liquidity are cash generated by operations and borrowings under our credit facilities. As of September 30, 2008, there was $1.19 billion of availability under our credit facilities and we were in compliance with all debt covenants. Our credit facilities contain, among other obligations, an affirmative covenant regarding the Company's leverage ratio, calculated as indebtedness relative to our earnings before taxes, depreciation and amortization. Under the terms of the credit facilities, the permissible leverage ratio is 4.25 as of September 30, 2008, which is scheduled to decrease to 3.75 on September 30, 2009. Management continues to monitor the Company's compliance with the leverage ratio and other covenants contained in the credit facilities and, based upon the Company's current operating assumptions, the Company expects to remain in compliance with the permissible leverage ratio throughout fiscal 2009. However, an unanticipated charge to earnings or an increase in debt could materially affect our ability to remain in compliance with the financial covenants of our credit facilities, potentially causing us to have to seek an amendment or waiver from our lending group. While we believe we have good relationships with our banking group, given the adverse conditions currently present in

the global credit markets, we can provide no assurance that such a request would be likely to result in a modified or replacement credit facility on reasonable terms, if at all.

Judicial and Administrative Proceedings

We are party to various pending judicial and administrative proceedings arising in the ordinary course of business. These include, among others, proceedings based on accidents or product liability claims and alleged violations of environmental laws. We have reviewed our pending environmental and legal proceedings, including the probable outcomes, reasonably anticipated costs and expenses, and the availability and limits of our insurance coverage and have established what we believe to be appropriate reserves. Apart from the proceedings surrounding the FIFRA compliance matters, which are discussed separately, we do not believe that any liabilities that may result from pending judicial and administrative proceedings are reasonably likely to have a material adverse effect on our liquidity, financial condition or results of operations; however, there can be no assurance that future quarterly or annual operating results will not be materially affected by final resolution of these matters.

Contractual Obligations and Off-Balance Sheet Arrangements

The following table summarizes our future cash outflows for contractual obligations as of September 30, 2008 (in millions):

		Payments Due by Period			
Contractual Cash Obligations	Total	Less than 1 year	1-3 years	4-5 years	More than 5 years
Debt obligations	$ 999.5	$ 150.0	$ 349.4	$ 496.6	$ 3.5
Operating lease obligations	192.2	39.0	63.9	44.7	44.6
Purchase obligations	597.3	299.8	229.0	68.5	—
Other, primarily retirement plan obligations	47.2	12.3	7.3	7.7	19.9
Total contractual cash obligations	$1,836.2	$ 501.1	$ 649.6	$ 617.5	$ 68.0

Purchase obligations primarily represent commitments for materials used in the Company's manufacturing processes, as well as commitments for warehouse services, seed and out-sourced information services which comprise the unconditional purchase obligations disclosed in "NOTE 17. COMMITMENTS" to the Consolidated Financial Statements included in this Annual Report on Form 10-K.

Other includes actuarially determined retiree benefit payments and pension funding to comply with local funding requirements. Pension funding requirements beyond fiscal 2009 are not currently determinable. The above table excludes interest payments and insurance accruals as the Company is unable to estimate the timing of the payment for these items.

The Company has no off-balance sheet financing arrangements.

In our opinion, cash flows from operations and capital resources will be sufficient to meet debt service and working capital needs during fiscal 2009, and thereafter for the foreseeable future. However, we cannot ensure that our business will generate sufficient cash flow from operations or that future borrowings will be available under our credit facilities in amounts sufficient to pay indebtedness or fund other liquidity needs. Actual results of operations will depend on numerous factors, many of which are beyond our control.

Regulatory 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 actions aimed at ensuring compliance with, such laws and regulations. Apart from the proceedings surrounding the FIFRA compliance matters, which are discussed separately, we are involved in several legal actions with various governmental agencies related to environmental matters. While it is difficult to quantify the potential financial impact of actions involving these 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, results of operations and cash flows. However, there can be no assurance that the resolution of these matters will not materially affect our future quarterly or annual results of operations, financial condition and cash flows. Additional information on environmental matters affecting us is provided in “ITEM 1. BUSINESS — Regulatory Considerations,” “ITEM 1. BUSINESS — FIFRA Compliance, the Corresponding Governmental Investigation and Related Matters,” “ITEM 1. BUSINESS — Other Regulatory Matters” and “ITEM 3. LEGAL PROCEEDINGS” of this Annual Report on Form 10-K.

Critical Accounting Policies and Estimates

Our discussion and analysis of financial condition and results of operations is based upon the Company’s consolidated financial statements, which have been prepared in accordance with U.S. GAAP. Certain accounting policies are particularly significant, including those related to revenue recognition, goodwill and intangibles, certain employee benefits, and income taxes. We believe these accounting policies, and others set forth in “NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES” to the Consolidated Financial Statements included in this Annual Report on Form 10-K, should be reviewed as they are integral to understanding our results of operations and financial position. Our critical accounting policies are reviewed periodically with the Audit Committee of the Board of Directors of Scotts Miracle-Gro.

The preparation of financial statements requires management to use judgment and make estimates that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to customer programs and incentives, product returns, bad debts, inventories, intangible assets, income taxes, restructuring, environmental matters, contingencies and litigation. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Although actual results historically have not deviated significantly from those determined using our estimates, our results of operations or financial position could differ, perhaps materially, from these estimates under different assumptions or conditions.

Revenue Recognition and Promotional Allowances

Most of our revenue is derived from the sale of inventory, and we recognize revenue when title and risk of loss transfer, generally when products are received by the customer. Provisions for payment discounts, product returns and allowances are recorded as a reduction of sales at the time revenue is recognized based on historical trends and adjusted periodically as circumstances warrant. Similarly, reserves for uncollectible receivables due from customers are established based on management’s judgment as to the ultimate collectibility of these balances. We offer sales incentives through various programs, consisting principally of volume rebates, cooperative advertising, consumer coupons and other trade programs. The cost of these programs is recorded as a reduction of sales. The recognition of revenues, receivables and trade programs requires the use of estimates. While we believe these estimates to be reasonable based on the then current facts and circumstances, there can be no assurance that actual amounts realized will not differ materially from estimated amounts recorded.

Long-lived Assets, including Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is provided on the straight-line method and is based on the estimated useful economic lives of the assets. Intangible assets with finite lives, and therefore subject to amortization, include technology (e.g., patents), customer relationships and certain tradenames. These intangible assets are being amortized on the straight-line method over periods typically ranging from 10 to 25 years. The Company reviews long-lived assets whenever circumstances change such that the indicated recorded value of an asset may not be recoverable.

Goodwill and Indefinite-lived Intangible Assets

We have significant investments in intangible assets and goodwill. Whenever changing conditions warrant, we review the assets that may be affected for recoverability. At least annually, we review goodwill and indefinite-lived intangible assets for impairment. As discussed in the Results of Operations section of this MD&A, during the third quarter of fiscal 2007, the Company changed the timing of its annual goodwill impairment testing from the last day of our first fiscal quarter to the first day of our fourth fiscal quarter. The review for impairment of intangibles and goodwill is primarily based on our

estimates of discounted future cash flows, which are based upon budgets and longer-range strategic plans. These budgets and plans are used for internal purposes and are also the basis for communication with outside parties about future business trends. While we believe the assumptions we use to estimate future cash flows are reasonable, there can be no assurance that the expected future cash flows will be realized. As a result, impairment charges that possibly should have been recognized in earlier periods may not be recognized until later periods if actual results deviate unfavorably from earlier estimates. An asset's value is deemed impaired if the discounted cash flows or earnings projections generated do not substantiate the carrying value of the asset. The estimation of such amounts requires management to exercise judgment with respect to revenue and expense growth rates, changes in working capital and selection of an appropriate discount rate, as applicable. The use of different assumptions would increase or decrease discounted future operating cash flows or earnings projections and could, therefore, change impairment determinations.

Fair values related to our annual impairment review of indefinite-lived tradenames and goodwill were determined using discounted cash flow models involving several assumptions. Changes in our assumptions could materially impact our fair value estimates. Assumptions critical to our fair value estimates were: (i) present value factors used in determining the fair value of the reporting units and tradenames; (ii) royalty rates used in our tradename valuations; (iii) projected average revenue growth rates used in the reporting unit and tradename models; and (iv) projected long-term growth rates used in the derivation of terminal year values. These and other assumptions are impacted by economic conditions and expectations of management and will change in the future based on period specific facts and circumstances.

Inventories

Inventories are stated at the lower of cost or market, the majority of which are based on the first-in, first-out method of accounting. Reserves for excess and obsolete inventory are based on a variety of factors, including product changes and improvements, changes in active ingredient availability and regulatory acceptance, new product introductions and estimated future demand. The adequacy of our reserves could be materially affected by changes in the demand for our products or regulatory actions.

Contingencies

As described more fully in "NOTE 18. CONTINGENCIES" to the Consolidated Financial Statements included in this Annual Report on Form 10-K, we are involved in significant environmental and legal matters, which have a high degree of uncertainty associated with them. We continually assess the likely outcomes of these matters and the adequacy of amounts, if any, provided for their resolution. There can be no assurance that the ultimate outcomes will not differ materially from our assessment of them. There can also be no assurance that all matters that may currently be brought against us are known by us at this time.

Income Taxes

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

Associate Benefits

We sponsor various post-employment benefit plans. These include pension plans, both defined contribution plans and defined benefit plans, and other post-employment benefit ("OPEB") plans, consisting primarily of health care for retirees. For accounting purposes, the defined benefit pension and OPEB plans are dependent on a variety of assumptions to estimate the projected and accumulated benefit obligations determined by actuarial valuations. These assumptions include the following: discount rate; expected salary increases; certain employee-related factors, such as turnover, retirement age and mortality; expected return on plan assets; and health care cost trend rates. These and other assumptions affect the annual expense recognized for these plans.

Assumptions are reviewed annually for appropriateness and updated as necessary. We base the discount rate assumption on investment yields available at year-end on corporate long-term bonds rated AA or the equivalent. The salary growth assumption reflects our long-term actual experience, the near-term outlook and assumed inflation. The expected return on plan assets assumption reflects asset allocation, investment strategy and the views of investment managers regarding the market. Retirement and mortality rates are based primarily on actual and expected plan experience. The effects of actual results differing from our assumptions are accumulated and amortized over future periods.

Changes in the discount rate and investment returns can have a significant effect on the funded status of our pension plans and shareholders' equity. We cannot predict these discount rates or investment returns with certainty and, therefore, cannot determine whether adjustments to our shareholders' equity for minimum pension liability in subsequent years will be significant. Subsequent to September 30, 2008, investment markets have continued to decline. This has put further downward pressure on the investments of the Company's pension plans. Management continues to monitor this situation and the potential impact on our future pension plan funding requirements and related expenses. However, we cannot predict future investment returns, and therefore cannot determine whether future pension plan funding requirements could materially and adversely affect our financial condition, results of operations and cash flows.

Accruals for Self-Insurance

We maintain insurance for certain risks, including workers' compensation, general liability and vehicle liability, and are self-insured for employee-related health care benefits. We establish reserves for losses based on our claims experience and industry actuarial estimates of the ultimate loss amount inherent in the claims, including losses for claims incurred but not reported. Our estimate of self-insured liabilities is subject to change as new events or circumstances develop which might materially impact the ultimate cost to settle these losses.

Other Significant Accounting Policies

Other significant accounting policies, primarily those with lower levels of uncertainty than those discussed above, are also critical to understanding the consolidated financial statements. The Notes to the Consolidated Financial Statements included in this Annual Report on Form 10-K contain additional information related to our accounting policies, including recent accounting pronouncements, and should be read in conjunction with this discussion.

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. Financial derivative and other instruments are used to manage these risks. These instruments are not used for speculative purposes.

Interest Rate Risk

The Company had variable rate debt instruments outstanding at September 30, 2008 and 2007 that are impacted by changes in interest rates. As a means of managing our interest rate risk on these debt instruments, the Company enters into interest rate swap agreements to effectively convert certain variable-rate debt obligations to fixed rates.

At September 30, 2008 and September 30, 2007, the Company had outstanding interest rate swaps with major financial institutions that effectively convert a portion of our variable-rate debt to a fixed rate.

The swap agreements had a total U.S. dollar equivalent notional amount of $711.4 million and $720.0 million, respectively. Under the terms of these swaps, we paid average fixed rates of 2.98% on Euro denominated swaps, 4.76% on British pound ("GBP") denominated swaps and 4.99% on U.S. Dollar denominated swaps.

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, 2008 and 2007. 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, 2008 and 2007. A change in our variable interest rate of 1% would have a $2.7 million impact on interest expense assuming the $267.6 million of our variable-rate debt that had not been hedged via an interest rate swap at September 30, 2008 was outstanding for the entire fiscal year. The information is presented in U.S. dollars (in millions):

	Expected Maturity Date						Fair
2008	2009	2010	2011	2012	After	Total	Value
Long-term debt:							
Variable rate debt	$146.7	$154.1	$193.2	$485.0	$ —	$979.0	$979.0
Average rate	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	—
Interest rate derivatives:							
Interest rate swaps based on U.S. Dollar, Euro and GBP LIBOR	$ (0.9)	$ (4.6)	$ —	$ (9.5)	$ —	$ (15.0)	$ (15.0)
Average rate	4.79%	4.87%	—	5.20%	—	4.71%	—

	Expected Maturity Date						Fair
2007	2008	2009	2010	2011	After	Total	Value
Long-term debt:							
Variable rate debt	$82.6	$84.0	$154.0	$193.2	$578.4	$1,092.2	$1,092.2
Average rate	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	—
Interest rate derivatives:							
Interest rate swaps based on U.S. Dollar, Euro and GBP LIBOR	$ 1.9	$ (0.9)	$ (1.4)	$ —	$ (3.7)	$ (4.1)	$ (4.1)
Average rate	3.87%	4.90%	4.87%	—	5.20%	4.71%	—

Excluded from the information provided above are $20.5 million and $25.6 million at September 30, 2008 and 2007, respectively, of miscellaneous debt instruments.

Other Market Risks

Our market risk associated with foreign currency rates is not considered to be material. Through fiscal 2008, we had only minor amounts of transactions that were denominated in currencies other than the currency of the country of origin. We use foreign currency swap contracts to manage the exchange rate risk associated with intercompany loans with foreign subsidiaries that are denominated in U.S. dollars. At September 30, 2008, the notational amount of outstanding contracts was $86.4 million with a fair value of ($0.4) million. At September 30, 2007, the notional amount of outstanding contracts was $101.5 million with a fair value of ($1.3) million.

We are subject to market risk from fluctuating prices of certain raw materials, including urea, resins, fuel, grass seed and wild bird food components. 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. In addition, in 2007 we entered into arrangements to partially mitigate the effect of fluctuating direct and indirect fuel costs on our Global Consumer and Scotts LawnService® businesses and hedged a portion of our urea needs for fiscal 2008. We had outstanding a strip of collars for approximately 0.5 million gallons of fuel at September 30, 2007. There were no outstanding derivatives for fuel at September 30, 2008. We also had

hedging arrangements for 48,500 and 45,000 aggregate tons of urea at September 30, 2008 and 2007, respectively. The fair value of the 48,500 aggregate tons at September 30, 2008 was ($8.5) million, while the fair value of the 45,000 aggregate tons at September 30, 2007 was $1.0 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and other information required by this Item are contained in the consolidated financial statements, notes thereto and schedule listed in the "Index to Consolidated Financial Statements and Financial Statement Schedule" on page 60 of this Annual Report on Form 10-K.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

With the participation of the principal executive officer and the principal financial officer of The Scotts Miracle-Gro Company (the "Registrant"), the Registrant's management has evaluated the effectiveness of the Registrant's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")), as of the end of the fiscal year covered by this Annual Report on Form 10-K. Based upon that evaluation, the Registrant's principal executive officer and principal financial officer have concluded that:

- information required to be disclosed by the Registrant in this Annual Report on Form 10-K and the other reports that the Registrant files or submits under the Exchange Act would be accumulated and communicated to the Registrant's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure;
- information required to be disclosed by the Registrant in this Annual Report on Form 10-K and the other reports that the Registrant files or submits under the Exchange Act would be recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms; and
- the Registrant's disclosure controls and procedures were effective as of the end of the fiscal year covered by this Annual Report on Form 10-K.

Management's Annual Report on Internal Control Over Financial Reporting

The "Annual Report of Management on Internal Control Over Financial Reporting" required by Item 308(a) of SEC Regulation S-K is included on page 61 of this Annual Report on Form 10-K.

Attestation Report of Independent Registered Public Accounting Firm

The "Report of Independent Registered Public Accounting Firm" required by Item 308(b) of SEC Regulation S-K is included on page 62 of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the Registrant's fiscal quarter ended September 30, 2008, that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors, Executive Officers and Persons Nominated or Chosen to Become Directors or Executive Officers

The information required by Item 401 of SEC Regulation S-K concerning the directors of The Scotts Miracle-Gro Company ("Scotts Miracle-Gro" or the "Registrant") and the nominees for re-election as directors of Scotts Miracle-Gro at the Annual Meeting of Shareholders to be held on January 22, 2009 (the "2009 Annual Meeting") is incorporated herein by reference from the disclosure which will be included under the caption "PROPOSAL NUMBER 1 — ELECTION OF DIRECTORS" in Scotts Miracle-Gro's definitive Proxy Statement relating to the 2009 Annual Meeting ("Scotts Miracle-Gro's Definitive Proxy Statement"), which will be filed pursuant to SEC Regulation 14A not later than 120 days after the end of Scotts Miracle-Gro's fiscal year ended September 30, 2008.

The information required by Item 401 of SEC Regulation S-K concerning the executive officers of Scotts Miracle-Gro is incorporated herein by reference from the disclosure included under the caption "SUPPLEMENTAL ITEM. EXECUTIVE OFFICERS OF THE REGISTRANT" in Part I of this Annual Report on Form 10-K.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

The information required by Item 405 of SEC Regulation S-K is incorporated herein by reference from the disclosure which will be included under the caption "SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE" in Scotts Miracle-Gro's Definitive Proxy Statement.

Procedures for Recommending Director Nominees

Information concerning the procedures by which shareholders of Scotts Miracle-Gro may recommend nominees to Scotts Miracle-Gro's Board of Directors is incorporated herein by reference from the disclosures which will be included under the captions "CORPORATE GOVERNANCE — Nominations of Directors" and "MEETINGS AND COMMITTEES OF THE BOARD — Committees of the Board — Governance and Nominating Committee" in Scotts Miracle-Gro's Definitive Proxy Statement. These procedures have not materially changed from those described in Scotts Miracle-Gro's definitive Proxy Statement for the 2008 Annual Meeting of Shareholders held on January 31, 2008.

Audit Committee

The information required by Items 407(d)(4) and 407(d)(5) of SEC Regulation S-K is incorporated herein by reference from the disclosure which will be included under the caption "MEETINGS AND COMMITTEES OF THE BOARD — Committees of the Board — Audit Committee" in Scotts Miracle-Gro's Definitive Proxy Statement.

Committee Charters; Code of Business Conduct and Ethics; Corporate Governance Guidelines

The Board of Directors of the Registrant has adopted charters for each of the Audit Committee, the Governance and Nominating Committee, the Compensation and Organization Committee, the Finance Committee and the Innovation & Technology Committee as well as Corporate Governance Guidelines as contemplated by the applicable sections of the New York Stock Exchange Listed Company Manual.

In accordance with the requirements of Section 303A.10 of the New York Stock Exchange's Listed Company Manual, the Board of Directors of the Registrant has adopted a Code of Business Conduct and Ethics covering the members of the Registrant's Board of Directors and associates (employees) of the Registrant and its subsidiaries, including, without limitation, the Registrant's principal executive officer, principal financial officer and principal accounting officer. The Registrant intends to disclose the following events, if they occur, on its Internet website located at http://investor.scotts.com within four business days following their occurrence: (A) the date and nature of any amendment to a provision of Scotts Miracle-Gro's Code of Business Conduct and Ethics that (i) applies to the Registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, (ii) relates to any element of the code of ethics definition enumerated in Item 406(b) of SEC Regulation S-K, and (iii) is not a technical, administrative or other non-substantive

amendment; and (B) a description (including the nature of the waiver, the name of the person to whom the waiver was granted and the date of the waiver) of any waiver, including an implicit waiver, from a provision of the Code of Business Conduct and Ethics to the Registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, that relates to one or more of the elements of the code of ethics definition set forth in Item 406(b) of SEC Regulation S-K.

The text of the Registrant's Code of Business Conduct and Ethics, the Registrant's Corporate Governance Guidelines, the Audit Committee charter, the Governance and Nominating Committee charter, the Compensation and Organization Committee charter, the Finance Committee charter and the Innovation & Technology Committee charter are posted under the "Corporate Governance" link on the Registrant's Internet website located at http://investor.scotts.com. Interested persons and shareholders of Scotts Miracle-Gro may also obtain copies of each of these documents without charge by writing to The Scotts Miracle-Gro Company, Attention: Corporate Secretary, 14111 Scottslawn Road, Marysville, Ohio 43041. In addition, a copy of the Code of Business Conduct and Ethics, as amended on November 2, 2006, is incorporated by reference in Exhibit 14 to this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 402 of SEC Regulation S-K is incorporated herein by reference from the disclosures which will be included under the captions "EXECUTIVE COMPENSATION" and "NON-EMPLOYEE DIRECTOR COMPENSATION" in Scotts Miracle-Gro's Definitive Proxy Statement.

The information required by Item 407(e)(4) of SEC Regulation S-K is incorporated herein by reference from the disclosure which will be included under the caption "MEETINGS AND COMMITTEES OF THE BOARD — Compensation and Organization Committee Interlocks and Insider Participation" in Scotts Miracle-Gro's Definitive Proxy Statement.

The information required by Item 407(e)(5) of SEC Regulation S-K is incorporated herein by reference from the disclosure which will be included under the caption "COMPENSATION AND ORGANIZATION COMMITTEE REPORT" in Scotts Miracle-Gro's Definitive Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Ownership of Common Shares of Scotts Miracle-Gro

The information required by Item 403 of SEC Regulation S-K is incorporated herein by reference from the disclosure which will be included under the caption "BENEFICIAL OWNERSHIP OF SECURITIES OF THE COMPANY" in Scotts Miracle-Gro's Definitive Proxy Statement.

Equity Compensation Plan Information

The information required by Item 201(d) of SEC Regulation S-K is incorporated herein by reference from the disclosure which will be included under the caption "EQUITY COMPENSATION PLAN INFORMATION" in Scotts Miracle-Gro's Definitive Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Certain Relationships and Related Person Transactions

The information required by Item 404 of SEC Regulation S-K is incorporated herein by reference from the disclosures which will be included under the captions "PROPOSAL NUMBER 1 — ELECTION OF DIRECTORS," "BENEFICIAL OWNERSHIP OF SECURITIES OF THE COMPANY" and "CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS" in Scotts Miracle-Gro's Definitive Proxy Statement.

Director Independence

The information required by Item 407(a) of SEC Regulation S-K is incorporated herein by reference from the disclosures which will be included under the captions "CORPORATE GOVERNANCE — Director Independence" and "CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS" in Scotts Miracle-Gro's Definitive Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item 14 is incorporated herein by reference from the disclosures which will be included under the captions “PROPOSAL NUMBER 2 — RATIFICATION OF THE SELECTION OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM — Fees of the Independent Registered Public Accounting Firm” and “PROPOSAL NUMBER 2 — RATIFICATION OF THE SELECTION OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM — Pre-Approval of Services Performed by the Independent Registered Public Accounting Firm” in Scotts Miracle-Gro’s Definitive Proxy Statement.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) LIST OF DOCUMENTS FILED AS PART OF THIS REPORT

1 and 2. Financial Statements and Financial Statement Schedule:

The response to this portion of Item 15 is submitted as a separate section of this Annual Report on Form 10-K. Reference is made to the “Index to Consolidated Financial Statements and Financial Statement Schedule” on page 60 herein.

3. Exhibits:

The exhibits listed on the “Index to Exhibits” beginning on page 110 of this Annual Report on Form 10-K are filed with this Annual Report on Form 10-K or incorporated herein by reference as noted in the “Index to Exhibits.” The following table provides certain information concerning each management contract or compensatory plan or arrangement required to be filed as an exhibit to this Annual Report on Form 10-K or incorporated herein by reference.

MANAGEMENT CONTRACTS AND COMPENSATORY PLANS AND ARRANGEMENTS

Exhibit No.	Description	Location
10.1(a)	The Scotts Company LLC Excess Benefit Plan for Grandfathered Associates as of January 1, 2005 (executed as of September 30, 2008)	*
10.1(b)	The Scotts Company LLC Excess Benefit Plan for Non Grandfathered Associates as of January 1, 2005 (executed as of November 20, 2008)	*
10.2(a)(i)	The Scotts Company LLC Amended and Restated Executive/Management Incentive Plan (approved on November 7, 2007 and effective as of October 30, 2007)	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(b)(2)]
10.2(a)(ii)	Amendment to The Scotts Company LLC Amended and Restated Executive/Management Incentive Plan (effective as of November 5, 2008) [amended the name of the plan to be The Scotts Company LLC Amended and Restated Executive Incentive Plan]	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed November 12, 2008 (File No. 1-13292) [Exhibit 10.2]
10.2(b)(i)	Specimen form of Employee Confidentiality, Noncompetition, Nonsolicitation Agreement for employees participating in The Scotts Company Executive/Management Incentive Plan (now known as The Scotts Company LLC Amended and Restated Executive Incentive Plan) [2005 version]	*
10.2(b)(ii)	Specimen form of Employee Confidentiality, Noncompetition, Nonsolicitation Agreement for employees participating in The Scotts Company LLC Executive/Management Incentive Plan (now known as The Scotts Company LLC Amended and Restated Executive Incentive Plan) [post — 2005 version]	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended July 1, 2006 (File No. 1-13292) [Exhibit 10.1]
10.2(c)	Executive Officers of The Scotts Miracle-Gro Company who are parties to form of Employee Confidentiality, Noncompetition, Nonsolicitation Agreement for employees participating in The Scotts Company LLC Amended and Restated Executive Incentive Plan	*
10.3	The Scotts Company LLC Supplemental Incentive Plan for the fiscal year ended September 30, 2008	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 28, 2008 (File No. 1-13292) [Exhibit 10(c)]
10.4(a)	The Scotts Miracle-Gro Company Amended and Restated 1996 Stock Option Plan (effective as of October 30, 2007)	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(d)(4)]
10.4(b)	Specimen form of Stock Option Agreement for Non-Qualified Stock Options granted to employees under The Scotts Company 1996 Stock Option Plan (now known as The Scotts Miracle-Gro Company Amended and Restated 1996 Stock Option Plan)	Incorporated herein by reference to the Current Report of The Scotts Company, an Ohio corporation ("Scotts"), on Form 8-K filed November 19, 2004 (File No. 1-13292) [Exhibit 10.7]

Exhibit No.	Description	Location
10.5(a)(i)	The Scotts Company Executive Retirement Plan (now known as The Scotts Company LLC Executive Retirement Plan) [executed on November 19, 1998 and effective as of January 1, 1999]	Incorporated herein by reference to the Registrant's Registration Statement on Form S-8 filed on October 9, 2008 (File No. 333-153925) [Exhibit 4.4]
10.5(a)(ii)	First Amendment to The Scotts Company Executive Retirement Plan (now known as The Scotts Company LLC Executive Retirement Plan) [executed as of December 23, 1998 and effective as of January 1, 1999]	Incorporated herein by reference to the Registrant's Registration Statement on Form S-8 filed on October 9, 2008 (File No. 333-153925) [Exhibit 4.5]
10.5(a)(iii)	Second Amendment to The Scotts Company Executive Retirement Plan (now known as The Scotts Company LLC Executive Retirement Plan) [executed as of January 14, 2000 and effective as of January 1, 2000]	Incorporated herein by reference to the Registrant's Registration Statement on Form S-8 filed on October 9, 2008 (File No. 333-153925) [Exhibit 4.6]
10.5(a)(iv)	Third Amendment to The Scotts Company Executive Retirement Plan (now known as The Scotts Company LLC Executive Retirement Plan) [executed as of December 1, 2002 and effective as of January 1, 2003]	Incorporated herein by reference to the Registrant's Registration Statement on Form S-8 filed on October 9, 2008 (File No. 333-153925) [Exhibit 4.7]
10.5(a)(v)	Fourth Amendment to The Scotts Company Executive Retirement Plan (now known as The Scotts Company LLC Executive Retirement Plan) [executed as of May 5, 2004 and effective as of January 1, 2004]	Incorporated herein by reference to the Registrant's Registration Statement on Form S-8 filed on October 9, 2008 (File No. 333-153925) [Exhibit 4.8]
10.5(a)(vi)	Fifth Amendment to The Scotts Company Executive Retirement Plan (executed on May 6, 2005 and effective as of March 18, 2005) [amended the name of the plan to be The Scotts Company LLC Executive Retirement Plan]	Incorporated herein by reference to the Registrant's Registration Statement on Form S-8 filed on October 9, 2008 (File No. 333-153925) [Exhibit 4.9]
10.5(a)(vii)	Sixth Amendment to The Scotts Company LLC Executive Retirement Plan (executed and effective as of October 8, 2008)	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed October 15, 2008 (File No. 1-13292) [Exhibit 10.1.7]
10.5(b)(i)	Trust Agreement between The Scotts Company and Fidelity Management Trust Company for The Scotts Company Nonqualified Deferred Compensation Trust established to assist in discharging obligations under The Scotts Company Nonqualified Deferred Compensation Plan (now known as The Scotts Company LLC Executive Retirement Plan), dated as of January 1, 1998	*
10.5(b)(ii)	First Amendment to Trust Agreement between Fidelity Management Trust Company and The Scotts Company with regard to The Scotts Company Nonqualified Deferred Compensation Plan (now known as The Scotts Company LLC Executive Retirement Plan), dated as of March 24, 1998	*

Exhibit No.	Description	Location
10.5(b)(iii)	Second Amendment to Trust Agreement between Fidelity Management Trust Company and The Scotts Company with regard to The Scotts Company Nonqualified Deferred Compensation Plan (now known as The Scotts Company LLC Executive Retirement Plan) [dated as of January 15, 1999]	*
10.5(b)(iv)	Third Amendment to Trust Agreement between Fidelity Management Trust Company and The Scotts Company with regard to The Scotts Company Nonqualified Deferred Compensation Plan (now known as The Scotts Company LLC Executive Retirement Plan) [dated as of July 1, 1999]	*
10.5(b)(v)	Fourth Amendment to Trust Agreement between Fidelity Management Trust Company and The Scotts Company with regard to The Scotts Company Executive Retirement Plan (now known as The Scotts Company LLC Executive Retirement Plan) [dated as of August 1, 1999]	*
10.5(b)(vi)	Fifth Amendment to Trust Agreement between Fidelity Management Trust Company and The Scotts Company with regard to The Scotts Company Executive Retirement Plan (now known as The Scotts Company LLC Executive Retirement Plan) [dated as of December 20, 2000]	*
10.5(b)(vii)	Sixth Amendment to Trust Agreement between Fidelity Management Trust Company and The Scotts Company with regard to The Scotts Company Executive Retirement Plan (now known as The Scotts Company LLC Executive Retirement Plan) [effective as of November 29, 2001]	*
10.5(b)(viii)	Seventh Amendment to Trust Agreement between Fidelity Management Trust Company and The Scotts Company with regard to The Scotts Company Executive Retirement Plan (now known as The Scotts Company LLC Executive Retirement Plan) [dated as of September 1, 2002]	*
10.5(b)(ix)	Eighth Amendment to Trust Agreement between Fidelity Management Trust Company and The Scotts Company with regard to The Scotts Company Executive Retirement Plan (now known as The Scotts Company LLC Executive Retirement Plan) [dated as of December 31, 2002]	*
10.5(b)(x)	Ninth Amendment to Trust Agreement between Fidelity Management Trust Company and The Scotts Company with regard to The Scotts Company Executive Retirement Plan (now known as The Scotts Company LLC Executive Retirement Plan) [dated as of October 15, 2004]	*

Exhibit No.	Description	Location
10.5(b)(xi)	Tenth Amendment to Trust Agreement between Fidelity Management Trust Company and The Scotts Company LLC with regard to The Scotts Company Executive Retirement Plan (now known as The Scotts Company LLC Executive Retirement Plan) [dated as of October 2, 2006]	*
10.5(b)(xii)	Eleventh Amendment to Trust Agreement between Fidelity Management Trust Company and The Scotts Company LLC with regard to The Scotts Company LLC Executive Retirement Plan (dated as of February 9, 2007)	*
10.5(c)	Form of Executive Retirement Plan Retention Award Agreement between The Scotts Company LLC and each of David C. Evans, Barry W. Sanders, Denise S. Stump, Michael C. Lukemire and Vincent C. Brockman (entered into on November 4, 2008)	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed October 15, 2008 (File No. 1-13292) [Exhibit 10.2]
10.6(a)	The Scotts Miracle-Gro Company Amended and Restated 2003 Stock Option and Incentive Equity Plan (effective as of October 30, 2007)	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(j)(3)]
10.6(b)(i)	Specimen form of Award Agreement for Directors used to evidence grants of Nonqualified Stock Options made under The Scotts Company 2003 Stock Option and Incentive Equity Plan (now known as The Scotts Miracle-Gro Company Amended and Restated 2003 Stock Option and Incentive Equity Plan) [2003 version]	Incorporated herein by reference to Scotts' Current Report on Form 8-K filed November 19, 2004 (File No. 1-13292) [Exhibit 10.9]
10.6(b)(ii)	Specimen form of Award Agreement for Directors used to evidence grants of Nonqualified Stock Options made under The Scotts Miracle-Gro Company 2003 Stock Option and Incentive Equity Plan (now known as The Scotts Miracle-Gro Company Amended and Restated 2003 Stock Option and Incentive Equity Plan) [post-2003 version]	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2005 (File No. 1-13292) [Exhibit 10(v)]
10.6(c)(i)	Specimen form of Award Agreement for Nondirectors used to evidence grants of Incentive Stock Options, Nonqualified Stock Options, Stock Appreciation Rights, Restricted Stock and Performance Stock made under The Scotts Company 2003 Stock Option and Incentive Equity Plan (now known as The Scotts Miracle-Gro Company Amended and Restated 2003 Stock Option and Incentive Equity Plan) [pre-December 1, 2004 version]	Incorporated herein by reference to Scotts' Current Report on Form 8-K filed November 19, 2004 (File No. 1-13292) [Exhibit 10.8]
10.6(c)(ii)	Specimen form of Award Agreement for Nondirectors used to evidence grants of Incentive Stock Options, Nonqualified Stock Options, Stock Appreciation Rights, Restricted Stock and Performance Shares made under The Scotts Miracle-Gro Company 2003 Stock Option and Incentive Equity Plan (now known as The Scotts Miracle-Gro Company Amended and Restated 2003 Stock Option and Incentive Equity Plan) [post-December 1, 2004 version]	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2005 (File No. 1-13292) [Exhibit 10(u)]

Exhibit No.	Description	Location
10.7(a)	The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan (effective as of October 30, 2007)	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(r)(2)]
10.7(b)(i)	Specimen form of Award Agreement for Nonemployee Directors used to evidence grants of Time-Based Nonqualified Stock Options which may be made under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (now known as The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan)	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed February 2, 2006 (File No. 1-13292) [Exhibit 10.3]
10.7(b)(ii)	Specimen form of Stock Unit Award Agreement for Nonemployee Directors (with Related Dividend Equivalents) used to evidence grants of Stock Units which may be made under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan (post-December 20, 2007 version)	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2007 (File No. 1-13292) [Exhibit 10(l)]
10.7(b)(iii)	Specimen form of Deferred Stock Unit Award Agreement for Nonemployee Directors (with Related Dividend Equivalents) used to evidence grants of Deferred Stock Units which may be made under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan (post-February 3, 2008 version)	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2007 (File No. 1-13292) [Exhibit 10(m)]
10.7(c)(i)	Specimen form of Award Agreement used to evidence grants of Restricted Stock Units, Performance Shares, Nonqualified Stock Options, Incentive Stock Options, Restricted Stock and Stock Appreciation Rights made under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (now known as The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan) [pre-October 30, 2007 version]	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2005 (File No. 1-13292) [Exhibit 10(b)]
10.7(c)(ii)	Specimen form of Award Agreement for Employees used to evidence grants of Nonqualified Stock Options, Restricted Stock, Performance Shares and Restricted Stock Units made under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (now known as The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan) [French Specimen] (pre-November 6, 2007 version)	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended December 30, 2006 (File No. 1-13292) [Exhibit 10.4]
10.7(d)(i)	Specimen form of Restricted Stock Unit Award Agreement for Employees (with Related Dividend Equivalents) used to evidence grants of Restricted Stock Units which may be made under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan (post-October 8, 2008 version)	*
10.7(d)(ii)	Special Restricted Stock Unit Award Agreement for Employees (with Related Dividend Equivalents) evidencing grant of Restricted Stock Units made on October 8, 2008 to Mark R. Baker under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan	*

Exhibit No.	Description	Location
10.7(d)(iii)	Special Restricted Stock Unit Award Agreement evidencing grant of Restricted Stock Units made on November 4, 2008 to Claude Lopez under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan	*
10.7(e)(i)	Specimen form of Performance Share Award Agreement for Employees (with Related Dividend Equivalents) used to evidence grants of Performance Shares which may be made under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (now known as The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan) [post-October 30, 2007 version]	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(t)(5)]
10.7(e)(ii)	Special Performance Share Award Agreement (with Related Dividend Equivalents) evidencing grant of Performance Shares made on October 30, 2007 to Barry W. Sanders under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan (executed by The Scotts Miracle-Gro Company on December 20, 2007 and by Barry W. Sanders on January 7, 2008)	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2007 (File No. 1-13292) [Exhibit 10(n)]
10.7(f)(i)	Specimen form of Nonqualified Stock Option Award Agreement for Employees used to evidence grants of Nonqualified Stock Options made under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (now known as The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan) [October 30, 2007 through October 8, 2008 version]	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(t)(3)]
10.7(f)(ii)	Specimen form of Nonqualified Stock Option Award Agreement for Employees used to evidence grants of Nonqualified Stock Options which may be made under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan (post-October 8, 2008 version)	*
10.7(f)(iii)	Special Nonqualified Stock Option Award Agreement for Employees evidencing grant of Nonqualified Stock Options made on October 8, 2008 to Mark R. Baker under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan	*
10.7(f)(iv)	Specimen form of Nonqualified Stock Option Award Agreement for Employees used to evidence grants of Nonqualified Stock Options which may be made under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan (French Specimen)	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 29, 2008 (File No. 1-13292) [Exhibit 10(c)(2)]
10.7(g)(i)	Form of letter agreement amending grants of Restricted Stock made under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (now known as The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan) [effective as of October 30, 2007]	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(t)(2)]

Exhibit No.	Description	Location
10.7(g)(ii)	Specimen form of Restricted Stock Award Agreement for Employees used to evidence grants of Restricted Stock made under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (now known as The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan) [October 30, 2007 through October 8, 2008 version]	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(t)(4)]
10.7(g)(iii)	Specimen form of Restricted Stock Award Agreement for Employees used to evidence grants of Restricted Stock which may be made under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan (effective October 8, 2008)	*
10.7(g)(iv)	Special Restricted Stock Award Agreement for Employees evidencing grant of Restricted Stock made on October 8, 2008 to Dr. Michael Kelty under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan	*
10.7(g)(v)	Special Restricted Stock Award Agreement for Employees evidencing grant of Restricted Stock made on October 1, 2008 to Mark R. Baker under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan	*
10.7(g)(vi)	Specimen form of Restricted Stock Award Agreement for Employees used to evidence grants of Restricted Stock which may be made under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan (French Specimen) [post-November 6, 2007 version]	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 29, 2008 (File No. 1-13292) [Exhibit 10(c)(1)]
10.8(a)	The Scotts Miracle-Gro Company Discounted Stock Purchase Plan (As Amended and Restated as of January 26, 2006; Reflects 2-for-1 Stock Split Distributed on November 9, 2005)	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed February 2, 2006 (File No. 1-13292) [Exhibit 10.1]
10.8(b)	Amendment to The Scotts Miracle-Gro Company Discounted Stock Purchase Plan (effective as of November 6, 2008)	*
10.9	Summary of Compensation for Directors of The Scotts Miracle-Gro Company (effective as of February 4, 2008)	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2007 (File No. 1-13292) [Exhibit 10(r)]
10.10	Employment Agreement, dated as of May 19, 1995, between The Scotts Company and James Hagedorn	Incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 1995 (File No. 1-11593) [Exhibit 10(p)]

Exhibit No.	Description	Location
10.11(a)	Letter agreement, dated June 5, 2000 and accepted by Mr. Norton on June 8, 2000, between The Scotts Company and Patrick J. Norton	Incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 2000 (File No. 1-13292) [Exhibit 10(q)]
10.11(b)	Letter agreement, dated November 5, 2002, and accepted by Mr. Norton on November 22, 2002, pertaining to the terms of employment of Patrick J. Norton through December 31, 2005, and superseding certain provisions of the letter agreement, dated June 5, 2000, between The Scotts Company and Mr. Norton	Incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 2002 (File No. 1-13292) [Exhibit 10(q)]
10.11(c)	Letter of Extension, dated October 25, 2005, between The Scotts Miracle-Gro Company and Patrick J. Norton	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed December 14, 2005 (File No. 1-13292) [Exhibit 10.3]
10.12	Employment Agreement, effective as of October 1, 2007, between The Scotts Company LLC and Barry W. Sanders (executed by Mr. Sanders on November 16, 2007 and on behalf of The Scotts Company LLC on November 19, 2007)	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(m)]
10.13	Employment Contract for an Unlimited Time, effective as of July 1, 2001, between The Scotts Company (now known as The Scotts Company LLC) and Claude Lopez [English Translation -- Original in French]	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(n)]
10.14	Employment Agreement for David C. Evans, executed on behalf of The Scotts Company LLC on November 19, 2007 and by David C. Evans on December 3, 2007 and effective as of October 1, 2007	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed December 7, 2007 (File No. 1-13292) [Exhibit 10.1]
10.15	Employment Agreement for Denise S. Stump, executed on behalf of The Scotts Company LLC on November 19, 2007 and by Denise S. Stump on December 11, 2007 and effective as of October 1, 2007	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed December 17, 2007 (File No. 1-13292) [Exhibit 10.1]
10.16(a)	Employment Agreement for Vincent Brockman, executed on behalf of The Scotts Miracle-Gro Company and by Vincent Brockman on May 24, 2006 and effective as of March 1, 2006 (effective until June 1, 2008)	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2007 (File No. 1-13292) [Exhibit 10(q)]
10.16(b)	Employment Agreement for Vincent C. Brockman, effective as of June 1, 2008, between The Scotts Company LLC and Vincent C. Brockman (executed by Mr. Brockman on June 26, 2008 and on behalf of The Scotts Company LLC on June 27, 2008)	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 28, 2008 (File No. 1-13292) [Exhibit 10(d)]

Exhibit No.	Description	Location
10.17	Employment Agreement for Mark R. Baker, effective October 1, 2008, between The Scotts Company LLC and Mark R. Baker (executed by Mr. Baker on September 9, 2008 and on behalf of The Scotts Company LLC on September 10, 2008)	*

* Filed herewith.

(b) EXHIBITS

The exhibits listed on the “Index to Exhibits” beginning on page 110 of this Annual Report on Form 10-K are filed with this Annual Report on Form 10-K or incorporated herein by reference as noted in the “Index to Exhibits.”

(c) FINANCIAL STATEMENT SCHEDULE

The financial statement schedule filed with this Annual Report on Form 10-K is submitted in a separate section hereof. For a description of such financial statement schedule, see “Index to Consolidated Financial Statements and Financial Statement Schedule” on page 60 of this Annual Report on Form 10-K.

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.

Dated: November 25, 2008

THE SCOTTS MIRACLE-GRO COMPANY
By: /s/ James Hagedorn
James Hagedorn, Chief Executive Officer
and Chairman of the Board

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

Signature	Title	Date
/s/ Mark R. Baker Mark R. Baker	President, Chief Operating Officer and Director	November 25, 2008
/s/ Arnold W. Donald* Arnold W. Donald	Director	November 25, 2008
/s/ David C. Evans David C. Evans	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	November 25, 2008
/s/ Joseph P. Flannery* Joseph P. Flannery	Director	November 25, 2008
/s/ James Hagedorn James Hagedorn	Chief Executive Officer, Chairman of the Board and Director (Principal Executive Officer)	November 25, 2008
/s/ Thomas N. Kelly Jr. * Thomas N. Kelly Jr.	Director	November 25, 2008
/s/ Carl F. Kohrt, Ph.D.* Carl F. Kohrt, Ph.D.	Director	November 25, 2008
/s/ Katherine Hagedorn Littlefield* Katherine Hagedorn Littlefield	Director	November 25, 2008
/s/ Karen G. Mills* Karen G. Mills	Director	November 25, 2008
/s/ Nancy G. Mistretta* Nancy G. Mistretta	Director	November 25, 2008
/s/ Patrick J. Norton* Patrick J. Norton	Director	November 25, 2008

Signature	Title	Date
/s/ Stephanie M. Shern*	Director	November 25, 2008
Stephanie M. Shern		
/s/ John S. Shiely*	Director	November 25, 2008
John S. Shiely		

* The undersigned, by signing his name hereto, does hereby sign this Report on behalf of each of the directors of the Registrant identified above pursuant to Powers of Attorney executed by the directors identified above, which Powers of Attorney are filed with this Report as exhibits.

By: /s/ David C. Evans
David C. Evans, Attorney-in-Fact

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

All other financial statement schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are omitted because they are not required or are not applicable, or the required information has been presented in the Consolidated Financial Statements or Notes thereto.

ANNUAL REPORT OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of The Scotts Miracle-Gro Company and our consolidated subsidiaries; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of The Scotts Miracle-Gro Company and our consolidated subsidiaries are being made only in accordance with authorizations of management and directors of The Scotts Miracle-Gro Company and our consolidated subsidiaries, as appropriate; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets of The Scotts Miracle-Gro Company and our consolidated subsidiaries that could have a material effect on the consolidated financial statements.

Management, with the participation of our principal executive officer and principal financial officer, assessed the effectiveness of our internal control over financial reporting as of September 30, 2008, the end of our fiscal year. Management based its assessment on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included evaluation of such elements as the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies and our overall control environment. This assessment is supported by testing and monitoring performed under the direction of management.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Accordingly, even an effective system of internal control over financial reporting will provide only reasonable assurance with respect to financial statement preparation.

Based on our assessment, management has concluded that our internal control over financial reporting was effective as of September 30, 2008, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America. We reviewed the results of management's assessment with the Audit Committee of the Board of Directors of The Scotts Miracle-Gro Company.

Our independent registered public accounting firm, Deloitte & Touche LLP, independently audited our internal control over financial reporting and has issued their report which appears herein.

/s/ James Hagedorn	/s/ David C. Evans
James Hagedorn	David C. Evans
Chief Executive Officer	Executive Vice President
and Chairman of the Board	and Chief Financial Officer
Dated: November 25, 2008	Dated: November 25, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
The Scotts Miracle-Gro Company
Marysville, Ohio

We have audited the accompanying consolidated balance sheets of The Scotts Miracle-Gro Company and Subsidiaries (the "Company") as of September 30, 2008 and 2007, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended September 30, 2008. Our audits also included the financial statement schedules listed in the Index to Consolidated Financial Statements and Financial Statement Schedules. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2008 and 2007, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2008, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Note 10 to the financial statements, on September 30, 2007, the Company adopted Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of September 30, 2008, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 25, 2008 expressed an unqualified opinion on the Company's internal control over financial reporting.

Columbus, Ohio
November 25, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
The Scotts Miracle-Gro Company
Marysville, Ohio

We have audited the internal control over financial reporting of The Scotts Miracle-Gro Company and Subsidiaries (the "Company") as of September 30, 2008, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Annual Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2008, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedules as of and for the year ended September 30, 2008 of the Company and our report dated November 25, 2008 expressed an unqualified opinion on those financial statements and financial statement schedules and included an explanatory paragraph relating to the Company's adoption of Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* on September 30, 2007.

Columbus, Ohio
November 25, 2008

The Scotts Miracle-Gro Company
Consolidated Statements of Operations
for the fiscal years ended September 30, 2008, 2007 and 2006
(in millions, except per share data)

	2008	2007	2006
Net sales	$2,981.8	$2,871.8	$2,697.1
Cost of sales	1,999.9	1,867.3	1,741.1
Cost of sales — impairment, restructuring and other charges	15.1	—	0.1
Cost of sales — product registration and recall matters	27.2	—	—
Gross profit	939.6	1,004.5	955.9
Operating expenses:			
Selling, general and administrative	717.6	700.9	636.9
Impairment, restructuring and other charges	121.7	38.0	75.7
Product registration and recall matters	12.7	—	—
Other income, net	(10.4)	(11.5)	(9.2)
Income from operations	98.0	277.1	252.5
Costs related to refinancing	—	18.3	—
Interest expense	82.2	70.7	39.6
Income before income taxes	15.8	188.1	212.9
Income taxes	26.7	74.7	80.2
Net income (loss)	$ (10.9)	$ 113.4	$ 132.7
Basic earnings (loss) per common share	$ (0.17)	$ 1.74	$ 1.97
Diluted earnings (loss) per common share	$ (0.17)	$ 1.69	$ 1.91

See Notes to Consolidated Financial Statements.

The Scotts Miracle-Gro Company
Consolidated Statements of Cash Flows
for the fiscal years ended September 30, 2008, 2007 and 2006
(in millions)

	2008	2007	2006
OPERATING ACTIVITIES			
Net income (loss)	$ (10.9)	$ 113.4	$ 132.7
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Impairment and other charges	136.8	38.0	66.4
Costs related to refinancing	—	18.3	—
Stock-based compensation expense	12.5	13.3	15.7
Depreciation	53.9	51.4	51.0
Amortization	16.4	16.1	16.0
Deferred taxes	(16.5)	6.3	(0.4)
Loss (gain) on sale of property, plant and equipment	1.0	(0.4)	(0.5)
Changes in assets and liabilities, net of acquired businesses:			
Accounts receivable	(15.7)	(4.2)	(37.6)
Inventories	(17.9)	13.2	(60.6)
Prepaid and other current assets	(2.6)	(6.9)	(3.6)
Accounts payable	9.4	(3.5)	34.3
Accrued taxes and liabilities	31.7	(2.0)	(33.4)
Restructuring reserves	(1.4)	(5.0)	(9.2)
Other non-current items	14.4	6.8	2.0
Other, net	(10.2)	(8.2)	9.6
Net cash provided by operating activities	200.9	246.6	182.4
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment	1.1	0.5	1.3
Investments in property, plant and equipment	(56.1)	(54.0)	(57.0)
Investments in intellectual property	(4.1)	—	—
Investments in acquired businesses, net of cash acquired	—	(18.7)	(118.4)
Net cash used in investing activities	(59.1)	(72.2)	(174.1)
FINANCING ACTIVITIES			
Borrowings under revolving and bank lines of credit and term loans	942.1	2,519.2	746.9
Repayments under revolving and bank lines of credit and term loans	(1,042.0)	(1,710.5)	(691.7)
Repayment of 6 5/8% senior subordinated notes	—	(209.6)	—
Financing and issuance fees	—	(13.0)	—
Dividends paid	(32.5)	(543.6)	(33.5)
Payments on sellers notes	(2.7)	(2.7)	(4.5)
Purchase of common shares	—	(246.8)	(87.9)
Excess tax benefits from share-based payment arrangements	2.9	19.0	6.2
Cash received from exercise of stock options	9.2	29.2	17.6
Net cash used in financing activities	(123.0)	(158.8)	(46.9)
Effect of exchange rate changes	(2.0)	4.2	6.5
Net increase (decrease) in cash	16.8	19.8	(32.1)
Cash and cash equivalents, beginning of year	67.9	48.1	80.2
Cash and cash equivalents, end of year	$ 84.7	$ 67.9	$ 48.1
SUPPLEMENTAL CASH FLOW INFORMATION			
Interest paid, net of interest capitalized	(82.0)	(75.9)	(38.2)
Income taxes paid	(36.8)	(65.2)	(60.3)

See Notes to Consolidated Financial Statements.

The Scotts Miracle-Gro Company
Consolidated Balance Sheets
September 30, 2008 and 2007
(in millions except per share data)

	2008	2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 84.7	$ 67.9
Accounts receivable, less allowances of $10.6 in 2008 and $11.4 in 2007	259.8	248.3
Accounts receivable pledged	146.6	149.5
Inventories, net	415.9	405.9
Prepaid and other assets	137.9	127.7
Total current assets	1,044.9	999.3
Property, plant and equipment, net	344.1	365.9
Goodwill	377.7	462.9
Intangible assets, net	367.2	418.8
Other assets	22.4	30.3
Total assets	$2,156.3	$2,277.2
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of debt	$ 150.0	$ 86.4
Accounts payable	207.6	202.5
Accrued liabilities	314.2	286.8
Accrued taxes	6.3	10.9
Total current liabilities	678.1	586.6
Long-term debt	849.5	1,031.4
Other liabilities	192.0	179.9
Total liabilities	1,719.6	1,797.9
Commitments and contingencies (Notes 2, 16, 17 and 18)		
Shareholders' equity:		
Common shares and capital in excess of $.01 stated value per share; shares issued and outstanding of 65.2 in 2008 and 64.1 in 2007	472.4	480.3
Retained earnings	216.7	260.5
Treasury shares, at cost; 3.4 shares in 2008 and 4.0 shares in 2007	(185.3)	(219.5)
Accumulated other comprehensive loss	(67.1)	(42.0)
Total shareholders' equity	436.7	479.3
Total liabilities and shareholders' equity	$2,156.3	$2,277.2

See Notes to Consolidated Financial Statements.

The Scotts Miracle-Gro Company

Consolidated Statements of Shareholders' Equity
for the fiscal years ended September 30, 2008, 2007 and 2006
(in millions)

	Common Stock		Capital in Excess of Stated Value	Deferred Compensation	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Income/(loss)	Total
	Shares	Amount				Shares	Amount		
Balance, September 30, 2005	67.8	0.3	503.2	(12.2)	591.5	—	—	(56.6)	1,026.2
Net income					132.7				132.7
Foreign currency translation								(1.5)	(1.5)
FAS 123(R) reclassification			(12.2)	12.2					—
Minimum pension liability, net of tax								6.5	6.5
Comprehensive income									137.7
Stock-based compensation expense			15.7						15.7
Cash dividends paid ($0.50 per share)					(33.5)				(33.5)
Treasury stock purchases						2.0	(87.9)		(87.9)
Treasury stock issuances			(21.4)			(0.5)	21.4		—
Issuance of common shares	0.3		23.5						23.5
Balance, September 30, 2006	68.1	0.3	508.8	—	690.7	1.5	(66.5)	(51.6)	1,081.7
Net income					113.4				113.4
Foreign currency translation								4.9	4.9
Unrecognized loss on derivatives, net of tax								(2.4)	(2.4)
Minimum pension liability, net of tax								20.4	20.4
Comprehensive income									136.3
Adjustment to initially apply SFAS 158, net of tax								(13.3)	(13.3)
Stock-based compensation expense (non-cash)			13.3						13.3
Cash dividends paid ($8.50 per share)					(543.6)				(543.6)
Treasury stock purchases						4.5	(246.8)		(246.8)
Treasury stock issuances			(42.1)			(2.0)	93.8		51.7
Balance, September 30, 2007	68.1	0.3	480.0	—	260.5	4.0	(219.5)	(42.0)	479.3
Net loss					(10.9)				(10.9)
Foreign currency translation								8.5	8.5
Unrecognized loss on derivatives, net of tax								(13.5)	(13.5)
Pension and other postretirement liabilities, net of tax								(20.1)	(20.1)
Comprehensive loss									(36.0)
Adjustment to initially apply FIN 48					(0.4)				(0.4)
Stock-based compensation expense (non-cash)			12.5						12.5
Cash dividends paid ($0.50 per share)					(32.5)				(32.5)
Treasury stock issuances			(20.4)			(0.6)	34.2		13.8
Balance, September 30, 2008	68.1	$ 0.3	$ 472.1	$ —	$ 216.7	3.4	$ (185.3)	$ (67.1)	$ 436.7

See Notes to Consolidated Financial Statements.

The Scotts Miracle-Gro Company
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Scotts Miracle-Gro Company ("Scotts Miracle-Gro") and its subsidiaries (collectively, the "Company") are engaged in the manufacturing, marketing and sale of lawn and garden care products. The Company's major customers include home centers, mass merchandisers, warehouse clubs, large hardware chains, independent hardware stores, nurseries, garden centers, food and drug stores, commercial nurseries and greenhouses and specialty crop growers. The Company's products are sold primarily in North America and the European Union. The Company also operates the Scotts LawnService® business, which provides lawn, tree and shrub fertilization, insect control and other related services in the United States and Smith & Hawken®, a leading brand in the outdoor living and gardening lifestyle category, with sales primarily through its own retail stores, Internet and catalog channels.

Due to the nature of the lawn and garden business, the majority of sales to customers occur in the Company's second and third fiscal quarters. On a combined basis, net sales for the second and third fiscal quarters generally represent 70% to 75% of annual net sales.

Organization and Basis of Presentation

The Company's consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States. The consolidated financial statements include the accounts of Scotts Miracle-Gro and all wholly-owned and majority-owned subsidiaries. All intercompany transactions and accounts are eliminated in consolidation. The Company's criteria for consolidating entities is based on majority ownership (as evidenced by a majority voting interest in the entity) and an objective evaluation and determination of effective management control.

Use of Estimates

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

Revenue Recognition

Revenue is recognized when title and risk of loss transfer, which generally occurs when products or services are received by the customer. Provisions for estimated returns and allowances are recorded at the time revenue is recognized based on historical rates and are periodically adjusted for known changes in return levels. Shipping and handling costs are included in cost of sales.

Under the terms of the Amended and Restated Exclusive Agency and Marketing Agreement (the "Marketing Agreement") between the Company and Monsanto, the Company, in its role as exclusive agent, performs certain functions, such as sales support, merchandising, distribution and logistics, and incurs certain costs in support of the consumer Roundup® business. The actual costs incurred by the Company on behalf of Roundup® are recovered from Monsanto through the terms of the Marketing Agreement. The reimbursement of costs for which the Company is considered the primary obligor is included in net sales.

Promotional Allowances

The Company promotes its branded products through cooperative advertising programs with retailers. Retailers also are offered in-store promotional allowances and rebates based on sales volumes. Certain products are promoted with direct consumer rebate programs and special purchasing incentives. Promotion costs (including allowances and rebates) incurred during the year are expensed to interim periods in relation to revenues and are recorded as a reduction of net sales. Accruals for expected payouts under these programs are included in the "Accrued liabilities" line in the Consolidated Balance Sheets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Advertising

Advertising costs incurred during the year by our Global Consumer segment are expensed to interim periods in relation to revenues. All advertising costs, except for external production costs, are expensed within the fiscal year in which such costs are incurred. External production costs for advertising programs are deferred until the period in which the advertising is first aired.

Scotts LawnService® promotes its service offerings primarily through direct mail campaigns. External costs associated with these campaigns that qualify as direct response advertising costs are deferred and recognized as advertising expense in proportion to revenues over a period not beyond the end of the subsequent calendar year. Costs that do not qualify as direct response advertising costs are expensed within the fiscal year incurred on a monthly basis in proportion to net sales. The costs deferred at September 30, 2008 and 2007 were $4.5 million and $5.7 million, respectively.

Smith & Hawken® promotes its products primarily through catalogs. Costs related to the production, printing and distribution of catalogs are expensed over the expected sales life of the related catalog; four weeks for consumer catalogs and 52 weeks for trade catalogs. Other advertising costs, such as Internet, radio and print, are expensed as incurred. The costs deferred at September 30, 2008 and 2007 were $0.6 million and $0.5 million, respectively.

Advertising expenses were $142.4 million in fiscal 2008, $150.9 million in fiscal 2007 and $137.3 million in fiscal 2006.

Research and Development

All costs associated with research and development are charged to expense as incurred. Expenses for fiscal 2008, 2007 and 2006 were $44.7 million, $38.8 million and $35.1 million including product registration costs of $9.8 million, $9.3 million and $8.2 million, respectively.

Environmental Costs

The Company recognizes environmental liabilities when conditions requiring remediation are probable and the amounts 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.

Stock-Based Compensation Awards

The fair value of awards is expensed ratably over the vesting period, generally three years. The Company uses a binomial model to determine the fair value of its option grants.

Earnings per Common Share

Basic earnings per common share is computed based on the weighted-average number of common shares outstanding each period. Diluted earnings per common share is computed based on the weighted-average number of common shares and dilutive potential common shares (stock options, restricted stock, performance shares and stock appreciation rights) outstanding each period.

Cash and Cash Equivalents

The Company considers all highly liquid financial instruments with original maturities of three months or less to be cash equivalents. The Company maintains cash deposits in banks which from time to time exceed the amount of deposit insurance available. Management periodically assesses the financial condition of the institutions and believes that any potential credit loss is minimal.

Accounts Receivable and Allowances

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Allowances reflect our best estimate of amounts in our existing accounts receivable that may not be collected due to customer claims, the return of goods, or customer inability or unwillingness to pay. We determine the allowance based on customer risk assessment and historical experience. We review our allowances

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

monthly. Past due balances over 90 days and in excess of a specified amount are reviewed individually for collectibility. All other balances are reviewed on a pooled basis by type of receivable. Account balances are charged off against the allowance when we feel it is probable the receivable will not be recovered. We do not have any off-balance-sheet credit exposure related to our customers.

Inventories

Inventories are stated at the lower of cost or market, principally determined by the FIFO method. Certain growing media inventories are accounted for by the LIFO method. Approximately 6% of inventories were valued at the lower of LIFO cost or market at September 30, 2008 and 2007. Inventories include the cost of raw materials, labor, manufacturing overhead and freight and in-bound handling costs incurred to pre-position goods in the Company's warehouse network. The Company makes provisions for obsolete or slow-moving inventories as necessary to properly reflect inventory at the lower of cost or market value. Reserves for excess and obsolete inventories were $26.2 million and $15.6 million at September 30, 2008 and 2007, respectively.

Goodwill and Indefinite-lived Intangible Assets

In accordance with Statement of Financial Accounting Standards ("SFAS") 142, "Goodwill and Other Intangible Assets," ("SFAS 142"), goodwill and intangible assets determined to have indefinite lives are not subject to amortization. Goodwill and indefinite-lived intangible assets are reviewed for impairment by applying a fair-value based test on an annual basis or more frequently if circumstances indicate a potential impairment. 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 and classified as "Impairment, restructuring and other charges" in the Consolidated Statements of Operations.

During the third quarter of fiscal 2007, the Company changed the timing of its annual goodwill impairment testing from the last day of the first fiscal quarter to the first day of the fourth fiscal quarter. As such, the annual impairment test was performed as of December 30, 2006 and was performed again as of July 1, 2007. This accounting is preferable in the circumstances as moving the timing of our annual goodwill impairment testing better aligns with the seasonal nature of the business and the timing of the annual strategic planning process. The Company believes that this change in accounting principle will not delay, accelerate or avoid an impairment charge. In addition, the Company also changed the date of its annual indefinite life intangible impairment testing to the first day of the fourth fiscal quarter for the current year. The Company determined that the change in accounting principle related to the annual testing date does not result in adjustments to the financial statements applied retrospectively.

Long-lived Assets

Property, plant and equipment are stated at cost. Interest capitalized on capital projects amounted to $0.3 million, $0.4 million and $0.5 million during fiscal 2008, 2007 and 2006, respectively. Expenditures for maintenance and repairs are charged to expense as incurred. When properties are retired or otherwise disposed of, the cost of the asset and the related accumulated depreciation are removed from the accounts with the resulting gain or loss being reflected in income from operations.

Depreciation of 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

Intangible assets with finite lives, and therefore subject to amortization, include technology (e.g., patents), customer accounts and certain tradenames. These intangible assets are being amortized on the straight-line method over periods typically ranging from 10 to 25 years. The Company's fixed assets and intangible assets subject to amortization are required to be tested for recoverability under SFAS 144,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

"Accounting for the Impairment or Disposal of Long-Lived Assets," whenever events or changes in circumstances indicate that carrying amounts may not be recoverable.

Internal Use Software

The Company accounts for the costs of internal use software in accordance with Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." Accordingly, costs are expensed or capitalized depending on whether they are incurred in the preliminary project stage, application development stage or the post-implementation/operation stage. As of September 30, 2008 and 2007, the Company had $21.9 million and $31.1 million, respectively, in unamortized capitalized internal use computer software costs. Amortization of these costs was $7.2 million, $12.1 million and $10.7 million during fiscal 2008, 2007 and 2006, respectively.

Accruals for Self-Insured Losses

The Company maintains insurance for certain risks, including workers' compensation, general liability and vehicle liability, and is self-insured for employee related health care benefits. The Company accrues for the expected costs associated with these risks by considering historical claims experience, demographic factors, severity factors and other relevant information. Costs are recognized in the period the claim is incurred, and the financial statement accruals include an actuarially determined estimate of claims incurred but not yet reported.

Translation of Foreign Currencies

For all foreign operations, the functional currency is the local currency. Assets and liabilities of these operations are translated at the exchange rate in effect at each year-end. Income and expense accounts are translated at the average rate of exchange prevailing during the year. Translation gains and losses arising from the use of differing exchange rates from period to period are included in other comprehensive income, a component of shareholders' equity. Foreign currency transaction gains and losses are included in the determination of net income (loss).

Derivative Instruments

In the normal course of business, the Company is exposed to fluctuations in interest rates, the value of foreign currencies and the cost of commodities. A variety of financial instruments, including forward and swap contracts, are used to manage these exposures. The Company's objective in managing these exposures is to better control these elements of cost and mitigate the earnings and cash flow volatility associated with changes in the applicable rates and prices.

The Company has established policies and procedures that encompass risk-management philosophy and objectives, guidelines for derivative-instrument usage, counterparty credit approval, and the monitoring and reporting of derivative activity. The Company does not enter into derivative instruments for the purpose of speculation.

Variable Interest Entities

Financial Accounting Standards Board ("FASB") Interpretation 46(R), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" ("FIN 46(R)"), provides a framework for identifying variable interest entities ("VIE's") and determining when a company should include the assets, liabilities, noncontrolling interests and results of operations of a VIE in its consolidated financial statements. In general, a VIE is a corporation, partnership, limited liability company, trust or any other legal structure used to conduct activities or hold assets that either (1) has an insufficient amount of equity to carry out its principal activities without additional subordinated financial support, (2) has a group of equity owners that are unable to make significant decisions about its activities or (3) has a group of equity owners that do not have the obligation to absorb losses or the right to receive returns generated by its operations.

FIN 46(R) requires a VIE to be consolidated if a party with an ownership, contractual or other financial interest in the VIE (a variable interest holder) is obligated to absorb a majority of the risk of loss from the VIE's activities, is entitled to receive a majority of the VIE's residual returns (if no party

absorbs a majority of the VIE's losses), or both. A variable interest holder that consolidates the VIE is called the primary beneficiary. Upon consolidation, the primary beneficiary generally must initially record all of the VIE's assets, liabilities and noncontrolling interests at fair value and subsequently account for the VIE as if it were consolidated based on majority voting interest. FIN 46(R) also requires disclosures about VIEs that the variable interest holder is not required to consolidate but in which it has a significant variable interest.

The Company's Scotts LawnService® business sells new franchise territories, primarily in small to mid-size markets, under arrangements where a portion of the franchise fee is paid in cash with the balance due under a promissory note. The Company believes that it may be the primary beneficiary for certain of its franchisees initially, but ceases to be the primary beneficiary as the franchisees develop their businesses and the promissory notes are repaid. At September 30, 2008 and 2007, the Company had approximately $1.8 million and $2.3 million in notes receivable from such franchisees, respectively. The effect of consolidating the entities where the Company may be the primary beneficiary for a limited period of time is not material to either the Consolidated Statements of Operations or the Consolidated Balance Sheets.

New Accounting Pronouncements

Statement of Financial Accounting Standards No. 157 — Fair Value Measurements

In September 2006, the FASB issued SFAS 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The provisions of SFAS 157 are effective for fiscal years beginning after November 15, 2007. In February 2008, the FASB issued FASB Staff Position 157-1, "Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13," which removes leasing transactions accounted for under Statement 13 and related guidance from the scope of SFAS 157. In February 2008, the FASB issued FASB Staff Position 157-2, "Effective Date of FASB Statement No. 157" ("FSP SFAS 157-2"), which delays the effective date of SFAS 157 for all nonrecurring fair value measurements of nonfinancial assets and nonfinancial liabilities until fiscal years beginning after November 15, 2008. FSP SFAS 157-2 states that a measurement is recurring if it happens at least annually and defines nonfinancial assets and nonfinancial liabilities as all assets and liabilities other than those meeting the definition of a financial asset or financial liability in SFAS 159. The Company is required to adopt SFAS 157 as of October 1, 2008, the beginning of fiscal 2009. The Company is completing its evaluation of SFAS 157 and does not expect its adoption in the first quarter of fiscal 2009 to have a material impact on its financial position or results of operations.

Statement of Financial Accounting Standards No. 159 — The Fair Value Option for Financial Assets and Financial Liabilities

In February 2007, the FASB issued SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities-Including an amendment of FASB Statement No. 115" ("SFAS 159"), which allows an entity the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on a contract-by-contract basis. Subsequent changes in fair value of these financial assets and liabilities would be recognized in earnings when they occur. SFAS 159 further establishes certain additional disclosure requirements. SFAS 159 is effective for the Company's financial statements for the fiscal year beginning October 1, 2008. No entity is permitted to apply SFAS 159 retrospectively to fiscal years preceding the effective date unless the entity chooses early adoption. The Company will adopt SFAS 159 as of October 1, 2008, the beginning of fiscal 2009.

Statement of Financial Accounting Standards No. 141(R) — Business Combinations

In December 2007, the FASB issued SFAS 141(R), "Business Combinations" ("SFAS 141(R)"), which replaces SFAS 141. The objective of SFAS 141(R) is to improve the relevance, representational faithfulness and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. SFAS 141(R) establishes principles and requirements for how the acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree; recognizes and measures the

goodwill acquired in the business combination or a gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141(R) applies to all transactions or other events in which an entity (the acquirer) obtains control of one or more businesses (the acquiree), including those sometimes referred to as "true mergers" or "mergers of equals" and combinations achieved without the transfer of consideration. SFAS 141(R) is effective for the Company's financial statements for the fiscal year beginning October 1, 2009.

Statement of Financial Accounting Standards No. 160 — Noncontrolling Interests in Consolidated Financial Statements

In December 2007, the FASB issued SFAS 160, "Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51" ("SFAS 160"). The objective of SFAS 160 is to improve the relevance, comparability and transparency of the financial information that a reporting entity provides in its consolidated financial statements. SFAS 160 amends ARB No. 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS 160 also changes the way the consolidated financial statements are presented, establishes a single method of accounting for changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation, requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated and expands disclosures in the consolidated financial statements that clearly identify and distinguish between the parent's ownership interest and the interest of the noncontrolling owners of a subsidiary. The provisions of SFAS 160 are to be applied prospectively as of the beginning of the fiscal year in which SFAS 160 is adopted, except for the presentation and disclosure requirements, which are to be applied retrospectively for all periods presented. SFAS 160 is effective for the Company's financial statements for the fiscal year beginning October 1, 2009. The Company is in the process of evaluating the impact that the adoption of SFAS 160 may have on its financial statements.

Statement of Financial Accounting Standards No. 161 — Disclosures about Derivative Instruments and Hedging Activities

In March 2008, the FASB issued SFAS 161, "Disclosures about Derivative Instruments and Hedging Activities — an amendment of FASB Statement No. 133" ("SFAS 161"). The objective of SFAS 161 is to enhance the current disclosure framework in SFAS 133 and improve the transparency of financial reporting for derivative instruments and hedging activities. SFAS 161 requires entities to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS 133 and its related interpretations and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. SFAS 161 is effective for the Company's financial statements for the fiscal year beginning October 1, 2010. The Company is in the process of evaluating the impact that the adoption of SFAS 161 may have on its financial statement disclosures.

FASB Staff Position 142-3 — Determination of the Useful Life of Intangible Assets

In April 2008, the FASB issued FASB Staff Position 142-3, "Determination of the Useful Life of Intangible Assets" ("FSP No. FAS 142-3"), which amends the list of factors an entity should consider in developing renewal or extension assumptions used in determining the useful life of recognized intangible assets under SFAS No. 142, "Goodwill and Other Intangible Assets." The new guidance applies to (1) intangible assets that are acquired individually or with a group of other assets and (2) intangible assets acquired in both business combinations and asset acquisitions. Under FSP No. FAS 142-3, entities estimating the useful life of a recognized intangible asset must consider their historical experience in renewing or extending similar arrangements or, in the absence of historical experience, must consider assumptions that market participants would use about renewal or extension. FSP No. FAS 142-3 will require certain additional disclosures beginning October 1, 2009 and prospective application to useful life estimates prospectively for intangible assets acquired after September 30, 2009. The Company is in the process of evaluating the impact that the adoption of FSP No. FAS 142-3 may have on its financial statements and related disclosures.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. PRODUCT REGISTRATION AND RECALL MATTERS

In April 2008, the Company learned that a former associate apparently deliberately circumvented the Company's policies and U.S. Environmental Protection Agency ("U.S. EPA") regulations under the Federal Insecticide, Fungicide, and Rodenticide Act of 1947, as amended ("FIFRA") by failing to obtain valid registrations for products and/or causing invalid product registration forms to be submitted to regulators. Since that time, the Company has been cooperating with the U.S. EPA in its civil investigation into pesticide product registration issues involving the Company and with the U.S. EPA and the U.S. Department of Justice (the "U.S. DOJ") in a related criminal investigation. In late April of 2008, in connection with the U.S. EPA's investigation, the Company was required to conduct a consumer-level recall of certain consumer lawn and garden products and a Scotts LawnService® product. Subsequently, the Company and the U.S. EPA agreed upon a Compliance Review Plan for conducting a comprehensive, independent review of the Company's product registration records. Pursuant to the Compliance Review Plan, an independent third party firm, Quality Associates Incorporated ("QAI"), has been reviewing all of the Company's U.S. pesticide product registration records, some of which are historical in nature and no longer support sales of the Company's products. The Company has identified approximately 132 of the registrations under review as relating to products for which there was sales activity in the period generally representing the Company's 2008 fiscal year ("Active Registrations"). These Active Registrations supported products which accounted for approximately $680 million of the Company's net sales in the period. The U.S. EPA investigation and QAI review process identified several issues affecting Active Registrations which resulted in the issuance of a number of Stop Sale, Use or Removal Orders by the U.S. EPA and caused the Company to temporarily suspend sales and shipments of affected products. In addition, as the QAI review process or the Company's internal review has identified a FIFRA registration issue or a potential FIFRA registration issue (some of which appear unrelated to the former associate), the Company has endeavored to stop selling or distributing the affected products until the issue could be resolved with the U.S. EPA.

To date, QAI has completed a review of the registration records for substantially all of the Company's Active Registrations. Based on such review, and with the cooperation and prompt attention of the U.S. EPA, the Company believes it has restored the ability to sell and distribute products representing over 90% of the sales associated with Active Registrations; and the Company is hopeful that it will be able to satisfactorily resolve most, if not all, of the remaining issues prior to the start of the 2009 lawn and garden season. The QAI review process is expected to continue with a focus on reviewing advertising and related promotional support of the Company's registered pesticide products.

On September 26, 2008, the Company, doing business as Scotts LawnService®, was named as a defendant in a purported class action filed in the U.S. District Court for the Eastern District of Michigan relating to certain pesticide products. In the suit, Mark Baumkel, on behalf of himself and the purported classes, seeks an unspecified amount of damages, plus costs and attorney fees, for alleged claims involving breach of contract, unjust enrichment and violation of the Michigan consumer protection act. Given the preliminary stages of the proceedings, no reserves have been booked at this time, and the Company intends to vigorously contest the plaintiff's assertions.

In addition, in fiscal 2008 the Company conducted a voluntary recall of most of its wild bird food products due to a formulation issue. The wild bird food products had been treated with pest control additives to avoid insect infestation, especially at retail stores. While the pest control additives had been labeled for use on certain stored grains that can be processed for human and/or animal consumption, they were not labeled for use on wild bird food products. This voluntary recall was completed prior to the end of fiscal 2008.

While the Company continues to evaluate the financial impact of the registration and recall matters, the Company currently expects total fiscal year 2008 and 2009 costs related to the recalls and known registration issues to be limited to approximately $65 million, exclusive of potential fines, penalties and/or judgments. While the Company believes it has made substantial progress toward completing the FIFRA compliance review process, the process continues and may result in future state or federal action with respect to additional product registration issues. Until such investigation is complete, the Company cannot fully quantify the extent of additional issues. Furthermore, the Company may be subject to civil or criminal fines and/or penalties or private rights of action at the state and/or federal level as a result of the product registration issues. At this time, management cannot reasonably determine the scope or

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

magnitude of possible liabilities that could result from known or potential additional product registration issues, and no reserves for these claims have been established as of September 30, 2008. However, it is possible that such fines, penalties and/or judgments could be material and have an adverse effect on the Company's financial condition, results of operations and cash flows.

For the fiscal year ended September 30, 2008, the Company reversed sales associated with estimated returns of the recalled products, recorded an impairment estimate for affected inventory, and incurred other registration and recall-related costs. The following tables summarize the impact of the product registration and recall matters on the results of operations and accrued liabilities and inventory reserves for fiscal 2008:

	Year Ended September 30, 2008
Net sales — product recalls	$ (22.3)
Cost of sales — product recalls	(11.1)
Cost of sales — inventory impairment and other	27.2
Gross Profit	(38.4)
SG&A	12.7
Income from operations	(51.1)
Income tax benefit	(17.9)
Net loss	$ (33.2)

	Reserves Established During the Second Quarter of Fiscal 2008	Additional Costs and Changes in Estimate	Reserves Used	Reserves at September 30, 2008
Sales returns — product recalls	$ 19.0	$ 3.3	$ (22.1)	$ 0.2
Cost of sales returns — product recalls	(12.0)	0.9	11.0	(0.1)
Inventory impairment	14.1	(0.8)	(7.4)	5.9
Other incremental costs of sales	8.5	5.4	(10.7)	3.2
Other general and administrative costs	1.2	11.5	(8.4)	4.3
Accrued liabilities and inventory reserves	$ 30.8	$ 20.3	$ (37.6)	$ 13.5

NOTE 3. IMPAIRMENT, RESTRUCTURING AND OTHER CHARGES

The Company recorded net restructuring and other charges of $1.0 million, $1.1 million and $9.4 million in fiscal 2008, 2007 and 2006, respectively. Other charges in fiscal 2008 and 2007 related to the Company's turfgrass biotechnology program. Substantially all costs in fiscal 2006 were for severance and related costs.

Property, plant and equipment charges of $15.8 million in fiscal 2008 related primarily to Smith & Hawken®. Goodwill and intangible asset impairment charges of $120.0 million, $35.3 million and $66.4 million were recorded in fiscal 2008, 2007 and 2006, respectively. The nature of the impairment charges are discussed further in "NOTE 4. GOODWILL AND INTANGIBLE ASSETS, NET."

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table details impairment, restructuring and other charges and rolls forward the cash portion of the restructuring and other charges accrued in fiscal 2008, 2007 and 2006 (in millions):

	2008	2007	2006
Restructuring and other charges	$ 1.0	$ 2.7	$ 9.4
Property, plant and equipment impairment	15.8	—	—
Goodwill and intangible asset impairments	120.0	35.3	66.4
Total impairment, restructuring and other charges	$136.8	$ 38.0	$ 75.8
Amounts reserved for restructuring and other charges at beginning of year	$ 2.5	$ 6.4	$ 15.6
Restructuring and other expense	1.0	2.7	9.4
Receipts, payments and other	(2.4)	(6.6)	(18.6)
Amounts reserved for restructuring and other charges at end of year	$ 1.1	$ 2.5	$ 6.4

NOTE 4. GOODWILL AND INTANGIBLE ASSETS, NET

In accordance with SFAS 142, goodwill and indefinite-lived intangible assets are not subject to amortization. Goodwill and indefinite-lived intangible assets are reviewed for impairment by applying a fair-value based test on an annual basis or more frequently if circumstances indicate impairment may have occurred. The Company assesses goodwill for impairment by comparing the carrying value of its reporting units to their respective fair values and reviewing the Company's market value of invested capital. Management engages an independent valuation firm to assist in its impairment assessment reviews. The Company determines the fair value of its reporting units primarily utilizing discounted cash flows and incorporates assumptions it believes marketplace participants would utilize. The Company also uses comparative market multiples and other factors to corroborate the discounted cash flow results used. The value of all indefinite-lived tradenames was determined using a royalty savings methodology similar to that employed when the associated businesses were acquired but using updated estimates of sales, cash flow and profitability.

As discussed in "NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES," during the third quarter of fiscal 2007, the Company changed the timing of its annual goodwill impairment testing from the last day of the first fiscal quarter to the first day of the fourth fiscal quarter. As such, annual impairment testing for fiscal 2008 was scheduled to be performed as of June 29, 2008. Annual impairment testing for fiscal 2007 was performed as of December 30, 2006 and again as of July 1, 2007.

Fiscal 2008

As a result of a significant decline in the market value of the Company's common shares during the latter half of the third fiscal quarter ended June 28, 2008, the Company's market value of invested capital was approximately 60% of the comparable impairment metric used in the fourth quarter fiscal 2007 annual impairment testing. Management determined this was an indicator of possible goodwill impairment and, therefore, interim impairment testing was performed as of June 28, 2008.

The Company's third quarter fiscal 2008 interim impairment review resulted in a non-cash charge of $123.3 million to reflect the decline in the fair value of certain goodwill and other assets as evidenced by the decline in the Company's common shares. No further adjustments to the goodwill portion of this impairment charge were required as a result of the completion of the SFAS 142 Step 2 evaluation in the fourth quarter of fiscal 2008. However, an additional impairment charge of $13.5 million was recorded in the fourth quarter of fiscal 2008, primarily related to leasehold improvements of Smith & Hawken®. In total, the fiscal 2008 impairment charges comprise $80.8 million for goodwill, $19.0 million related to indefinite-lived tradenames and $37.0 million for SFAS 144 long-lived assets. Of the $37.0 million impairment charge recorded for SFAS 144 long-lived assets, $15.1 million was recorded in cost of sales. On a reportable segment basis, $64.5 million of the impairment was in Global Consumer, $38.4 million was in Global Professional, with the remaining $33.9 million in Corporate & Other.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Given the timing of the interim impairment testing at the end of the third quarter of fiscal 2008, management performed an evaluation and determined that additional goodwill and indefinite-lived intangibles as of the annual impairment testing date at the beginning of the fourth fiscal quarter was not required in fiscal 2008.

Fiscal 2007

The Company's fourth quarter fiscal 2007 impairment review resulted in a non-cash goodwill and intangible asset impairment charge of $35.3 million. Partially as a result of the disappointing 2007 lawn and garden season, management performed a comprehensive strategic update of the Company's business initiatives in the fourth quarter of fiscal 2007. One outcome of this update was a decision to increase the focus of resources on the Company's core consumer lawn and garden do-it-yourself businesses. This process also involved a re-evaluation of the strategy and cash flow projections surrounding the Company's Smith & Hawken® business, which has consistently performed below expectations since it was acquired in early fiscal 2005. Management revised its Smith & Hawken® strategy to reflect a scaled back retail expansion plan, with an increased focus on aggressively expanding the wholesale aspect of this business. This resulted in a decrease in the prior cash flow projections for this business, resulting in a $24.6 million goodwill impairment charge and a $4.6 million impairment charge for an indefinite-lived tradename. The Company finalized the fourth quarter fiscal 2007 SFAS 142 impairment evaluation of the Smith & Hawken® goodwill during the first quarter of fiscal 2008 and there was no change to the related impairment charge recorded in the fourth quarter of fiscal 2007.

Management's fiscal 2007 fourth quarter strategic update also encompassed other areas. The Company remains committed to the development of turfgrass varieties that could one day require less mowing, less water and fewer treatments to resist insects, weeds and disease. The Company's efforts to develop such turfgrass varieties include conventional breeding programs as well as research and development involving biotechnology. Efforts to develop turfgrass varieties involving biotechnology have yielded positive results; however, the required regulatory approval process is taking longer than anticipated, impacting the Company's ability to commercialize such innovations. As a result of management's fiscal 2007 fourth quarter strategic update, the Company recorded a $2.2 million goodwill impairment charge related to its turfgrass biotechnology program. Similarly, a strategic update of certain information technology initiatives in the Company's Scotts LawnService® segment resulted in a $3.9 million impairment charge.

Fiscal 2006

The Company's fiscal 2006 annual impairment analysis resulted in an impairment charge of $1.0 million associated with a tradename no longer in use in the European portion of the Global Consumer reporting segment. Subsequent to the fiscal 2006 first quarter impairment analysis, the European portion of the Global Consumer reporting segment and Smith & Hawken® each experienced significant off-plan performance. Management believes the off-plan performance of the European consumer business was driven largely by category declines in the European consumer markets. The off-plan performance of these two businesses was an indication that, more-likely-than-not, the fair values of the related reporting units and indefinite-lived intangibles had declined below their carrying amount. Accordingly, an interim impairment test was performed for the goodwill and indefinite-lived tradenames of these reporting units during the fourth quarter of fiscal 2006. As a result of the interim impairment test, the Company recorded a $65.4 million non-cash impairment charge, $62.3 million of which was associated with indefinite-lived tradenames in the European portion of the Global Consumer reporting segment. The balance of the fiscal 2006 fourth quarter impairment charge was in the Global Consumer segment and consisted of $1.3 million for a Canadian tradename being phased out and $1.8 million related to goodwill of a pottery business being exited. The interim impairment testing of the Smith & Hawken® goodwill and indefinite-lived tradename did not indicate impairment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table presents goodwill and intangible assets as of September 30, 2008 and 2007 (dollars in millions).

	Weighted Average Life	September 30, 2008 Gross Carrying Amount	September 30, 2008 Accumulated Amortization	September 30, 2008 Net Carrying Amount	September 30, 2007 Gross Carrying Amount	September 30, 2007 Accumulated Amortization	September 30, 2007 Net Carrying Amount
Amortizable intangible assets:							
Technology	16	$ 49.9	$ (39.1)	$ 10.8	$ 56.7	$ (37.1)	$ 19.6
Customer accounts	13	83.5	(38.0)	45.5	89.0	(29.6)	59.4
Tradenames	17	11.3	(9.0)	2.3	11.3	(5.6)	5.7
Other	13	101.2	(71.2)	30.0	117.7	(82.0)	35.7
Total amortizable intangible assets, net				88.6			120.4
Unamortizable intangible assets:							
Tradenames				278.6			298.4
Total intangible assets, net				367.2			418.8
Goodwill				377.7			462.9
Total goodwill and intangible assets, net				$744.9			$881.7

The changes to the net carrying value of goodwill by segment for the fiscal years ended September 30, 2008 and 2007 are as follows (in millions):

	Global Consumer	Global Professional	Scotts LawnService®	Corporate & Other	Total
Balance as of September 30, 2006	$ 267.0	$ 57.9	$ 108.6	$ 24.6	$458.1
Increases due to acquisitions	4.3	—	14.9	—	19.2
Impairment	(2.2)	—	—	(24.6)	(26.8)
Other, primarily cumulative translation	7.9	4.5	—	—	12.4
Balance as of September 30, 2007	$ 277.0	$ 62.4	$ 123.5	$ —	$462.9
Increases due to acquisitions	—	—	0.3	—	0.3
Impairment	(61.0)	(19.8)	—	—	(80.8)
Other, primarily cumulative translation	(0.9)	(3.8)	—	—	(4.7)
Balance as of September 30, 2008	$ 215.1	$ 38.8	$ 123.8	$ —	$377.7

The total amortization expense for the years ended September 30, 2008, 2007 and 2006 was $16.4 million, $16.1 million and $16.0 million, respectively. Amortization expense is estimated to be as follows for the years ending September 30 (in millions):

2009	$13.1
2010	11.2
2011	9.3
2012	8.6
2013	8.3

NOTE 5. RECAPITALIZATION

On December 12, 2006, the Company announced a recapitalization plan to return $750 million to the Company's shareholders. This plan expanded and accelerated the previously announced five-year, $500 million share repurchase program (which was canceled) under which the Company repurchased $87.9 million of its common shares during fiscal 2006. Pursuant to the recapitalization plan, on February 14, 2007, the Company completed a modified "Dutch auction" tender offer, resulting in the repurchase of 4.5 million of the Company's common shares for an aggregate purchase price of $245.5 million ($54.50 per share). On February 16, 2007, the Company's Board of Directors declared a special one-time cash dividend of $8.00 per share ($508 million in the aggregate), which was paid on March 5, 2007, to shareholders of record on February 26, 2007.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In order to fund these transactions, the Company entered into new credit facilities aggregating $2.15 billion and terminated its prior credit facility. As part of this debt restructuring, the Company also conducted a cash tender offer for any and all of its outstanding 6 5/8% senior subordinated notes in an aggregate principal amount of $200 million. Please refer to "NOTE 11. DEBT" for further information as to the new credit facilities and the repayment and termination of the prior credit facility and the 6 5/8% senior subordinated notes.

The payment of the special one-time cash dividend required the Company to adjust the number of common shares subject to stock options and stock appreciation rights outstanding under the Company's share-based awards programs, as well as the price at which the awards may be exercised. Please refer to "NOTE 12. SHAREHOLDERS' EQUITY" for further information.

The Company's interest expense will be significantly higher for periods subsequent to the recapitalization transactions as a result of the borrowings incurred to fund the cash returned to shareholders. The following pro forma financial information has been compiled as if the Company had completed the recapitalization transactions as of October 1, 2005 for fiscal 2006 and as of October 1, 2006 for fiscal 2007. Borrowing rates in effect as of March 30, 2007 were used to compute pro forma interest expense. As the recapitalization involved a share repurchase, pro forma diluted common shares are also provided.

	Pro Forma Financial Information (Unaudited) Year Ended September 30,	
	2007	2006
	(In millions, except per share data)	
Income before income taxes, as reported	$188.1	$ 212.9
Add back reported interest expense	70.7	39.6
Add back costs related to refinancing	18.3	—
Deduct pro forma interest expense	(94.3)	(100.8)
Pro forma income before income taxes	182.8	151.7
Pro forma income taxes	72.5	57.3
Pro forma net income	$110.3	$ 94.4
Pro forma basic net income per common share	$ 1.74	$ 1.50
Pro forma diluted net income per common share	$ 1.68	$ 1.45
Reported interest expense	$ 70.7	$ 39.6
Incremental interest on recapitalization borrowings	21.8	53.0
New credit facilities interest rate differential	1.5	7.4
Incremental amortization of new credit facilities fees	0.3	0.8
Pro forma interest expense	$ 94.3	$ 100.8
Pro forma effective tax rates	39.7%	37.8%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Pro Forma Shares Year Ended September 30,	
	2007	2006
	(In millions)	
Weighted-average common shares outstanding during the period	65.2	67.5
Incremental full period impact of repurchased common shares	(1.8)	(4.5)
Pro forma basic common shares	63.4	63.0
Weighted-average common shares outstanding during the period plus dilutive potential common shares	67.0	69.4
Incremental full period impact of repurchased common shares	(1.8)	(4.5)
Impact on dilutive potential common shares	0.3	0.3
Pro forma diluted common shares	65.5	65.2

NOTE 6. DETAIL OF CERTAIN FINANCIAL STATEMENT ACCOUNTS

	September 30,	
	2008	2007
	(In millions)	
INVENTORIES, NET:		
Finished goods	$ 277.3	$ 289.9
Work-in-progress	29.9	28.3
Raw materials	108.7	87.7
	$ 415.9	$ 405.9
PROPERTY, PLANT AND EQUIPMENT, NET:		
Land and improvements	$ 61.0	$ 58.9
Buildings	165.1	162.8
Machinery and equipment	432.0	417.4
Furniture and fixtures	36.2	39.2
Software	92.0	88.6
Construction in progress	18.4	17.8
	804.7	784.7
Less: accumulated depreciation	(460.6)	(418.8)
	$ 344.1	$ 365.9
ACCRUED LIABILITIES:		
Payroll and other compensation accruals	$ 50.3	$ 44.0
Advertising and promotional accruals	144.1	138.8
Other	119.8	104.0
	$ 314.2	$ 286.8
OTHER NON-CURRENT LIABILITIES:		
Accrued pension and postretirement liabilities	$ 108.4	$ 79.8
Deferred tax liability	42.6	67.9
Other	41.0	32.2
	$ 192.0	$ 179.9

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	September 30,		
	2008	2007	2006
	(In millions)		
ACCUMULATED OTHER COMPREHENSIVE LOSS:			
Unrecognized gain (loss) on derivatives, net of tax of $8.9, $0.4 and $(0.9)	$(14.1)	$ (0.6)	$ 1.8
Minimum pension liability, net of tax of $0, $0 and $19.5	—	—	(34.1)
Pension liability under SFAS 158, net of tax of $29.2, $15.9 and $0	(47.1)	(27.0)	—
Foreign currency translation adjustment	(5.9)	(14.4)	(19.3)
	$(67.1)	$(42.0)	$(51.6)

NOTE 7. MARKETING AGREEMENT

The Company is Monsanto's exclusive agent for the domestic and international marketing and distribution of consumer Roundup® herbicide products. Under the terms of the Marketing Agreement with Monsanto, the Company is entitled to receive an annual commission from Monsanto in consideration for the performance of the Company's duties as agent. The annual gross commission under the Marketing Agreement is calculated as a percentage of the actual earnings before interest and income taxes (EBIT) of the consumer Roundup® business, as defined in the Marketing Agreement. Each year's percentage varies in accordance with the terms of the Marketing Agreement based on the achievement of two earnings thresholds and on commission rates that vary by threshold and program year. The Marketing Agreement also requires the Company to make annual payments to Monsanto as a contribution against the overall expenses of the consumer Roundup® business. The annual contribution payment is defined in the Marketing Agreement as $20 million.

In consideration for the rights granted to the Company under the Marketing Agreement for North America, the Company was required to pay a marketing fee of $32 million to Monsanto. The Company has deferred this amount on the basis that the payment will provide a future benefit through commissions that will be earned under the Marketing Agreement. Based on management's current assessment of the likely term of the Marketing Agreement, the useful life over which the marketing fee is being amortized is 20 years.

Under the terms of the Marketing Agreement, the Company performs certain functions, primarily manufacturing conversion, selling and marketing support, on behalf of Monsanto in the conduct of the consumer Roundup® business. The actual costs incurred for these activities are charged to and reimbursed by Monsanto, for which the Company recognizes no gross profit or net income. The Company records costs incurred under the Marketing Agreement for which the Company is the primary obligor on a gross basis, recognizing such costs in "Cost of sales" and the reimbursement of these costs in "Net sales," with no effect on gross profit or net income. The related net sales and cost of sales were $58.0 million, $47.7 million and $37.6 million for fiscal 2008, 2007 and 2006, respectively.

The elements of the net commission earned under the Marketing Agreement and included in "Net sales" for each of the three years in the period ended September 30, 2008 were as follows:

	2008	2007	2006
Gross commission	$ 65.1	$ 62.7	$ 60.7
Contribution expenses	(20.0)	(20.0)	(20.0)
Amortization of marketing fee	(0.8)	(0.8)	(0.8)
Net commission income	44.3	41.9	39.9
Reimbursements associated with marketing agreement	58.0	47.7	37.6
Total net sales associated with marketing agreement	$102.3	$ 89.6	$ 77.5

The Marketing Agreement has no definite term except as it relates to the European Union countries (the "EU term"). The EU term had previously been extended through September 30, 2008 and, on

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 28, 2008, the parties agreed to further extend the EU term through September 30, 2011, with up to two additional automatic renewal periods of two years each, subject to non-renewal only upon the occurrence of certain performance defaults.

The Marketing Agreement provides Monsanto with the right to terminate the Marketing Agreement upon an event of default (as defined in the Marketing Agreement) by the Company, a change in control of Monsanto or the sale of the consumer Roundup® business. The Marketing Agreement provides the Company with the right to terminate the Marketing Agreement in certain circumstances, including an event of default by Monsanto or the sale of the consumer Roundup® business. Unless Monsanto terminates the Marketing Agreement due to an event of default by the Company, Monsanto is required to pay a termination fee to the Company that varies by program year. The termination fee is calculated as a percentage of the value of the Roundup® business exceeding a certain threshold, but in no event will the termination fee be less than $16 million. If Monsanto were to terminate the Marketing Agreement due to an event of default by the Company, however, the Company would not be entitled to any termination fee, and it would lose all, or a substantial portion, of the significant source of earnings and overhead expense absorption the Marketing Agreement provides. Monsanto may also be able to terminate the Marketing Agreement within a given region, including North America, without paying a termination fee if unit volume sales to consumers in that region decline: (1) over a cumulative three-fiscal-year period; or (2) by more than 5% for each of two consecutive years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8. ACQUISITIONS

The Company continues to view strategic acquisitions as a means to enhance our strong core businesses. The following recaps key acquisitions made during fiscal 2006:

Date of Acquisition	Assets Acquired	Consideration	Reasons for the Acquisition
June 2006	Certain brands and assets of Landmark Seed Company, a producer and distributor of quality professional seed and turfgrasses.	Cash of $6.2 million with an additional $1.0 million deferred to future periods.	Enhanced the Company's position in the global turfgrass seed industry and complemented the acquisition from Turf-Seed, Inc.
May 2006	Certain brands and assets of Turf-Seed, Inc., a leading producer of quality commercial turfgrasses, including 49% equity interest in Turf-Seed Europe, which distributes Turf-Seed's grass varieties throughout the European Union and other countries in the region.	Cash of $10.0 million plus assumed liabilities of $4.5 million. Contingent consideration based on future performance of the business due in 2012 that may approximate $15 million which would be recorded as additional purchase price.	Integration of Turf-Seed's extensive professional seed sales and distribution network with the Company's existing presence and industry leading brands in the consumer seed market strengthened the Company's overall global position in the seed category.
November 2005	All the outstanding shares of Gutwein & Co., Inc. ("Gutwein"), a branded producer and marketer in the North American wild bird food category.	$78.3 million in cash plus assumed liabilities of $4.7 million.	Gutwein's Morning Song® branded products are sold at leading mass retailers, grocery, pet and general merchandise stores. This acquisition gave the Company its entry into the North American wild bird food category, a large, fragmented category with opportunity for branding and innovation.
October 2005	All the outstanding shares of Rod McLellan Company ("RMC"), a branded producer and marketer of soil and landscape products in the western United States.	$20.5 million in cash plus assumed liabilities of $6.8 million.	RMC complemented our existing line of growing media products and has been integrated into that business.

Due to the timing of these acquisitions in fiscal 2006, pro forma results would not be materially different from actual results for the year ended September 30, 2006.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Scotts LawnService®

During fiscal 2006 and fiscal 2007, the Company's Scotts LawnService® segment acquired 16 individual lawn service entities for a total cost of approximately $26.9 million. The following table summarizes the details of these transactions by fiscal year (dollar amounts in millions):

	Fiscal Year	
	2007	2006
Number of individual acquisitions	11	5
Total cost	$22.5	$4.4
Portion of cost paid in cash	18.7	3.4
Notes issued and liabilities assumed	3.8	1.0
Goodwill	14.9	3.5
Other intangible assets	6.3	0.7
Working capital and property, plant and equipment	1.3	0.2

NOTE 9. RETIREMENT PLANS

The Company sponsors a defined contribution profit sharing and 401(k) plans for substantially all U.S. associates. The Company provides a base contribution equal to 2% of compensation up to 50% of the Social Security taxable wage base plus 4% of remaining compensation. Associates also may make pretax contributions from compensation that are matched by the Company at 100% of the associates' initial 3% contribution and 50% of their remaining contribution up to 5%. The Company recorded charges of $11.4 million, $10.7 million and $10.3 million under the plan in fiscal 2008, 2007 and 2006, respectively.

The Company sponsors two defined benefit plans for certain U.S. associates. Benefits under these plans have been frozen and closed to new associates since 1997. The benefits under the primary plan are based on years of service and the associates' average final compensation or stated amounts. The Company's funding policy, consistent with statutory requirements and tax considerations, is based on actuarial computations using the Projected Unit Credit method. The second frozen plan is a non-qualified supplemental pension plan. This plan provides for incremental pension payments so that total pension payments equal amounts that would have been payable from the Company's pension plan if it were not for limitations imposed by the income tax regulations.

The Company sponsors defined benefit pension plans associated with its international businesses in the United Kingdom, the Netherlands, Germany and France. These plans generally cover all associates of the respective businesses, with retirement benefits primarily based on years of service and compensation levels. During fiscal 2004, the U.K. plans were closed to new participants, but existing participants continue to accrue benefits. All newly hired associates of the U.K. business now participate in a defined contribution plan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following tables present information about benefit obligations, plan assets, annual expense, assumptions and other information about the Company's defined benefit pension plans (in millions). The defined benefit plans are valued using a September 30 measurement date.

	Curtailed Defined Benefit Plans		International Benefit Plans	
	2008	2007	2008	2007
Change in projected benefit obligation				
Benefit obligation at beginning of year	$ 90.8	$ 93.4	$ 179.5	$178.7
Service cost	—	—	2.8	3.9
Interest cost	5.4	5.3	10.0	9.2
Plan participants' contributions	—	—	0.9	0.9
Plan amendments	—	—	—	(0.8)
Curtailment/settlement gain	—	—	—	(0.6)
Actuarial loss (gain)	0.5	(1.5)	10.2	(23.8)
Benefits paid	(6.5)	(6.4)	(6.6)	(6.0)
Other	—	—	(0.6)	0.2
Special termination benefits	—	—	0.1	0.5
Foreign currency translation	—	—	(19.6)	17.3
Projected benefit obligation at end of year	$ 90.2	$ 90.8	$ 176.7	$179.5
Accumulated benefit obligation at end of year	$ 90.2	$ 90.8	$ 152.4	$158.6
Change in plan assets				
Fair value of plan assets at beginning of year	$ 77.9	$ 70.9	$ 142.7	$116.1
Actual return on plan assets	(10.3)	9.3	(11.5)	10.4
Employer contribution	4.8	4.1	9.1	9.6
Plan participants' contributions	—	—	0.9	0.9
Benefits paid	(6.5)	(6.4)	(6.6)	(6.0)
Foreign currency translation	—	—	(15.0)	11.9
Other	—	—	(0.7)	(0.2)
Fair value of plan assets at end of year	$ 65.9	$ 77.9	$ 118.9	$142.7
Underfunded status at end of year	$(24.3)	$(12.9)	$ (57.8)	$ (36.8)
Information for pension plans with an accumulated benefit obligation in excess of plan assets				
Projected benefit obligation	$ 90.2	$ 90.8	$ 157.0	$ 28.1
Accumulated benefit obligation	90.2	90.8	135.9	26.5
Fair value of plan assets	65.9	77.9	102.0	7.0
Amounts recognized in the Consolidated Balance Sheets consist of:				
Current liabilities	$ (0.2)	$ (0.2)	$ (1.0)	$ (1.0)
Noncurrent liabilities	(24.1)	(12.7)	(56.8)	(35.8)
Total amount accrued	$(24.3)	$(12.9)	$ (57.8)	$ (36.8)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Curtailed Defined Benefit Plans		International Benefit Plans	
	2008	2007	2008	2007
Amounts recognized in accumulated other comprehensive loss consist of:				
Actuarial loss	$ 37.7	$ 22.0	$ 46.3	$ 21.7
Prior service cost	—	—	(1.1)	(1.1)
Net amount recognized	$ 37.7	$ 22.0	$ 45.2	$ 20.6
Amounts in accumulated other comprehensive loss expected to be recognized as components of net periodic benefit cost in fiscal 2009 are as follows:				
Actuarial loss	$ 3.0	$ 1.3	$ 2.4	$ 0.6
Prior service cost	—	—	(0.1)	(0.1)
Amount to be amortized into net periodic benefit cost	$ 3.0	$ 1.3	$ 2.3	$ 0.5

	Curtailed Defined Benefit Plans		International Benefit Plans	
	2008	2007	2008	2007
Weighted average assumptions used in development of projected benefit obligation				
Discount rate	6.46%	6.11%	6.06%	5.67%
Rate of compensation increase	n/a	n/a	4.1%	3.5%

	Curtailed Defined Benefit Plan			International Benefit Plans		
	2008	2007	2006	2008	2007	2006
Components of net periodic benefit cost						
Service cost	$ —	$ —	$ —	$ 2.8	$ 3.9	$ 4.2
Interest cost	5.4	5.3	5.2	10.0	9.2	7.7
Expected return on plan assets	(6.2)	(5.6)	(5.5)	(9.3)	(8.2)	(7.0)
Net amortization	1.3	2.1	2.2	0.4	2.1	2.0
Net periodic benefit cost	0.5	1.8	1.9	3.9	7.0	6.9
Curtailment/settlement loss (gain)	—	—	—	0.1	0.6	(1.1)
Total benefit cost	$ 0.5	$ 1.8	$ 1.9	$ 4.0	$ 7.6	$ 5.8
Weighted average assumptions used in development of net periodic benefit cost						
Discount rate	6.11%	5.93%	5.63%	5.67%	4.86%	4.68%
Expected return on plan assets	8.0%	8.0%	8.0%	5.8%	6.6%	6.9%
Rate of compensation increase	n/a	n/a	n/a	3.5%	3.5%	3.5%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Other Information

	Curtailed Defined Benefit Plans	International Benefit Plans
Plan asset allocations:		
Target for September 30, 2009:		
Equity securities	60%	49%
Debt securities	40%	51%
September 30, 2008:		
Equity securities	56%	48%
Debt securities	43%	52%
Other	1%	0%
September 30, 2007:		
Equity securities	61%	50%
Debt securities	38%	49%
Other	1%	1%
Expected contributions in fiscal 2009:		
Company	1.5	8.4
Employee	—	0.9
Expected future benefit payments:		
2009	6.6	5.4
2010	6.6	5.6
2011	6.7	6.1
2012	6.8	6.4
2013	6.8	7.0
2014–2018	35.2	42.1

Investment Strategy

Target allocation percentages among various asset classes are maintained based on an individual investment policy established for each of the various pension plans. Asset allocations are designed to achieve long-term objectives of return, while mitigating against downside risk and considering expected cash requirements necessary to fund benefit payments. Subsequent to September 30, 2008, investment markets have continued to decline. This has put further downward pressure on the investments of the Company's pension plans. Management continues to monitor this situation and the potential impact on our future pension plan funding requirements and related expenses. However, we cannot predict future investment returns, and therefore cannot determine whether future pension plan funding requirements could materially and adversely affect our financial condition, results of operations and cash flows.

Basis for Long-Term Rate of Return on Asset Assumptions

The Company's expected long-term rate of return on asset assumptions is derived from studies conducted by third parties. The studies include a review of anticipated future long-term performance of individual asset classes and consideration of the appropriate asset allocation strategy given the anticipated requirements of the plan to determine the average rate of earnings expected. While the studies give appropriate consideration to recent fund performance and historical returns, the assumptions primarily represent expectations about future rates of return over the long term.

NOTE 10. ASSOCIATE MEDICAL 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 who were hired before

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 1, 1998 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.

The following table sets forth the information about the retiree medical plan for domestic associates (in millions). The retiree medical plan is valued using a September 30 measurement date.

	2008	2007
Change in Accumulated Plan Benefit Obligation (APBO)		
Benefit obligation at beginning of year	$ 30.4	$ 33.2
Service cost	0.5	0.6
Interest cost	1.8	1.8
Plan participants' contributions	0.9	0.9
Actuarial gain	(4.5)	(3.4)
Benefits paid (net of federal subsidy of $0.3 and $0.3)	(2.9)	(2.7)
Benefit obligation at end of year	$ 26.2	$ 30.4
Change in plan assets		
Fair value of plan assets at beginning of year	$ —	$ —
Employer contribution	2.3	2.1
Plan participants' contributions	0.9	0.9
Gross benefits paid	(3.2)	(3.0)
Fair value of plan assets at end of year	—	—
Funded status at end of year	$(26.2)	$(30.4)
Amounts recognized in the Consolidated Balance Sheets consist of:		
Current liabilities	$ (2.4)	$ (2.5)
Noncurrent liabilities	(23.8)	(27.9)
Total amount accrued	$(26.2)	$(30.4)
Amounts recognized in accumulated other comprehensive loss consist of:		
Actuarial (gain) loss	$ (4.2)	$ 0.3
The estimated actuarial gain that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year is $0.2 million.		
Discount rate used in development of APBO	7.54%	6.22%

	2008	2007	2006
Components of net periodic benefit cost			
Service cost	$ 0.5	$ 0.6	$ 0.7
Interest cost	1.8	1.8	1.9
Amortization of actuarial loss	—	—	0.1
Total postretirement benefit cost	$ 2.3	$ 2.4	$ 2.7
Discount rate used in development of net periodic benefit cost	6.22%	5.86%	5.51%

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act (the "Act") became law. The Act provides for a federal subsidy to sponsors of retiree health care benefit plans that provide a prescription drug benefit that is at least actuarially equivalent to the benefit established by the Act. On May 19, 2004, the FASB issued Staff Position No. 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

of 2003" (the "FSP"). The FSP provides guidance on accounting for the effects of the Act, which the Company adopted at the beginning of its fourth quarter of fiscal 2004. The APBO at September 30, 2008, has been reduced by a deferred actuarial gain in the amount of $5.5 million to reflect the effect of the subsidy related to benefits attributed to past service. The amortization of the actuarial gain and reduction of service and interest costs served to reduce net periodic post retirement benefit cost for fiscal years 2008, 2007 and 2006 by $0.5 million, $0.7 million and $0.9 million, respectively.

For measurement as of September 30, 2008, management has assumed that health care costs will increase at an annual rate of 7.0% in fiscal 2009, decreasing 0.50% per year to an ultimate trend of 5.00% in 2013. A 1% increase in health cost trend rate assumptions would increase the APBO as of September 30, 2008 and 2007 by $0.9 million and $0.0 million, respectively. A 1% decrease in health cost trend rate assumptions would decrease the APBO as of September 30, 2008 and 2007 by $0.6 million and $0.1 million, respectively. A 1% increase or decrease in the same rate would not have a material effect on service or interest costs.

Estimated Future Benefit Payments

The following benefit payments under the plan are expected to be paid by the Company and the retirees for the fiscal years indicated (in millions):

	Gross Benefit Payments	Retiree Contributions	Medicare Part D Subsidy	Net Company Payments
2009	$ 3.6	$ (0.9)	$(0.3)	$ 2.4
2010	3.8	(1.0)	(0.4)	2.4
2011	4.0	(1.2)	(0.4)	2.4
2012	4.2	(1.4)	(0.4)	2.4
2013	4.5	(1.6)	(0.5)	2.4
2014-2018	27.0	(11.7)	(3.0)	12.3

The Company also provides comprehensive major medical benefits to its associates. The Company is self-insured for certain health benefits up to $0.3 million per occurrence per individual. The cost of such benefits is recognized as expense in the period the claim is incurred. This cost was $24.1 million, $21.4 million and $21.8 million in fiscal 2008, 2007 and 2006, respectively.

The following table reflects the effects of the adoption of SFAS 158 on the Company's Consolidated Balance Sheet for pension and other post-employment benefits as of September 30, 2007.

	Prior to Adopting SFAS 158	Effect of Adopting SFAS 158	As Reported under SFAS 158
		(In millions)	
Prepaid and other assets	$ 136.8	$ (9.1)	$ 127.7
Accrued liabilities	283.1	3.7	286.8
Other liabilities	179.4	0.5	179.9
Total liabilities	1,793.7	4.2	1,797.9
Accumulated other comprehensive (loss)	(28.7)	(13.3)	(42.0)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11. DEBT

	September 30, 2008	2007
	(In millions)	
Credit Facilities:		
Revolving loans	$ 375.8	$ 469.2
Term loans	540.4	558.6
Master Accounts Receivable Purchase Agreement	62.1	64.4
Notes due to sellers	12.8	15.1
Foreign bank borrowings and term loans	0.7	—
Other	7.7	10.5
	999.5	1,117.8
Less current portions	150.0	86.4
	$ 849.5	$1,031.4

The Company's debt matures as follows for each of the next five fiscal years and thereafter (in millions):

2009	$ 150.0
2010	155.8
2011	193.6
2012	496.1
2013	0.5
Thereafter	3.5
	$ 999.5

In connection with the recapitalization transactions discussed in "NOTE 5. RECAPITALIZATION," in February 2007, the Company entered into the following loan facilities totaling up to $2.15 billion in the aggregate: (a) a senior secured five-year term loan in the principal amount of $560 million and (b) a senior secured five-year revolving loan facility in the aggregate principal amount of up to $1.59 billion. Under the terms of the loan facilities, the Company may request an additional $200 million in revolving credit and/or term credit commitments, subject to approval from the lenders. Borrowings may be made in various currencies including U.S. dollars, Euros, British pounds, Australian dollars and Canadian dollars.

The terms of these senior secured credit facilities provide for customary representations and warranties and affirmative covenants. The senior secured credit facilities also contain customary negative covenants setting forth limitations, subject to negotiated carve-outs, on liens; contingent obligations; fundamental changes; acquisitions, investments, loans and advances; indebtedness; restrictions on subsidiary distributions; transactions with affiliates and officers; sales of assets; sale and leaseback transactions; changing the Company's fiscal year end; modifications of certain debt instruments; negative pledge clauses; entering into new lines of business; and restricted payments (including restricting dividend payments to $55 million annually based on the current Leverage Ratio (as defined) of the Company). The senior secured credit facilities are secured by collateral that includes the capital stock of specified subsidiaries of Scotts Miracle-Gro, substantially all domestic accounts receivable (exclusive of any "sold" receivables), inventory and equipment. The senior secured credit facilities also require the maintenance of a specified Leverage Ratio and Interest Coverage Ratio (both as defined), and are guaranteed by substantially all of Scotts Miracle-Gro's domestic subsidiaries.

The senior secured credit facilities have several borrowing options, including interest rates that are based on (i) a LIBOR rate plus a margin based on a Leverage Ratio (as defined) or (ii) the greater of the prime rate or the Federal Funds Effective Rate (as defined) plus 1/2 of 1% plus a margin based on a Leverage Ratio (as defined). Commitment fees are paid quarterly and are calculated as an amount equal to the product of a rate based on a Leverage Ratio (as defined) and the average daily unused portion of

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

both the revolving and term credit facilities. Amounts outstanding under the senior secured credit facilities at September 30, 2008 were at interest rates based on LIBOR applicable to the borrowed currencies plus 125 basis points. The weighted average interest rates on average debt under the credit facilities were 6.2% and 6.5% at September 30, 2008 and 2007, respectively. As of September 30, 2008, there was $1.19 billion of availability under the senior secured credit facilities. Under the senior secured credit facilities, the Company has the ability to issue letter of credit commitments up to $65.0 million. At September 30, 2008, the Company had letters of credit in the amount of $28.4 million outstanding.

On January 10, 2007, the Company also launched a cash tender offer for any and all of its outstanding 6 5/8% senior subordinated notes due 2013 in an aggregate principal amount of $200 million. Substantially all of the 6 5/8% senior subordinated notes were repurchased under the terms of the tender offer on February 14, 2007. The remaining senior subordinated notes not tendered were subsequently called and repurchased on March 26, 2007. Proceeds from the senior secured credit facilities were used to fund the repurchase of the 6 5/8% senior subordinated notes, at an aggregate cost of $209.6 million including an early redemption premium.

At September 30, 2008, the Company had outstanding interest rate swaps with major financial institutions that effectively converted a portion of variable-rate debt denominated in the Euros, British pounds and U.S. dollars to a fixed rate. The swap agreements had a total U.S. dollar equivalent notional amount of $711.4 million at September 30, 2008. The term, expiration date and rates of these swaps are as follows:

Currency	Notional Amount in USD	Term	Expiration Date	Fixed Rate
	(In millions)			
British pound	$ 51.2	3 years	11/17/2008	4.76%
Euro	60.2	3 years	11/17/2008	2.98%
U.S. dollar	200.0	2 years	3/31/2009	4.90%
U.S. dollar	200.0	3 years	3/30/2010	4.87%
U.S. dollar	200.0	5 years	2/14/2012	5.20%

The Company recorded a charge of $18.3 million (including approximately $8.0 million of non-cash charges associated with the write-off of deferred financing costs) during fiscal 2007 relating to the refinancing of the $1.05 billion senior credit facility and the repurchase of the 6 5/8% senior subordinated notes.

Master Accounts Receivable Purchase Agreement

On April 11, 2007, the Company entered into a one-year Master Accounts Receivable Purchase Agreement (the “Original MARP Agreement”). On April 9, 2008, the Company terminated the Original MARP Agreement and entered into a new Master Accounts Receivable Purchase Agreement (the “New MARP Agreement”) with a termination date of April 8, 2009, or such later date as may be extended by mutual agreement of the Company and its lenders. The terms of the New MARP Agreement are substantially the same as the Original MARP Agreement. The New MARP Agreement provides for the discounted sale, on a revolving basis, of accounts receivable generated by specified account debtors, with seasonally adjusted monthly aggregate limits ranging from $10 million to $300 million. The New MARP Agreement also provides for specified account debtor sublimit amounts, which provide limits on the amount of receivables owed by individual account debtors that can be sold to the banks.

The New MARP Agreement provides that although the specified receivables are sold, the purchaser has the right to require the Company to repurchase uncollected receivables if certain events occur, including the breach of certain covenants, warranties or representations made by the Company with respect to such receivables. However, the purchaser does not have the right to require the Company to repurchase any uncollected receivables if nonpayment is due to the account debtor’s financial inability to pay. Under certain specified conditions, the Company has the right to repurchase receivables which have been sold pursuant to the New MARP Agreement. The purchase price paid by the purchaser reflects a discount on the adjusted amount (primarily reflecting historical dilution and potential trade credits) of the receivables purchased, which effectively is equal to the 7-day LIBOR rate plus a margin of .85% per

annum. The Company continues to be responsible for the servicing and administration of the receivables purchased.

The Company accounts for the sale of receivables under the New MARP Agreement as short-term debt and continues to carry the receivables on its consolidated balance sheet, in accordance with SFAS 140, “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities,” primarily as a result of the Company’s right to repurchase receivables sold. The caption “Accounts receivable pledged” on the accompanying Consolidated Balance Sheets in the amounts of $146.6 million and $149.5 million as of September 30, 2008 and 2007, respectively, represents the pool of receivables that have been designated as “sold” and serve as collateral for short-term debt in the amount of $62.1 million and $64.4 million as of those dates, respectively.

The Company was in compliance with the terms of all borrowing agreements at September 30, 2008. Management continues to monitor the Company’s compliance with the leverage ratio and other covenants contained in the credit facilities and, based upon the Company’s current operating assumptions, the Company expects to remain in compliance with the permissible leverage ratio throughout fiscal 2009. However, an unanticipated charge to earnings or an increase in debt could materially affect our ability to remain in compliance with the financial covenants of our credit facilities, potentially causing us to have to seek an amendment or waiver from our lending group. While the Company believes it has good relationships with its banking group, given the adverse conditions currently present in the global credit markets, the Company can provide no assurance that such a request would be likely to result in a modified or replacement credit facility on reasonable terms, if at all.

NOTE 12. SHAREHOLDERS’ EQUITY

	2008	2007
	(In millions)	
Preferred shares, no par value:		
Authorized	0.2 shares	0.2 shares
Issued	0.0 shares	0.0 shares
Common shares, no par value, $.01 stated value per share		
Authorized	100.0 shares	100.0 shares
Issued	68.1 shares	68.1 shares

In fiscal 1995, The Scotts Company merged with Stern’s Miracle-Gro Products, Inc. (“Miracle-Gro”). At September 30, 2008, the former shareholders of Miracle-Gro, including Hagedorn Partnership L.P., owned approximately 32% of Scotts Miracle-Gro’s outstanding common shares and, thus, have the ability to significantly influence the election of directors and approval of other actions requiring the approval of Scotts Miracle-Gro’s shareholders.

Under the terms of the merger agreement with Miracle-Gro, the former shareholders of Miracle-Gro may not collectively acquire, directly or indirectly, beneficial ownership of Voting Stock (as that term is defined in the Miracle-Gro merger agreement) representing more than 49% of the total voting power of the outstanding Voting Stock, except pursuant to a tender offer for 100% of that total voting power, which tender offer is made at a price per share which is not less than the market price per share on the last trading day before the announcement of the tender offer and is conditioned upon the receipt of at least 50% of the Voting Stock beneficially owned by shareholders of Scotts Miracle-Gro other than the former shareholders of Miracle-Gro and their affiliates and associates.

Scotts Miracle-Gro reacquired no common shares in fiscal 2008 and 4.5 million common shares during fiscal 2007, to be held in treasury. Common shares held in treasury totaling 0.6 million and 2.0 million were reissued in support of share-based compensation awards and employee purchases under the employee stock purchase plan during fiscal 2008 and fiscal 2007, respectively. See “NOTE 5. RECAPITALIZATION” for a discussion of the Company’s fiscal 2007 recapitalization transactions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Share-Based Awards

Scotts Miracle-Gro grants share-based awards annually to officers and other key employees of the Company and non-employee directors of Scotts Miracle-Gro. The Company's share-based awards typically consist of stock options and restricted stock, although performance share awards have been made. Stock appreciation rights ("SARs") also have been granted, though not in recent years. SARs result in less dilution than stock options as the SAR holder receives a net share settlement upon exercise. All of these share-based awards have been made under plans approved by the shareholders. Generally, employee share-based awards provide for three-year cliff vesting. Vesting for non-employee director awards varies based on the length of service and age of each director at the time of the award. Share-based awards are forfeited if a holder terminates employment or service with the Company prior to the vesting date. The Company estimates that 10% of its share-based awards will be forfeited based on an analysis of historical trends. This assumption is re-evaluated on an annual basis by grant and adjusted as appropriate. Stock options and SAR awards have exercise prices equal to the market price of the underlying common shares on the date of grant with a term of 10 years. If available, the Company will typically use treasury shares, or if not available, newly issued common shares, in satisfaction of its share-based awards.

A maximum of 18 million common shares are available for issuance under share-based award plans. At September 30, 2008, approximately 2.5 million common shares were not subject to outstanding awards and were available to underlie the grant of new share-based awards. Subsequent to September 30, 2008, awards covering 1.1 million common shares were granted to key employees with an estimated fair value of $14.3 million on the date of grant.

The following is a recap of the share-based awards granted over the periods indicated:

	Year Ended September 30,		
	2008	2007	2006
Key employees			
Options	889,700	821,200	835,640
Options and SARs due to recapitalization	—	872,147	—
Restricted stock	154,900	193,550	184,595
Performance shares	40,000	—	30,000
Board of Directors			
Deferred stock units	30,271	—	—
Options	—	127,000	126,000
Options due to recapitalization	—	202,649	—
Total share-based awards	1,114,871	2,216,546	1,176,235
Aggregate fair value at grant dates (in millions), excluding additional options and SARs issued due to the recapitalization	$ 18.7	$ 22.3	$ 20.9

As discussed in "NOTE 5. RECAPITALIZATION," the Company consummated a series of transactions as part of a recapitalization plan in the quarter ended March 31, 2007. The payment of a special dividend is a recapitalization or adjustment event under the Company's share-based award programs. As such, it was necessary to adjust the number of common shares subject to stock options and SARs outstanding at the time of the dividend, as well as the price at which such awards may be exercised. The adjustments to the outstanding awards resulted in an increase in the number of common shares subject to outstanding stock options and SAR awards in an aggregate amount of 1.1 million common shares. The methodology used to adjust the awards was consistent with Internal Revenue Code ("IRC") Section 409A and the then proposed regulations promulgated thereunder and IRC Section 424 and the regulations promulgated thereunder, compliance with which was necessary to avoid adverse tax consequences for the holder of an award. Such methodology also resulted in a fair value for the adjusted awards post-dividend equal to that of the unadjusted awards pre-dividend, with the result that there was no

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

additional compensation expense in accordance with the accounting for modifications to awards under SFAS 123(R).

Total share-based compensation and the deferred tax benefit recognized were as follows for the periods indicated (in millions):

	Year Ended September 30,		
	2008	2007	2006
Share-based compensation	$12.5	$15.5	$15.7
Tax benefit recognized	4.8	6.2	5.9

Stock Options/SARs

Aggregate stock option and SARs activity consisted of the following for the year ended September 30, 2008 (options/SARs in millions):

	No. of Options/SARs	WTD. Avg. Exercise Price
Beginning balance	5.8	$26.63
Granted	0.9	$38.63
Exercised	(0.6)	$17.24
Forfeited	(0.3)	$37.32
Ending balance	5.8	$29.01
Exercisable	3.6	$23.41

The following summarizes certain information pertaining to stock option and SAR awards outstanding and exercisable at September 30, 2008 (options/SARs in millions):

	Awards Outstanding			Awards Exercisable		
Range of Exercise Price	No. of Options/ SARs	WTD. Avg. Remaining Life	WTD. Avg. Exercise Price	No. of Options/ SARS	Exercise Price	WTD. Avg. Remaining Life
$11.14 — $14.95	0.4	1.41	$ 13.69	0.4	$ 13.69	1.41
$15.03 — $19.82	0.8	2.57	16.79	0.8	16.79	2.57
$20.12 — $28.97	1.5	4.91	23.63	1.5	23.63	4.91
$29.01 — $31.62	0.6	6.20	29.08	0.6	29.03	6.17
$33.25 — $37.48	0.6	7.14	35.71	—	—	—
$37.89 — $39.95	1.6	8.57	38.63	—	—	—
$40.53 — $46.70	0.3	7.90	43.31	0.3	43.26	7.85
	5.8	5.87	$ 29.01	3.6	$ 23.41	4.43

The intrinsic value of the stock option and SAR awards outstanding and exercisable at September 30, were as follows (in millions):

	2008
Outstanding	$9.7
Exercisable	9.7

The grant date fair value of stock option awards are estimated using a binomial model and the assumptions in the following table. Expected market price volatility is based on implied volatilities from traded options on Scotts Miracle-Gro's common shares and historical volatility specific to the common shares. Historical data, including demographic factors impacting historical exercise behavior, is used to estimate option exercise and employee termination within the valuation model. The risk-free rate for periods within the contractual life (normally ten years) of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The expected life of stock options is based on historical experience

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

and expectations for grants outstanding. The weighted average assumptions for awards granted are as follows for the periods indicated:

	Year Ended September 30,		
	2008	2007	2006
Expected market price volatility	30.2%	26.3%	23.0%
Risk-free interest rates	4.0%	4.8%	4.4%
Expected dividend yield	1.3%	1.1%	1.2%
Expected life of stock options in years	6.19	5.83	6.19
Estimated weighted-average fair value per stock option	$12.34	$11.42	$12.04

Restricted Stock

Restricted stock award activity was as follows:

	No. of Shares	WTD. Avg. Grant Date Fair Value per Share
Awards outstanding at September 30, 2007	277,080	$ 43.74
Granted	187,000	39.99
Vested	(29,215)	34.91
Forfeited	(53,300)	43.23
Awards outstanding at September 30, 2008	381,565	$ 42.65

As of September 30, 2008, total unrecognized compensation cost related to non-vested share-based awards amounted to $17.0 million. This cost is expected to be recognized over a weighted-average period of 1.9 years. Unearned compensation cost is amortized by grant on the straight-line method over the vesting period, with the amortization expense classified as a component of “Selling, general and administrative” expense within the Consolidated Statements of Operations.

The total intrinsic value of stock options exercised was $11.4 million, $65.5 million and $23.2 million during fiscal 2008, 2007 and 2006, respectively. The total fair value of restricted stock vested was $1.1 million, $5.5 million and $0.4 million during fiscal 2008, 2007 and 2006, respectively.

Cash received from the exercise of stock options for fiscal 2008 was $9.2 million. The tax benefit realized from the tax deductions associated with the exercise of share-based awards and the vesting of restricted stock totaled $4.4 million for fiscal 2008.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13. EARNINGS (LOSS) PER COMMON SHARE

The following table (in millions, except per share data) presents information necessary to calculate basic and diluted earnings per common share. Basic earnings (loss) per common share are computed by dividing net income (loss) by the weighted average number of common shares outstanding. Diluted earnings (loss) per common share are computed by dividing net income (loss) by the weighted average number of common shares outstanding plus all potentially dilutive securities. Stock options with exercise prices greater than the average market price of the underlying common shares are excluded from the computation of diluted net income (loss) per share because they are out-of-the-money. The number of common shares covered by out-of-the-money stock options was 4.0 million, 0.17 million and 0.15 million common shares for the years ended September 30, 2008, 2007 and 2006, respectively. Because of the net loss in fiscal 2008, 0.9 million potential common shares were not included in the calculation of diluted loss per share because to do so would have been anti-dilutive.

	Year Ended September 30,		
	2008	2007	2006
Net income (loss)	$(10.9)	$113.4	$132.7
BASIC EARNINGS (LOSS) PER COMMON SHARE:			
Weighted-average common shares outstanding during the period	64.5	65.2	67.5
Net income (loss)	$(0.17)	$ 1.74	$ 1.97
DILUTED EARNINGS (LOSS) PER COMMON SHARE:			
Weighted-average common shares outstanding during the period	64.5	65.2	67.5
Potential common shares	—	1.8	1.9
Weighted-average number of common shares outstanding and dilutive potential common shares	64.5	67.0	69.4
Net income (loss)	$(0.17)	$ 1.69	$ 1.91

NOTE 14. INCOME TAXES

The provision (benefit) for income taxes consisted of the following (in millions):

	Year Ended September 30,		
	2008	2007	2006
Current:			
Federal	$ 27.9	$ 54.5	$ 68.3
State	2.8	5.4	6.0
Foreign	12.5	8.5	6.3
Total Current	43.2	68.4	80.6
Deferred:			
Federal	(13.6)	6.5	(0.5)
State	(1.9)	(0.6)	1.6
Foreign	(1.0)	0.4	(1.5)
Total Deferred	(16.5)	6.3	(0.4)
Provision for income taxes	$ 26.7	$ 74.7	$ 80.2

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The domestic and foreign components of income before taxes were as follows (in millions):

	Year Ended September 30,		
	2008	2007	2006
Domestic	$ 75.0	$175.3	$ 253.6
Foreign	(59.2)	12.8	(40.7)
Income before taxes	$ 15.8	$188.1	$ 212.9

A reconciliation of the federal corporate income tax rate and the effective tax rate on income before income taxes from continuing operations is summarized below (in millions):

	Year Ended September 30,		
	2008	2007	2006
Statutory income tax rate	35.0%	35.0%	35.0%
Effect of foreign operations	(4.5)	(0.5)	(0.5)
State taxes, net of federal benefit	0.6	1.6	2.3
Change in state NOL and credit carryforwards	(1.3)	(0.2)	0.1
Research & Development tax credit	(4.7)	(0.5)	0.0
Change in valuation allowances	106.9	1.0	0.4
Effect of goodwill impairment and other permanent differences	42.3	4.8	0.0
Other	(5.7)	(1.5)	0.4
Effective income tax rate	168.6%	39.7%	37.7%

Deferred income taxes arise from temporary differences between financial reporting and tax reporting bases of assets and liabilities, and operating loss and tax credit carryforwards for tax purposes. The components of the deferred income tax assets and liabilities as of September 30, 2008 and 2007 were as follows (in millions):

	September 30,	
	2008	2007
DEFERRED TAX ASSETS		
Inventories	$ 18.5	$ 12.0
Accrued liabilities	64.0	56.0
Postretirement benefits	40.0	26.5
Accounts receivable	8.4	3.4
Federal NOL carryovers	—	0.1
State NOL carryovers	4.6	5.4
Foreign NOL carryovers	45.9	38.6
Other	12.7	19.1
Gross deferred tax assets	194.1	161.1
Valuation allowance	(65.8)	(41.0)
Total deferred tax assets	128.3	120.1
DEFERRED TAX LIABILITIES		
Property, plant and equipment	(34.3)	(38.4)
Intangible assets	(52.9)	(72.5)
Other	(5.6)	(7.5)
Total deferred tax liabilities	(92.8)	(118.4)
Net deferred tax asset	$ 35.5	$ 1.7

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The net current and non-current components of deferred income taxes recognized in the Consolidated Balance Sheets were (in millions):

	September 30, 2008	September 30, 2007
Net current deferred tax asset (classified with prepaid and other assets)	$ 78.1	$ 69.6
Net non-current deferred tax liability (classified with other liabilities)	(42.6)	(67.9)
Net deferred tax asset	$ 35.5	$ 1.7

Tax benefits relating to state net operating loss carryforwards were $4.6 million and $5.4 million at September 30, 2008 and 2007, respectively. State net operating loss carryforward periods range from 5 to 20 years. Any losses not utilized within a specific state's carryforward period will expire. State net operating loss carryforwards include $1.4 million of tax benefits relating to Smith & Hawken®. As these losses may only be used against income of Smith & Hawken®, and cannot be used to offset income of the consolidated group, a full valuation allowance has been recorded against this tax asset. Tax benefits associated with state tax credits will expire if not utilized and amounted to $0.3 million and $0.1 million at September 30, 2008 and 2007, respectively.

Fiscal 2008 income tax expense and valuation allowances also include $16.9 million recorded to fully reserve deferred tax assets that originated from impairment charges recorded for the Smith & Hawken® business in fiscal 2007 and fiscal 2008. The Company has concluded it is probable that it will not receive any future tax benefit from these deferred tax assets.

In accordance with APB 23, deferred taxes have not been provided on unremitted earnings approximating $105.8 million of certain foreign subsidiaries and foreign corporate joint ventures as such earnings have been permanently reinvested. The Company has also elected to treat certain foreign entities as disregarded entities for U.S. tax purposes, which results in their net income or loss being recognized currently in the Company's U.S. tax return. As such, the tax benefit of net operating losses available for foreign statutory tax purposes has already been recognized for U.S. purposes. Accordingly, a full valuation allowance is required on the tax benefit of these net operating losses on global consolidation. The statutory tax benefit of these net operating loss carryovers amounted to $45.9 million and $38.6 million for the fiscal years ended September 30, 2008 and 2007, respectively. A full valuation allowance has been placed on these assets for worldwide tax purposes.

The Company adopted the provisions of FASB Interpretation 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109" ("FIN 48"), as of October 1, 2007, the beginning of its 2008 fiscal year. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in the financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." This standard provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits of the position. The amount recognized is measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon settlement. The cumulative effect of adoption of this interpretation was a $0.4 million decrease to retained earnings.

The Company had $7.2 million and $10.0 million of gross unrecognized tax benefits related to uncertain tax positions at September 30, 2008 and October 1, 2007, respectively. Included in the September 30, 2008 and October 1, 2007 balances were $6.5 million and $9.5 million, respectively, of unrecognized tax benefits that, if recognized, would have an impact on the effective tax rate. A

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

reconciliation of these unrecognized tax benefits from October 1, 2007 to September 30, 2008 is as follows (in millions):

Balance at October 1, 2007	$10.0
Additions for tax positions of the current year	2.2
Additions for tax positions of prior years	0.6
Reductions for tax positions of the current year	(0.1)
Reductions for tax positions of prior years	(1.8)
Settlements with tax authorities	(1.8)
Expiration of the statute of limitations	(1.9)
Balance at September 30, 2008	$ 7.2

The Company continues to recognize accrued interest and penalties related to unrecognized tax benefits as a component of the provision for income taxes. As of September 30, 2008 and October 1, 2007, the Company had $1.2 million and $1.4 million, respectively, accrued for the payment of interest that, if recognized, would impact the effective tax rate. As of September 30, 2008 and October 1, 2007, the Company had $0.6 million and $0.8 million, respectively, accrued for the payment of penalties that, if recognized, would impact the effective tax rate. For the year ended September 30, 2008, the Company recognized $0.1 million of tax interest and tax penalties in its statement of operations.

Scotts Miracle-Gro or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state, local and foreign jurisdictions. With few exceptions, the Company is no longer subject to examinations by these tax authorities for fiscal year 2004 and prior. The Company is currently under examination by certain foreign and U.S. state and local tax authorities. In regard to the foreign audits, the tax periods under investigation are limited to fiscal years 2005 through 2007. In the Company's third quarter of fiscal 2008, the Canada Revenue Agency completed an examination of income tax returns for fiscal years 2002 and 2003 resulting in no material modifications or adjustments to unrecognized tax benefits. In regards to the U.S. state and local audits, the tax periods under investigation are limited to fiscal years 2002 through 2006. In addition to the aforementioned audits, certain other tax deficiency issues and refund claims for previous years remain unresolved.

The Company currently anticipates that few of its open and active audits will be resolved in the next 12 months. The Company is unable to make a reasonably reliable estimate as to when or if cash settlements with taxing authorities may occur. Although audit outcomes and the timing of audit payments are subject to significant uncertainty, the Company does not anticipate that the resolution of these tax matters or any events related thereto will result in a material change to its consolidated financial position or results of operations.

Management judgment is required in determining tax provisions and evaluating tax positions. Management believes its tax positions and related provisions reflected in the consolidated financial statements are fully supportable and appropriate. The Company established reserves for additional income taxes that may become due if the tax positions are challenged and not sustained. The Company's tax provision includes the impact of recording reserves and changes thereto. The reserves for additional income taxes are based on management's best estimate of the ultimate resolution of the tax matter. Based on currently available information, the Company believes that the ultimate outcome of any challenges to its tax positions will not have a material adverse effect on its financial position, results of operations or cash flows. The Company's tax provision includes the impact of recording reserves and adjusting existing reserves.

NOTE 15. FINANCIAL INSTRUMENTS

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

Long-Term Debt

The interest rate currently available to the Company fluctuates with the applicable LIBOR rate, prime rate or Federal Funds Effective Rate, and thus the carrying value is a reasonable estimate of fair value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accounts Receivable Pledged

The interest rate on the short-term debt associated with accounts receivable pledged under the New MARP agreement fluctuates with the one-week LIBOR rate, and thus the carrying value is a reasonable estimate of fair value.

Derivatives and Hedging

The Company is exposed to market risks, such as changes in interest rates, currency exchange rates and commodity prices. To manage the volatility related to these exposures, the Company enters into various financial transactions, which are accounted for under SFAS 133, “Accounting for Derivative Instruments and Hedging Activities,” as amended and interpreted. The utilization of these financial transactions is governed by policies covering acceptable counterpart exposure, instrument types and other hedging practices. The Company does not hold or issue derivative financial instruments for speculative trading purposes.

The Company formally designates and documents qualifying instruments as hedges of underlying exposures at inception. The Company formally assesses, both at inception and at least quarterly on an ongoing basis, whether the financial instruments used in hedging transactions are effective at offsetting changes in either the fair value or cash flows of the related underlying exposure. Fluctuations in the value of these instruments generally are offset by changes in the fair value or cash flows of the underlying exposures being hedged. This offset is driven by the high degree of effectiveness between the exposure being hedged and the hedging instrument. Any ineffective portion of a change in the fair value of a qualifying instrument is immediately recognized in earnings. There were no amounts excluded from the assessment of effectiveness for derivatives designated as either fair value or cash flow hedges for the fiscal years ended September 30, 2008 and 2007.

Foreign Currency Swap Agreements

The Company uses foreign currency swap contracts to manage the exchange rate risk associated with intercompany loans with foreign subsidiaries that are denominated in U.S. dollars. At September 30, 2008, the notional amount of outstanding contracts was $86.4 million, with a fair value of $(0.4) million. The unrealized loss on the contracts approximates the unrealized gain on the intercompany loans recognized by the Company’s foreign subsidiaries.

Interest Rate Swap Agreements

At September 30, 2008 and 2007, the Company had outstanding interest rate swaps with major financial institutions that effectively convert a portion of the Company’s variable-rate debt to a fixed rate. The swap agreements had a total U.S. dollar equivalent notional amount of $711.4 million and $720.0 million at September 30, 2008 and 2007, respectively. Please refer to “NOTE 11. DEBT” for the terms, expiration dates and rates of the swaps outstanding at September 30, 2008. The change in notional amounts for the Euro and British pounds denominated swaps is due to foreign exchange movement. During fiscal 2008, 2007 and 2006, $4.5 million of pretax derivative losses, and $3.3 million and $0.8 million of pretax derivative gains, respectively, from such hedges were recorded in interest expense. During the next 12 months, $4.3 million of the September 30, 2008 other comprehensive income balance will be reclassified to earnings consistent with the timing of the underlying hedged transactions.

The Company enters into interest rate swap agreements as a means to hedge its variable interest rate exposure on debt instruments. Since the interest rate swaps have been designated as hedging instruments, their fair values are 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. Unrealized gains or losses resulting from adjusting these swaps to fair value are recorded as elements of accumulated other comprehensive income or loss within the Consolidated Balance Sheets. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Commodity Hedges

Throughout the fiscal year, the Company uses diesel fuel derivatives to partially mitigate the effect of fluctuating fuel costs on operating results. The Company has no outstanding fuel derivatives at September 30, 2008. Fuel derivatives used by the Company do not qualify for hedge accounting treatment under SFAS 133 and are marked-to-market, with unrealized gains and losses on open contracts and realized gains or losses on settled contracts recorded as an element of cost of sales. Amounts included in cost of sales relating to these fuel derivatives for the years ended September 30, 2008 and 2007 were not significant.

The Company also has hedging arrangements designed to fix the price of a portion of its urea needs through April 30, 2009. The contracts are designated as hedges of the Company's exposure to future cash flows associated with the cost of urea. The objective of the hedge is to eliminate the variability of cash flows attributable to the risk of change. Unrealized gains or losses in the fair value of these contracts are recorded to the accumulated other comprehensive loss component of shareholders' equity. Gains or losses upon realization remain as a component of accumulated other comprehensive loss until the related inventory is sold. Upon sale of the underlying inventory, the gain or loss is reclassified to cost of sales. During fiscal 2008, 2007 and 2006, $3.3 million, $2.6 million and $0.0 million of pretax derivative gains, respectively, from such hedges were recorded in cost of sales. The fair value of the 48,500 aggregate tons hedged at September 30, 2008 was ($8.5) million. During the next 12 months, ($8.5) million of the September 30, 2008 other comprehensive income balance will be reclassified to earnings consistent with the timing of the underlying hedged transactions.

Estimated Fair Values

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

	2008		2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Revolving loans	$ 375.8	$375.8	$ 469.2	$469.2
Foreign bank borrowings and term loans	0.7	0.7	—	—
Term loans	540.4	540.4	558.6	558.6
Master Accounts Receivable Purchase Agreement	62.1	62.1	64.4	64.4
Unrealized (loss) on foreign currency swap agreements	(0.4)	(0.4)	(1.3)	(1.3)
Unrealized (loss) on interest rate swap agreements	(15.0)	(15.0)	(4.1)	(4.1)
Unrealized gain (loss) on commodity hedging instruments	(8.5)	(8.5)	1.0	1.0

Certain miscellaneous instruments included in the Company's total debt balances for which fair value determinations are not ascertainable have been excluded from the fair value table above. The excluded items at September 30, 2008 and 2007 (in millions) are as follows:

	2008	2007
Notes due to sellers	$12.8	$15.1
Other	7.7	10.5

NOTE 16. OPERATING LEASES

The Company leases certain property and equipment from third parties under various non-cancelable operating lease agreements. Certain lease agreements contain renewal and purchase options. The lease agreements generally provide that the Company pay taxes, insurance and maintenance

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

expenses related to the leased assets. Future minimum lease payments for non-cancelable operating leases at September 30, 2008, are as follows (in millions):

2009	$ 39.0
2010	33.5
2011	30.4
2012	24.5
2013	20.2
Thereafter	44.6
Total future minimum lease payments	$192.2

The Company also leases certain vehicles (primarily cars and light trucks) under agreements that are cancelable after the first year, but typically continue on a month-to-month basis until canceled by the Company. The vehicle leases and certain other non-cancelable operating leases contain residual value guarantees that create a contingent obligation on the part of the Company to compensate the lessor if the leased asset cannot be sold for an amount in excess of a specified minimum value at the conclusion of the lease term. If all such vehicle leases had been canceled as of September 30, 2008, the Company's residual value guarantee would have approximated $7.8 million. Other residual value guarantee amounts that apply at the conclusion of the non-cancelable lease term are as follows:

	Amount of Guarantee	Lease Termination Date
Scotts LawnService® vehicles	$ 19.5 million	2012
Corporate aircraft	15.7 million	2010 and 2012

Rent expense for fiscal 2008, 2007 and 2006 totaled $68.1 million, $74.9 million and $63.3 million, respectively.

NOTE 17. COMMITMENTS

The Company has the following unconditional purchase obligations due during each of the next five fiscal years that have not been recognized on the Consolidated Balance Sheet at September 30, 2008 (in millions):

2009	$ 299.8
2010	150.9
2011	78.1
2012	36.9
2013	31.6
Thereafter	—
	$ 597.3

Purchase obligations primarily represent commitments for materials used in the Company's manufacturing processes, as well as commitments for warehouse services, grass seed and out-sourced information services.

NOTE 18. 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, worker's compensation, property losses and other fiduciary liabilities for which the Company is self-insured or retains a high exposure limit. Self-insurance reserves are established based on actuarial loss estimates for specific individual claims plus actuarial estimated amounts for incurred but not reported claims and adverse development factors for existing claims. Legal costs incurred in connection with the resolution of claims, lawsuits and other contingencies generally are expensed as incurred. 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 are the more significant of the Company's identified contingencies.

FIFRA Compliance and the Corresponding Governmental Investigation

The Company's products that contain pesticides are subject to the Federal Insecticide, Fungicide, and Rodenticide Act of 1947, as amended ("FIFRA"). In April 2008, the Company became aware that a former associate apparently deliberately circumvented the Company's policies and U.S. EPA regulations under FIFRA by failing to obtain valid registrations for products and/or causing invalid product registration forms to be submitted to regulators. Since that time, the Company has been cooperating with the U.S. EPA in its civil investigation into product registration issues involving the Company and with the U.S. EPA and the U.S. DOJ in a related criminal investigation. In late April of 2008, in connection with the U.S. EPA's investigation, the Company was required to conduct a consumer-level recall of certain consumer lawn and garden products and a Scotts LawnService® product. Subsequently, the Company and the U.S. EPA agreed upon a Compliance Review Plan for conducting a comprehensive, independent review of the Company's product registration records. Pursuant to the Compliance Review Plan, an independent third-party firm, Quality Associates Incorporated ("QAI"), has been reviewing all of the Company's U.S. pesticide product registration records, some of which are historical in nature and no longer support sales of the Company's products. The U.S. EPA investigation and QAI review process have resulted in the issuance of a number of Stop Sale, Use or Removal Orders by the U.S. EPA that caused the Company to temporarily suspend sales and shipments of affected products. In addition, as the QAI review process or the Company's internal review has indicated a FIFRA registration issue or a potential FIFRA registration issue (some of which appear unrelated to the former associate), the Company has endeavored to stop selling or distributing the affected products until the issue could be resolved with the U.S. EPA.

On September 26, 2008, the Company, doing business as Scotts LawnService®, was named as a defendant in a purported class action filed in the U.S. District Court for the Eastern District of Michigan relating to certain pesticide products. In the suit, Mark Baumkel, on behalf of himself and the purported classes, seeks an unspecified amount of damages, plus costs and attorney fees, for alleged claims involving breach of contract, unjust enrichment and violation of the Michigan consumer protection act. Given the preliminary stages of the proceedings, no reserves have been booked at this time, and the Company intends to vigorously contest the plaintiff's assertions.

The U.S. EPA investigation or the compliance review process may result in future state or federal action or private rights of action with respect to additional product registration issues. Until the investigation and compliance review process are complete, the Company cannot fully quantify the extent of additional issues. While the Company continues to evaluate the financial impact of the registration and recall matters, the Company currently expects total fiscal year 2008 and 2009 costs related to the recalls and known registration issues to be limited to approximately $65 million, exclusive of potential fines, penalties and/or judgments, of which approximately $51.1 million was incurred during fiscal 2008. No reserves have been established with respect to any potential fines, penalties and/or judgments at the state and/or federal level related to the product registration issues, as the scope and magnitude of such amounts are not currently estimable. However, it is possible that such fines, penalties and/or judgments could be material and have an adverse effect on the Company's financial condition, results of operations and cash flows.

Other Regulatory Matters

In 1997, the Ohio Environmental Protection Agency (the "Ohio EPA") initiated an enforcement action against the Company with respect to alleged surface water violations and inadequate treatment capabilities at the Marysville, Ohio facility seeking corrective action under the federal Resource Conservation and Recovery Act. The action related to discharges from on-site waste water treatment and several discontinued on-site disposal areas. Pursuant to a Consent Order entered by the Union County Common Pleas Court in 2002, the Company is actively engaged in restoring the site to eliminate exposure to waste materials from the discontinued on-site disposal areas.

At September 30, 2008, $3.8 million was accrued for these non-FIFRA compliance-related environmental matters. The amounts accrued are believed to be adequate to cover such known environmental

exposures based on current facts and estimates of likely outcomes. However, if facts and circumstances change significantly, they could result in a material adverse effect on the Company's results of operations, financial condition or cash flows.

During fiscal 2008, 2007 and 2006, we expensed approximately $1.4 million, $1.5 million and $2.4 million, respectively, for these non-FIFRA compliance-related environmental matters.

U.S. Horticultural Supply, Inc. (F/K/A E.C. Geiger, Inc.)

On November 5, 2004, U.S. Horticultural Supply, Inc. ("Geiger") filed suit against the Company in the U.S. District Court for the Eastern District of Pennsylvania. The complaint alleges that the Company conspired with another distributor, Griffin Greenhouse Supplies, Inc., to restrain trade in the horticultural products market, in violation of Section 1 of the Sherman Antitrust Act. On June 2, 2006, the Court denied the Company's motion to dismiss the complaint. Fact discovery and expert discovery are closed. Geiger's damages expert quantifies Geiger's alleged damages at approximately $3.3 million, which could be trebled under antitrust laws. Geiger also seeks recovery of attorneys' fees and costs. The Company has moved for summary judgment requesting dismissal of Geiger's claims.

The Company continues to vigorously defend against Geiger's claims. The Company believes that Geiger's claims are without merit. While no accrual has been established related to this matter, the Company cannot predict the ultimate outcome with certainty. The Company had previously sued and obtained a judgment against Geiger on April 25, 2005, based on Geiger's default on obligations to the Company. The Company is proceeding to collect that judgment.

Other

The Company has been named as a defendant in a number of cases alleging injuries that the lawsuits claim resulted from exposure to asbestos-containing products, apparently based on the Company's historic use of vermiculite in certain of its products. The complaints in these cases are not specific about the plaintiffs' contacts with the Company or its products. The Company in each case is one of numerous defendants and none of the claims seek damages from the Company alone. The Company believes that the claims against it are without merit and is vigorously defending against them. It is not currently possible to reasonably estimate a probable loss, if any, associated with the cases and, accordingly, no accrual or reserves have been recorded in the Company's consolidated financial statements. There can be no assurance that these cases, whether as a result of adverse outcomes or as a result of significant defense costs, will not have a material adverse effect on the Company's financial condition, results of operations or cash flows.

The Company is reviewing agreements and policies that may provide insurance coverage or indemnity as to these claims and is pursuing coverage under some of these agreements and policies, although there can be no assurance of the results of these efforts.

On April 27, 2007, the Company received a proposed Order On Consent from the New York State Department of Environmental Conservation (the "Proposed Order") alleging that, during the calendar year 2003, the Company and James Hagedorn, individually and as Chairman of the Board and Chief Executive Officer of the Company, unlawfully donated to a Port Washington, New York youth sports organization forty bags of Scotts® LawnPro Annual Program Step 3 Insect Control Plus Fertilizer which, while federally registered, was allegedly not registered in the state of New York. The Proposed Order requests penalties totaling $695,000. The Company has made its position clear to the New York State Department of Environmental Conservation and is awaiting a response.

The Company is involved in other lawsuits and claims which arise in the normal course of business. These claims individually and in the aggregate are not expected to result in a material adverse effect on the Company's results of operations, financial condition or cash flows.

NOTE 19. 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

outlets, warehouse clubs, food and drug stores and local and regional chains. Professional products are sold to commercial nurseries, greenhouses, landscape services and growers of specialty agriculture crops. Concentrations of accounts receivable at September 30, net of accounts receivable pledged under the terms of the New MARP Agreement whereby the purchaser has assumed the risk associated with the debtor's financial inability to pay ($146.6 million and $149.5 million for 2008 and 2007, respectively), were as follows:

	2008	2007
Due from customers geographically located in North America	53%	52%
Applicable to the consumer business	61%	54%
Applicable to Scotts LawnService®, the professional businesses (primarily distributors), Smith & Hawken® and Morning Song®	39%	46%
Top 3 customers within consumer business as a percent of total consumer accounts receivable	0%	0%

The remainder of the Company's accounts receivable at September 30, 2008 and 2007, were generated from customers located outside of North America, primarily retailers, distributors, nurseries and growers in Europe. No concentrations of customers or individual customers within this group account for more than 10% of the Company's accounts receivable at either balance sheet date.

The Company's three largest customers are reported within the Global Consumer segment, and are the only customers that individually represent more than 10% of reported consolidated net sales for each of the last three fiscal years. These three customers accounted for the following percentages of consolidated net sales for the fiscal years ended September 30:

	Largest Customer	2nd Largest Customer	3rd Largest Customer
2008	21.0%	13.5%	13.4%
2007	20.2%	10.9%	10.2%
2006	21.5%	11.2%	10.5%

NOTE 20. OTHER (INCOME) EXPENSE

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

	2008	2007	2006
Royalty income	$ (9.6)	$ (9.9)	$(6.8)
Gain from peat transaction	(1.2)	(1.0)	(0.9)
Franchise fees	(0.2)	(0.2)	(0.2)
Foreign currency (gains) losses	0.9	(0.2)	(0.7)
Other, net	(0.3)	(0.2)	(0.6)
Total	$(10.4)	$(11.5)	$(9.2)

NOTE 21. SEGMENT INFORMATION

For fiscal 2008, the Company divided its business into the following segments — Global Consumer, Global Professional, Scotts LawnService®, and Corporate & Other. These segments differ from those used in the prior year due to the realignment of the North America and International segments into the Global Consumer and Global Professional segments. The prior year amounts have been reclassified to conform with the fiscal 2008 segments. This division of reportable segments is consistent with how the segments report to and are managed by senior management of the Company.

The Global Consumer segment consists of the North American Consumer and International Consumer business groups. The business groups comprising this segment manufacture, market and sell dry, granular slow-release lawn fertilizers, combination lawn fertilizer and control products, grass seed, spreaders, water-soluble, liquid and continuous release garden and indoor plant foods, plant care

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

products, potting, garden and lawn soils, mulches and other growing media products and pesticide products. Products are marketed to mass merchandisers, home centers, large hardware chains, warehouse clubs, distributors, garden centers and grocers in the United States, Canada and Europe.

The Global Professional segment is focused on a full line of horticultural products including controlled-release and water-soluble fertilizers and plant protection products, grass seed products, spreaders and customer application services. Products are sold to commercial nurseries and greenhouses and specialty crop growers, primarily in North America and Europe. Our consumer businesses in Australia and Latin America are also part of the Global Professional segment.

The Scotts LawnService® segment provides lawn fertilization, disease and insect control and other related services such as core aeration and tree and shrub fertilization primarily to residential consumers through company-owned branches and franchises in the United States. In our larger branches, an exterior barrier pest control service is also offered.

The Corporate & Other segment consists of the Smith & Hawken® business and corporate general and administrative expenses.

The following table presents segment financial information in accordance with SFAS 131, “Disclosures about Segments of an Enterprise and Related Information.” Pursuant to SFAS 131, 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).

	2008	2007	2006
Net sales:			
Global Consumer	$ 2,250.1	$ 2,176.2	$ 2,089.6
Global Professional	348.8	281.9	233.4
Scotts LawnService®	247.4	230.5	205.7
Corporate & Other	158.6	184.0	169.2
Segment total	3,004.9	2,872.6	2,697.9
Roundup® amortization	(0.8)	(0.8)	(0.8)
Product registration and recall matters — returns	(22.3)	—	—
	$ 2,981.8	$ 2,871.8	$ 2,697.1
Operating income (loss):			
Global Consumer	$ 344.5	$ 379.1	$ 392.4
Global Professional	33.7	31.3	27.3
Scotts LawnService®	11.3	11.3	15.6
Corporate & Other	(87.2)	(90.5)	(91.0)
Segment total	302.3	331.2	344.3
Roundup® amortization	(0.8)	(0.8)	(0.8)
Amortization	(15.6)	(15.3)	(15.2)
Product registration and recall matters	(51.1)	—	—
Impairment of assets	(136.8)	(35.3)	(66.4)
Restructuring and other charges	—	(2.7)	(9.4)
	$ 98.0	$ 277.1	$ 252.5
Depreciation & amortization:			
Global Consumer	$ 42.2	$ 39.1	$ 41.0
Global Professional	3.3	3.6	2.8
Scotts LawnService®	5.2	4.1	3.8
Corporate & Other	19.6	20.7	19.4
	$ 70.3	$ 67.5	$ 67.0

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2008	2007	2006
Capital expenditures:			
Global Consumer	$ 50.2	$ 37.8	$ 35.2
Global Professional	1.0	1.2	1.0
Scotts LawnService®	1.8	3.8	3.0
Corporate & Other	7.2	11.2	17.8
	$ 60.2	$ 54.0	$ 57.0
Total assets:			
Global Consumer	$ 1,483.8	$ 1,551.9	
Global Professional	289.9	308.0	
Scotts LawnService®	186.5	189.2	
Corporate & Other	196.1	228.1	
	$ 2,156.3	$ 2,277.2	

Segment operating income (loss) represents earnings before amortization of intangible assets, interest and taxes, since this is the measure of profitability used by management. Accordingly, the Corporate & Other operating loss includes unallocated corporate general and administrative expenses and certain other income/expense not allocated to the business segments.

Total assets reported for the Company's operating segments include the intangible assets for the acquired businesses within those segments. Corporate & Other assets primarily include deferred financing and debt issuance costs and corporate intangible assets, as well as deferred tax assets and Smith & Hawken® assets.

The following table presents net sales and property, plant and equipment by geographic area for fiscal years 2008, 2007 and 2006:

	2008	2007	2006
Net sales:			
North America	$2,435.7	$2,402.0	$2,288.6
International	546.1	469.8	408.5
	$2,981.8	$2,871.8	$2,697.1
Property, plant and equipment, net:			
North America	$ 297.3	$ 313.9	$ 324.1
International	46.8	52.0	43.5
	$ 344.1	$ 365.9	$ 367.6

NOTE 22. QUARTERLY CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

The following is a summary of the unaudited quarterly results of operations for fiscal 2008 and fiscal 2007 (in millions, except per share data).

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
FISCAL 2008					
Net sales	$308.7	$958.0	$1,170.9	$544.2	$2,981.8
Gross profit	71.3	322.8	423.8	121.7	939.6
Net income (loss)	(56.8)	58.0	22.6	(34.7)	(10.9)
Basic earnings (loss) per common share	$ (0.89)	$ 0.90	$ 0.35	$ (0.54)	$ (0.17)
Common shares used in basic EPS calculation	64.2	64.4	64.6	64.7	64.5
Diluted earnings (loss) per common share	$ (0.89)	$ 0.88	$ 0.35	$ (0.54)	$ (0.17)
Common shares and dilutive potential common shares used in diluted EPS calculation	64.2	65.6	65.3	64.7	64.5

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
FISCAL 2007					
Net sales	$271.2	$993.3	$1,098.4	$508.9	$2,871.8
Gross profit	55.3	368.4	422.7	158.1	1,004.5
Net income (loss)	(59.4)	83.4	129.7	(40.3)	113.4
Basic earnings (loss) per common share	$ (0.88)	$ 1.26	$ 2.04	$ (0.63)	$ 1.74
Common shares used in basic EPS calculation	67.2	66.1	63.6	63.9	65.2
Diluted earnings (loss) per common share	$ (0.88)	$ 1.23	$ 1.98	$ (0.63)	$ 1.69
Common shares and dilutive potential common shares used in diluted EPS calculation	67.2	67.8	65.4	63.9	67.0

Common share equivalents, such as stock awards, are excluded from the diluted loss per share calculation in periods where there is a net loss because their effect is anti-dilutive.

The Company's business is highly seasonal, with 70% to 75% of net sales occurring in the second and third fiscal quarters combined.

Unusual items during fiscal 2008 consisted of impairment and product registration and recall charges. These items are reflected in the quarterly financial information as follows: second quarter product registration and recall charges of $30.8 million, third quarter product registration and recall charges of $10.2 million and impairment of intangible assets and goodwill of $123.3 million and fourth quarter product registration and recall charges of $10.1 million and impairment of intangible assets and goodwill of $13.5 million.

Unusual items during fiscal 2007 consisted of impairment, restructuring and other charges and charges incurred to execute the Company's recapitalization plan. These items are reflected in the quarterly financial information as follows: second quarter refinancing expense due to the recapitalization plan of $18.3 million, fourth quarter impairment of intangible assets and goodwill of $35.3 million and restructuring and other charges of $2.7 million.

The Scotts Miracle-Gro Company
Schedule II — Valuation and Qualifying Accounts
for the fiscal year ended September 30, 2008
(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	$15.6	$—	$13.3	$(11.4)	$17.5
Inventory reserve — product recalls	—	—	16.7	(8.0)	8.7
Allowance for doubtful accounts	11.4	—	4.7	(5.5)	10.6
Income tax valuation allowance	41.0	—	27.0	(2.2)	65.8

Schedule II — Valuation and Qualifying Accounts
for the fiscal year ended September 30, 2007
(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	$15.1	$ —	$9.6	$(9.1)	$15.6
Allowance for doubtful accounts	11.3	4.1	1.3	(5.3)	11.4
Income tax valuation allowance	35.4	—	8.5	(2.9)	41.0

Schedule II — Valuation and Qualifying Accounts
for the fiscal year ended September 30, 2006
(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	$16.3	$0.3	$9.4	$(10.9)	$15.1
Allowance for doubtful accounts	11.4	0.5	3.5	(4.1)	11.3
Income tax valuation allowance	33.0	—	5.1	(2.7)	35.4

The Scotts Miracle-Gro Company

Index to Exhibits

Exhibit No.	Description	Location
2.1(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 and ZYX Corporation	Incorporated herein by reference to the Current Report on Form 8-K of The Scotts Company, a Delaware corporation, filed June 2, 1995 (File No. 0-19768) [Exhibit 2(b)]
2.1(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 Current Report on Form 8-K of The Scotts Company, an Ohio corporation ("Scotts"), filed October 5, 1999 (File No. 1-11593) [Exhibit 2]
2.2	Agreement and Plan of Merger, dated as of December 13, 2004, by and among The Scotts Company, The Scotts Company LLC and The Scotts Miracle-Gro Company	Incorporated herein by reference to Scotts' Current Report on Form 8-K filed February 2, 2005 (File No. 1-13292) [Exhibit 2.1]
3.1(a)	Initial Articles of Incorporation of The Scotts Miracle-Gro Company as filed with the Ohio Secretary of State on November 22, 2004	Incorporated herein by reference to the Current Report on Form 8-K of The Scotts Miracle-Gro Company (the "Registrant") filed March 24, 2005 (File No. 1-13292) [Exhibit 3.1]
3.1(b)	Certificate of Amendment by Shareholders to Articles of Incorporation of The Scotts Miracle-Gro Company as filed with the Ohio Secretary of State on March 18, 2005	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed March 24, 2005 (File No. 1-13292) [Exhibit 3.2]
3.2	Code of Regulations of The Scotts Miracle-Gro Company	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed March 24, 2005 (File No. 1-13292) [Exhibit 3.3]
4.1(a)	Amended and Restated Credit Agreement, dated as of February 7, 2007, by and among The Scotts Miracle-Gro Company as the "Borrower"; the Subsidiary Borrowers (as defined in the Amended and Restated Credit Agreement); the several banks and other financial institutions from time to time parties to the Amended and Restated Credit Agreement; Bank of America, N.A., as Syndication Agent; The Bank of Tokyo-Mitsubushi UFJ. Ltd, BNP Paribas, CoBank, ACB, BMO Capital Markets Financing, Inc., LaSalle Bank N.A., Cooperatieve Centrale Raiffeisen Boerenleenbank, B.A. "Rabobank Nederland", New York Branch, Citicorp North America, Inc. and The Bank of Nova Scotia, as Documentation Agents; and JPMorgan Chase Bank, N.A., as Administrative Agent	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2007 (File No. 1-13292) [Exhibit 4(a)]

Exhibit No.	Description	Location
4.1(b)	First Amendment, dated as of April 10, 2007, to the Amended and Restated Credit Agreement, dated as of February 7, 2007, by and among The Scotts Miracle-Gro Company as the "Borrower"; the Subsidiary Borrowers (as defined in the Amended and Restated Credit Agreement); the several banks and other financial institutions from time to time parties to the Amended and Restated Credit Agreement; the Syndication Agent and the Documentation Agents named in the Amended and Restated Credit Agreement; and JPMorgan Chase Bank, N.A., as Administrative Agent	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2007 (File No. 1-13292) [Exhibit 4(b)]
4.2	Amended and Restated Guarantee and Collateral Agreement, dated as of February 7, 2007, made by The Scotts Miracle-Gro Company and each Domestic Subsidiary Borrower (and certain of the Subsidiary Borrowers' domestic subsidiaries) under the Amended and Restated Credit Agreement in favor of JPMorgan Chase Bank, N.A., as Administrative Agent	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2007 (File No. 1-13292) [Exhibit 4(c)]
4.3	Foreign Pledge Agreement Acknowledgement and Confirmation, dated as of March 30, 2007, entered into by Scotts Sierra Investments, Inc. and OMS Investments, Inc. in favor of JPMorgan Chase Bank, N.A., as Administrative Agent	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2007 (File No. 1-13292) [Exhibit 4(d)]
4.4	Agreement to furnish copies of instruments and agreements defining rights of holders of long-term debt	*
10.1(a)	The Scotts Company LLC Excess Benefit Plan for Grandfathered Associates as of January 1, 2005 (executed as of September 30, 2008)	*
10.1(b)	The Scotts Company LLC Excess Benefit Plan for Non Grandfathered Associates as of January 1, 2005 (executed as of November 20, 2008)	*
10.2(a)(i)	The Scotts Company LLC Amended and Restated Executive/Management Incentive Plan (approved on November 7, 2007 and effective as of October 30, 2007)	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(b)(2)]
10.2(a)(ii)	Amendment to The Scotts Company LLC Amended and Restated Executive/Management Incentive Plan (effective as of November 5, 2008) [amended the name of the plan to be The Scotts Company LLC Amended and Restated Executive Incentive Plan]	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed November 12, 2008 (File No. 1-13292) [Exhibit 10.2]
10.2(b)(i)	Specimen form of Employee Confidentiality, Noncompetition, Nonsolicitation Agreement for employees participating in The Scotts Company Executive/Management Incentive Plan (now known as The Scotts Company LLC Amended and Restated Executive Incentive Plan) [2005 version]	*

Exhibit No.	Description	Location
10.2(b)(ii)	Specimen form of Employee Confidentiality, Noncompetition, Nonsolicitation Agreement for employees participating in The Scotts Company LLC Executive/Management Incentive Plan (now known as The Scotts Company LLC Amended and Restated Executive Incentive Plan) [post-2005 version]	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended July 1, 2006 (File No. 1-13292) [Exhibit 10.1]
10.2(c)	Executive Officers of The Scotts Miracle-Gro Company who are parties to form of Employee Confidentiality, Noncompetition, Nonsolicitation Agreement for employees participating in The Scotts Company LLC Amended and Restated Executive Incentive Plan	*
10.3	The Scotts Company LLC Supplemental Incentive Plan for the fiscal year ended September 30, 2008	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 28, 2008 (File No. 1-13292) [Exhibit 10(c)]
10.4(a)	The Scotts Miracle-Gro Company Amended and Restated 1996 Stock Option Plan (effective as of October 30, 2007)	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(d)(4)]
10.4(b)	Specimen form of Stock Option Agreement for Non-Qualified Stock Options granted to employees under The Scotts Company 1996 Stock Option Plan (now known as The Scotts Miracle-Gro Company Amended and Restated 1996 Stock Option Plan)	Incorporated herein by reference to Scotts' Current Report on Form 8-K filed November 19, 2004 (File No. 1-13292) [Exhibit 10.7]
10.5(a)(i)	The Scotts Company Executive Retirement Plan (now known as The Scotts Company LLC Executive Retirement Plan) [executed on November 19, 1998 and effective as of January 1, 1999]	Incorporated herein by reference to the Registrant's Registration Statement on Form S-8 filed on October 9, 2008 (File No. 333-153925) [Exhibit 4.4]
10.5(a)(ii)	First Amendment to The Scotts Company Executive Retirement Plan (now known as The Scotts Company LLC Executive Retirement Plan) [executed as of December 23, 1998 and effective as of January 1, 1999]	Incorporated herein by reference to the Registrant's Registration Statement on Form S-8 filed on October 9, 2008 (File No. 333-153925) [Exhibit 4.5]
10.5(a)(iii)	Second Amendment to The Scotts Company Executive Retirement Plan (now known as The Scotts Company LLC Executive Retirement Plan) [executed as of January 14, 2000 and effective as of January 1, 2000]	Incorporated herein by reference to the Registrant's Registration Statement on Form S-8 filed on October 9, 2008 (File No. 333-153925) [Exhibit 4.6]
10.5(a)(iv)	Third Amendment to The Scotts Company Executive Retirement Plan (now known as The Scotts Company LLC Executive Retirement Plan) [executed as of December 1, 2002 and effective as of January 1, 2003]	Incorporated herein by reference to the Registrant's Registration Statement on Form S-8 filed on October 9, 2008 (File No. 333-153925) [Exhibit 4.7]
10.5(a)(v)	Fourth Amendment to The Scotts Company Executive Retirement Plan (now known as The Scotts Company LLC Executive Retirement Plan) [executed as of May 5, 2004 and effective as of January 1, 2004]	Incorporated herein by reference to the Registrant's Registration Statement on Form S-8 filed on October 9, 2008 (File No. 333-153925) [Exhibit 4.8]

Exhibit No.	Description	Location
10.5(a)(vi)	Fifth Amendment to The Scotts Company Executive Retirement Plan (executed on May 6, 2005 and effective as of March 18, 2005) [amended the name of the plan to be The Scotts Company LLC Executive Retirement Plan]	Incorporated herein by reference to the Registrant's Registration Statement on Form S-8 filed on October 9, 2008 (File No. 333-153925) [Exhibit 4.9]
10.5(a)(vii)	Sixth Amendment to The Scotts Company LLC Executive Retirement Plan (executed and effective as of October 8, 2008)	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed October 15, 2008 (File No. 1-13292) [Exhibit 10.1.7]
10.5(b)(i)	Trust Agreement between The Scotts Company and Fidelity Management Trust Company for The Scotts Company Nonqualified Deferred Compensation Trust established to assist in discharging obligations under The Scotts Company Nonqualified Deferred Compensation Plan (now known as The Scotts Company LLC Executive Retirement Plan), dated as of January 1, 1998	*
10.5(b)(ii)	First Amendment to Trust Agreement between Fidelity Management Trust Company and The Scotts Company with regard to The Scotts Company Nonqualified Deferred Compensation Plan (now known as The Scotts Company LLC Executive Retirement Plan), dated as of March 24, 1998	*
10.5(b)(iii)	Second Amendment to Trust Agreement between Fidelity Management Trust Company and The Scotts Company with regard to The Scotts Company Nonqualified Deferred Compensation Plan (now known as The Scotts Company LLC Executive Retirement Plan) [dated as of January 15, 1999]	*
10.5(b)(iv)	Third Amendment to Trust Agreement between Fidelity Management Trust Company and The Scotts Company with regard to The Scotts Company Nonqualified Deferred Compensation Plan (now known as The Scotts Company LLC Executive Retirement Plan) [dated as of July 1, 1999]	*
10.5(b)(v)	Fourth Amendment to Trust Agreement between Fidelity Management Trust Company and The Scotts Company with regard to The Scotts Company Executive Retirement Plan (now known as The Scotts Company LLC Executive Retirement Plan) [dated as of August 1, 1999]	*
10.5(b)(vi)	Fifth Amendment to Trust Agreement between Fidelity Management Trust Company and The Scotts Company with regard to The Scotts Company Executive Retirement Plan (now known as The Scotts Company LLC Executive Retirement Plan) [dated as of December 20, 2000]	*

Exhibit No.	Description	Location
10.5(b)(vii)	Sixth Amendment to Trust Agreement between Fidelity Management Trust Company and The Scotts Company with regard to The Scotts Company Executive Retirement Plan (now known as The Scotts Company LLC Executive Retirement Plan) [effective as of November 29, 2001]	*
10.5(b)(viii)	Seventh Amendment to Trust Agreement between Fidelity Management Trust Company and The Scotts Company with regard to The Scotts Company Executive Retirement Plan (now known as The Scotts Company LLC Executive Retirement Plan) [dated as of September 1, 2002]	*
10.5(b)(ix)	Eighth Amendment to Trust Agreement between Fidelity Management Trust Company and The Scotts Company with regard to The Scotts Company Executive Retirement Plan (now known as The Scotts Company LLC Executive Retirement Plan) [dated as of December 31, 2002]	*
10.5(b)(x)	Ninth Amendment to Trust Agreement between Fidelity Management Trust Company and The Scotts Company with regard to The Scotts Company Executive Retirement Plan (now known as The Scotts Company LLC Executive Retirement Plan) [dated as of October 15, 2004]	*
10.5(b)(xi)	Tenth Amendment to Trust Agreement between Fidelity Management Trust Company and The Scotts Company LLC with regard to The Scotts Company Executive Retirement Plan (now known as The Scotts Company LLC Executive Retirement Plan) [dated as of October 2, 2006]	*
10.5(b)(xii)	Eleventh Amendment to Trust Agreement between Fidelity Management Trust Company and The Scotts Company LLC with regard to The Scotts Company LLC Executive Retirement Plan (dated as of February 9, 2007)	*
10.5(c)	Form of Executive Retirement Plan Retention Award Agreement between The Scotts Company LLC and each of David C. Evans, Barry W. Sanders, Denise S. Stump, Michael C. Lukemire and Vincent C. Brockman (entered into on November 4, 2008)	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed October 15, 2008 (File No. 1-13292) [Exhibit 10.2]
10.6(a)	The Scotts Miracle-Gro Company Amended and Restated 2003 Stock Option and Incentive Equity Plan (effective as of October 30, 2007)	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(j)(3)]
10.6(b)(i)	Specimen form of Award Agreement for Directors used to evidence grants of Nonqualified Stock Options made under The Scotts Company 2003 Stock Option and Incentive Equity Plan (now known as The Scotts Miracle-Gro Company Amended and Restated 2003 Stock Option and Incentive Equity Plan) [2003 version]	Incorporated herein by reference to Scotts' Current Report on Form 8-K filed November 19, 2004 (File No. 1-13292) [Exhibit 10.9]

Exhibit No.	Description	Location
10.6(b)(ii)	Specimen form of Award Agreement for Directors used to evidence grants of Nonqualified Stock Options made under The Scotts Miracle-Gro Company 2003 Stock Option and Incentive Equity Plan (now known as The Scotts Miracle-Gro Company Amended and Restated 2003 Stock Option and Incentive Equity Plan) [post-2003 version]	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2005 (File No. 1-13292) [Exhibit 10(v)]
10.6(c)(i)	Specimen form of Award Agreement for Nondirectors used to evidence grants of Incentive Stock Options, Nonqualified Stock Options, Stock Appreciation Rights, Restricted Stock and Performance Stock made under The Scotts Company 2003 Stock Option and Incentive Equity Plan (now known as The Scotts Miracle-Gro Company Amended and Restated 2003 Stock Option and Incentive Equity Plan) [pre-December 1, 2004 version]	Incorporated herein by reference to Scotts' Current Report on Form 8-K filed November 19, 2004 (File No. 1-13292) [Exhibit 10.8]
10.6(c)(ii)	Specimen form of Award Agreement for Nondirectors used to evidence grants of Incentive Stock Options, Nonqualified Stock Options, Stock Appreciation Rights, Restricted Stock and Performance Shares made under The Scotts Miracle-Gro Company 2003 Stock Option and Incentive Equity Plan (now known as The Scotts Miracle-Gro Company Amended and Restated 2003 Stock Option and Incentive Equity Plan) [post-December 1, 2004 version]	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2005 (File No. 1-13292) [Exhibit 10(u)]
10.7(a)	The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan (effective as of October 30, 2007)	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(r)(2)]
10.7(b)(i)	Specimen form of Award Agreement for Nonemployee Directors used to evidence grants of Time-Based Nonqualified Stock Options which may be made under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (now known as The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan)	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed February 2, 2006 (File No. 1-13292) [Exhibit 10.3]
10.7(b)(ii)	Specimen form of Stock Unit Award Agreement for Nonemployee Directors (with Related Dividend Equivalents) used to evidence grants of Stock Units which may be made under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan (post-December 20, 2007 version)	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2007 (File No. 1-13292) [Exhibit 10(l)]
10.7(b)(iii)	Specimen form of Deferred Stock Unit Award Agreement for Nonemployee Directors (with Related Dividend Equivalents) used to evidence grants of Deferred Stock Units which may be made under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan (post-February 3, 2008 version)	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2007 (File No. 1-13292) [Exhibit 10(m)]

Exhibit No.	Description	Location
10.7(c)(i)	Specimen form of Award Agreement used to evidence grants of Restricted Stock Units, Performance Shares, Nonqualified Stock Options, Incentive Stock Options, Restricted Stock and Stock Appreciation Rights made under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (now known as The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan) [pre-October 30, 2007 version]	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2005 (File No. 1-13292) [Exhibit 10(b)]
10.7(c)(ii)	Specimen form of Award Agreement for Employees used to evidence grants of Nonqualified Stock Options, Restricted Stock, Performance Shares and Restricted Stock Units made under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (now known as The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan) [French Specimen] (pre-November 6, 2007 version)	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended December 30, 2006 (File No. 1-13292) [Exhibit 10.4]
10.7(d)(i)	Specimen form of Restricted Stock Unit Award Agreement for Employees (with Related Dividend Equivalents) used to evidence grants of Restricted Stock Units which may be made under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan (post-October 8, 2008 version)	*
10.7(d)(ii)	Special Restricted Stock Unit Award Agreement for Employees (with Related Dividend Equivalents) evidencing grant of Restricted Stock Units made on October 8, 2008 to Mark R. Baker under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan	*
10.7(d)(iii)	Special Restricted Stock Unit Award Agreement (with Related Dividend Equivalents) evidencing grant of Restricted Stock Units made on November 4, 2008 to Claude Lopez under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan	*
10.7(e)(i)	Specimen form of Performance Share Award Agreement for Employees (with Related Dividend Equivalents) used to evidence grants of Performance Shares which may be made under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (now known as The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan) [post-October 30, 2007 version]	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(t)(5)]
10.7(e)(ii)	Special Performance Share Award Agreement (with Related Dividend Equivalents) evidencing grant of Performance Shares made on October 30, 2007 to Barry W. Sanders under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan (executed by The Scotts Miracle-Gro Company on December 20, 2007 and by Barry W. Sanders on January 7, 2008)	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2007 (File No. 1-13292) [Exhibit 10(n)]

Exhibit No.	Description	Location
10.7(f)(i)	Specimen form of Nonqualified Stock Option Award Agreement for Employees used to evidence grants of Nonqualified Stock Options made under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (now known as The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan) [October 30, 2007 through October 8, 2008 version]	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(t)(3)]
10.7(f)(ii)	Specimen form of Nonqualified Stock Option Award Agreement for Employees used to evidence grants of Nonqualified Stock Options which may be made under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan (post-October 8, 2008 version)	*
10.7(f)(iii)	Special Nonqualified Stock Option Award Agreement for Employees evidencing grant of Nonqualified Stock Options made on October 8, 2008 to Mark R. Baker under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan	*
10.7(f)(iv)	Specimen form of Nonqualified Stock Option Award Agreement for Employees used to evidence grants of Nonqualified Stock Options which may be made under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan (French Specimen)	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 29, 2008 (File No. 1-13292) [Exhibit 10(c)(2)]
10.7(g)(i)	Form of letter agreement amending grants of Restricted Stock made under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (now known as The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan) [effective as of October 30, 2007]	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(t)(2)]
10.7(g)(ii)	Specimen form of Restricted Stock Award Agreement for Employees used to evidence grants of Restricted Stock made under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (now known as The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan) [October 30, 2007 through October 8, 2008 version]	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(t)(4)]
10.7(g)(iii)	Specimen form of Restricted Stock Award Agreement for Employees used to evidence grants of Restricted Stock which may be made under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan (effective October 8, 2008)	*
10.7(g)(iv)	Special Restricted Stock Award Agreement for Employees evidencing grant of Restricted Stock made on October 8, 2008 to Dr. Michael Kelty under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan	*

Exhibit No.	Description	Location
10.7(g)(v)	Special Restricted Stock Award Agreement for Employees evidencing grant of Restricted Stock made on October 1, 2008 to Mark R. Baker under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan	*
10.7(g)(vi)	Specimen form of Restricted Stock Award Agreement for Employees used to evidence grants of Restricted Stock which may be made under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan (French Specimen) [post-November 6, 2007 version]	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 29, 2008 (File No. 1-13292) [Exhibit 10(c)(1)]
10.8(a)	The Scotts Miracle-Gro Company Discounted Stock Purchase Plan (As Amended and Restated as of January 26, 2006; Reflects 2-for-1 Stock Split Distributed on November 9, 2005)	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed February 2, 2006 (File No. 1-13292) [Exhibit 10.1]
10.8(b)	Amendment to The Scotts Miracle-Gro Company Discounted Stock Purchase Plan (effective as of November 6, 2008)	*
10.9	Summary of Compensation for Directors of The Scotts Miracle-Gro Company (effective as of February 4, 2008)	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2007 (File No. 1-13292) [Exhibit 10(r)]
10.10	Employment Agreement, dated as of May 19, 1995, between The Scotts Company and James Hagedorn	Incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 1995 (File No. 1-11593) [Exhibit 10(p)]
10.11(a)	Letter agreement, dated June 5, 2000 and accepted by Mr. Norton on June 8, 2000, between The Scotts Company and Patrick J. Norton	Incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 2000 (File No. 1-13292) [Exhibit 10(q)]
10.11(b)	Letter agreement, dated November 5, 2002, and accepted by Mr. Norton on November 22, 2002, pertaining to the terms of employment of Patrick J. Norton through December 31, 2005, and superseding certain provisions of the letter agreement, dated June 5, 2000, between The Scotts Company and Mr. Norton	Incorporated herein by reference to Scotts' Annual Report on Form 10-K for the fiscal year ended September 30, 2002 (File No. 1-13292) [Exhibit 10(q)]
10.11(c)	Letter of Extension, dated October 25, 2005, between The Scotts Miracle-Gro Company and Patrick J. Norton	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed December 14, 2005 (File No. 1-13292) [Exhibit 10.3]
10.12	Employment Agreement, effective as of October 1, 2007, between The Scotts Company LLC and Barry W. Sanders (executed by Mr. Sanders on November 16, 2007 and on behalf of The Scotts Company LLC on November 19, 2007)	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(m)]
10.13	Employment Contract for an Unlimited Time, effective as of July 1, 2001, between The Scotts Company (now known as The Scotts Company LLC) and Claude Lopez [English Translation — Original in French]	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(n)]

Exhibit No.	Description	Location
10.14	Employment Agreement for David C. Evans, executed on behalf of The Scotts Company LLC on November 19, 2007 and by David C. Evans on December 3, 2007 and effective as of October 1, 2007	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed December 7, 2007 (File No. 1-13292) [Exhibit 10.1]
10.15	Employment Agreement for Denise S. Stump, executed on behalf of The Scotts Company LLC on November 19, 2007 and by Denise S. Stump on December 11, 2007 and effective as of October 1, 2007	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed December 17, 2007 (File No. 1-13292) [Exhibit 10.1]
10.16(a)	Employment Agreement for Vincent Brockman, executed on behalf of The Scotts Miracle-Gro Company and by Vincent Brockman on May 24, 2006 and effective as of March 1, 2006 (effective until June 1, 2008)	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2007 (File No. 1-13292) [Exhibit 10(q)]
10.16(b)	Employment Agreement for Vincent C. Brockman, effective as of June 1, 2008, between The Scotts Company LLC and Vincent C. Brockman (executed by Mr. Brockman on June 26, 2008 and on behalf of The Scotts Company LLC on June 27, 2008)	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 28, 2008 (File No. 1-13292) [Exhibit 10(d)]
10.17	Employment Agreement for Mark R. Baker, effective October 1, 2008, between The Scotts Company LLC and Mark R. Baker (executed by Mr. Baker on September 9, 2008 and on behalf of The Scotts Company LLC on September 10, 2008)	*
10.18(a)	Amended and Restated Exclusive Agency and Marketing Agreement, effective as of September 30, 1998, between Monsanto Company and The Scotts Company LLC (as successor to The Scotts Company)	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2005 (File No. 1-13292) [Exhibit 10(x)]
10.18(b)	Letter Agreement, dated March 28, 2008, amending the Amended and Restated Exclusive Agency and Marketing Agreement, dated as of September 30, 1998, between Monsanto Company and The Scotts Company LLC	*
10.19(a)	Master Accounts Receivable Purchase Agreement, dated as of April 11, 2007, by and among The Scotts Company LLC as seller, The Scotts Miracle-Gro Company as guarantor and LaSalle Bank National Association as purchaser (terminated as of April 9, 2008)	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed April 17, 2007 (File No. 1-13292) [Exhibit 10.1]
10.19(b)	First Amendment to Master Accounts Receivable Purchase Agreement and Waiver, entered into as of October 22, 2007, among The Scotts Company LLC, The Scotts Miracle-Gro Company and LaSalle Bank National Association (terminated as of April 9, 2008)	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2007 (File No. 1-13292) [Exhibit 10(s)]
10.19(c)	Second Amendment to Master Accounts Receivable Purchase Agreement, entered into as of November 30, 2007, among The Scotts Company LLC, The Scotts Miracle-Gro Company and LaSalle Bank National Association (terminated as of April 9, 2008)	Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2007 (File No. 1-13292) [Exhibit 10(t)]

Exhibit No.	Description	Location
10.19(d)	Termination and Release Agreement, dated as of April 9, 2008, by and among The Scotts Company LLC, The Scotts Miracle-Gro Company and LaSalle Bank National Association	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed April 15, 2008 (File No. 1-13292) [Exhibit 10.1]
10.20	Master Accounts Receivable Purchase Agreement, dated as of April 9, 2008, among The Scotts Company LLC as seller, The Scotts Miracle-Gro Company as guarantor and Bank of America, N.A. as purchaser	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed April 15, 2008 (File No. 1-13292) [Exhibit 10.2]
14	Code of Business Conduct and Ethics of The Scotts Miracle-Gro Company, as amended on November 2, 2006	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed November 8, 2006 (File No. 1-13292) [Exhibit 14]
21	Subsidiaries of The Scotts Miracle-Gro Company	*
23	Consent of Independent Registered Public Accounting Firm — Deloitte & Touche LLP	*
24	Powers of Attorney of Executive Officers and Directors of The Scotts Miracle-Gro Company	*
31.1	Rule 13a-14(a)/15d-14(a) Certification (Principal Executive Officer)	*
31.2	Rule 13a-14(a)/15d-14(a) Certification (Principal Financial Officer)	*
32	Section 1350 Certification (Principal Executive Officer and Principal Financial Officer)	*

* Filed herewith.

EXHIBIT 4.4

November 25, 2008

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: The Scotts Miracle-Gro Company — Annual Report on Form 10-K for the fiscal year ended September 30, 2008

Ladies and Gentlemen:

The Scotts Miracle-Gro Company, an Ohio corporation ("Scotts Miracle-Gro"), is today filing its Annual Report on Form 10-K for the fiscal year ended September 30, 2008 (the "Form 10-K").

Neither Scotts Miracle-Gro nor any of its consolidated subsidiaries has outstanding any instrument or agreement with respect to its long-term debt, other than those filed or incorporated by reference as an exhibit to the Form 10-K, under which the total amount of long-term debt authorized exceeds ten percent (10%) of the total assets of Scotts Miracle-Gro and its subsidiaries on a consolidated basis. In accordance with the provisions of Item 601(b)(4)(iii) of SEC Regulation S-K, Scotts Miracle-Gro hereby agrees to furnish to the SEC, upon request, a copy of each such instrument or agreement defining the rights of holders of long-term debt of Scotts Miracle-Gro or the rights of holders of long-term debt of one of Scotts Miracle-Gro's consolidated subsidiaries, in each case which is not being filed or incorporated by reference as an exhibit to the Form 10-K.

Very truly yours,

THE SCOTTS MIRACLE-GRO COMPANY

/s/ David C. Evans
David C. Evans
Executive Vice President and Chief Financial Officer

14111 Scottslawn Road Marysville, OH 43041 937-644-0011
www.scotts.com

THE SCOTTS COMPANY LLC
EXCESS BENEFIT PLAN FOR GRANDFATHERED ASSOCIATES
As of January 1, 2005

Introduction

The O.M. Scott & Sons Company, a Delaware corporation, adopted The O.M. Scott & Sons Company Excess Benefit Plan, effective October 1, 1993, which was subsequently amended from time to time. The O.M. Scott & Sons Company was subsequently merged into The Scotts Company, and the sponsorship of The O.M. Scott & Sons Company Excess Benefit Plan was assumed by The Scotts Company. Effective March 18, 2005, The Scotts Company, through merger with The Scotts Miracle-Gro Company, became known as The Scotts Company LLC. Concurrent therewith, The O.M. Scott & Sons Company Excess Benefit Plan was renamed The Scotts Company LLC Excess Benefit Plan. Following the enactment of Code Section 409A, the Company elected to bifurcate The Scotts Company LLC Excess Benefit Plan, effective January 1, 2005, into two plans: The Scotts Company LLC Excess Benefit Plan for Grandfathered Associates and The Scotts Company LLC Excess Benefit Plan for Non Grandfathered Associates.

Benefit accruals under the Base Plan were frozen December 31, 1997, and except as otherwise provided herein, accruals under this Plan were also frozen at such time. Continued service taken into account for vesting purposes under the Base Plan is, however, recognized with respect to the entitlement to and the calculation of subsidized early retirement benefits in this Plan. Appendix A lists the Participants in the Plan as of January 1, 2005, all of whose benefits were frozen and vested on or before December 31, 2004.

Deferred compensation which was earned and vested as of December 31, 2004, is not subject to Internal Revenue Code Section 409A if benefits or rights existing as of October 3, 2004, are not materially enhanced or a new material right or benefit affecting amounts earned and vested before January 1, 2005, is not adopted after October 3, 2004. The terms of this Plan are essentially those in effect as of October 3, 2004, and the Company intends that all benefits provided under the Plan be exempt from Section 409A.

The Scotts Company LLC Excess Benefit Plan for Non Grandfathered Associates shall apply to any Participant in The Scotts Company LLC Excess Benefit Plan prior to January 1, 2005, who retires, dies, becomes disabled, or terminates employment on or after January 1, 2005. The Scotts Company LLC Excess Benefit Plan for Non Grandfathered Associates is subject to the requirements of Code Section 409A.

Section 1. Definitions. The following terms have the meanings assigned by this Section, which will be equally applicable to the singular and plural forms of such terms.

"Base Plan" means, effective March 18, 2005, The Scotts Company LLC Associates' Pension Plan, as amended effective January 1, 2006; prior to March 18, 2005, the Base Plan means The O.M. Scott & Sons Company Employees' Pension Plan, as amended effective January 1, 1998, January 1, 1999, and March 18, 2005.

"Base Plan Limit" means the limitations on benefits to Participants under the Base Plan established under Section 415 or Section 401(a)(17) of the Code and any limitations on compensation taken into account under the Base Plan. Effective January 1, 1999, Code Section 415 shall be applied as if the limitations of Code Section 415(e), as in effect on December 31, 1999, continued to apply.

"Beneficiary" means the person or entity entitled to receive a Participant's benefits under the Base Plan in the event of the Participant's death.

"Board" means the Board of Directors of the Corporation.

"Code" or **"IRC"** means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Committee" or **"Administrative Committee"** means the Benefits Administrative Committee under the Base Plan.

"Company" means The O.M. Scott & Sons Company, a Delaware corporation from the Effective Date through March 18, 2005, and thereafter means The Scotts Company LLC, an Ohio limited liability company.

"Corporation" means The Scotts Miracle-Gro Company.

"Effective Date" means January 1, 2005, unless otherwise described herein. The predecessor to this Plan was originally effective on October 1, 1993.

"Employer" means the Company and each affiliate of the Company that is a participating employer under the Base Plan.

"Grandfathered Benefits" means the benefit described under Plan Section 3.1

"Participant" means, effective January 1, 2005, those select group of management or highly compensated employees named in Appendix A, attached hereto. No other individual shall become a Participant in the Plan.

"Plan" means The O.M. Scott & Sons Company Excess Benefit Plan from October 1, 1993, through December 31, 2004; and, effective January 1, 2005, Plan means The Scotts Company LLC Excess Benefit Plan For Grandfathered Associates, as reflected in this document as amended from time to time.

Section 2. Participation. Effective January 1, 2005, the individuals named in Appendix A, are the only Participants in this Plan. No other individual shall become a Participant in the Plan.

Section 3. Grandfathered Benefits.

3.1 Right to Grandfathered Benefits. At such time as a Participant or Beneficiary receives benefits under the Base Plan, the Employer will pay to the Participant or Beneficiary benefits under this Plan equal to the amount that would have been payable to the

Participant or Beneficiary under the Base Plan without regard to the Base Plan Limit, less the amount paid under the Base Plan (the "Grandfathered Benefit").

Effective January 1, 1998:

(a) If greater than the benefit provided under the preceding paragraph, Craig D. Walley and Paul E. Yeager (or their Beneficiaries) shall each receive, in lieu of the benefit provided under the preceding paragraph, a benefit equal to:

(i) the amount that would have been payable to the individual (or his Beneficiary) under the Base Plan assuming the individual were credited with service to the date listed and without regard to:

(A) the Base Plan Limit; and

(B) the freeze of the Base Plan as of December 31, 1997; less

(ii) the amount paid under the Base Plan.

Name	Date	Associate Number
Craig D. Walley	5/31/98	841251
Paul E. Yeager	5/31/98	690857

(b) Richard D. Bergum, Robert L. Hughes, and William F. O'Neil (or their Beneficiaries) shall each receive a benefit equal to:

(i) the amount that would have been payable to the individual (or his Beneficiary) under the Base Plan assuming the individual were credited with service to the date listed and without regard to the freeze of the Base Plan as of December 31,1997; less

(ii) the amount paid under the Base Plan.

Name	Date	Associate Number
Richard D. Bergum	12/31/98	861154
Robert L. Hughes	11/30/99	760855
William F. O'Neil	3/31/98	890755

3.2 **Right of Offset**. If the Committee determines that a person entitled to payment under this Plan or the Participant of whom such person is the Beneficiary is, for any reason, indebted to the Employer or any affiliate, the Committee and the Employer may offset such indebtedness, including any interest accruing thereon, against payments otherwise due under the Plan.

3.3 **Reserve**. The Company may, but shall not be required to, establish a reserve of assets to provide funds for payments under the Plan. Any such reserve will be on such terms and conditions as are intended to prevent the establishment of the reserve from creating taxable income to the Participants in the Plan. Participants and Beneficiaries will have no interest in such reserve, and the interests of Participants and Beneficiaries under the Plan

will be solely those of general creditors of the Company. Notwithstanding any contrary provision contained herein, this Plan shall be treated as nonqualified and unfunded for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended.

3.4 **Reports**. The Committee will provide a report of the accrued benefit under this Plan to any Participant on written request. No Participant may request any such report more often than once in any calendar year.

3.5 **Withholding**. The Employer shall withhold from payments due under the Plan all applicable income and employment taxes.

Section 4. Administration and Claims.

4.1 **Membership; Procedures; Authority and Responsibilities**. The Administrative Committee will have, in addition to the powers and responsibilities specifically provided for in this Plan, all of the powers and responsibilities provided under the Base Plan that would also apply to the administration and operation of this Plan. Any determination under the Base Plan that is relevant to the administration of this Plan shall also be effective under this Plan.

4.2 **Claims and Standard of Review**. Participants and Beneficiaries must make any claims for benefits under the Plan under the rules and procedures then in effect under the Base Plan. Any claim for benefits under the Base Plan by a Participant or Beneficiary will be a claim for benefits under this Plan. Notwithstanding any contrary provision in the Base Plan, all decisions regarding eligibility, benefits, vesting, payment time and form, administration and any interpretation of Plan terms, including the resolution of inconsistent provisions or insertion of omitted provisions, shall be those of the Administrative Committee and such Committee's acts and decisions shall not be overturned and shall be binding on all individuals and parties unless such acts and decisions are ruled by a court of competent jurisdiction to be arbitrary and capricious.

4.3 **Incorporation by Reference**. Subject to Plan Section 5.16, the provisions of the Base Plan are hereby incorporated by reference in this Plan to the extent not inconsistent with this Plan's terms.

4.4 **Suspension of Payments in Event of Dispute**. If the Committee is in doubt concerning the right of any person to any payment claimed under this Plan, the Committee may direct the Company to suspend the payment until satisfied as to the right of such person to the payment. The Committee or the Company may file or cause to be filed in any court of competent jurisdiction an appropriate legal action or process in such form as the Committee or the Company deems appropriate, including an interpleader action or an action for declaratory judgment, for a legal determination of the entitlement of any person to any payment claimed to be due under the Plan. The Company and the Committee will comply with any final order of the court in any such suit, subject to appellate review, and the Participant and Beneficiaries will be similarly bound thereby.

Section 5. Miscellaneous.

5.1 **Amendment and Termination**. The Compensation and Organization Committee of the Board or its delegate may at any time and from time to time alter, amend, suspend, or terminate this Plan with or without the consent of any Participant or Beneficiary. Any amendment or termination of the Plan will become effective as to a Participant on the date established by the Company. The Committee may, if it deems it to be in the best interests of the Employer, direct early payment of the actuarial equivalent of the benefits accrued under this Plan based on the actuarial methods, rates and assumptions used in determining the application of the Base Plan Limit under the Base Plan.

5.2 **No Contract of Employment**. The establishment of the Plan, any modification thereof and/or the making of any payments under the Plan will not give any Participant or other person the right to remain in the service of any Employer, and all Participants and other persons will remain subject to discharge to the same extent as if the Plan had never been adopted.

5.3 **Tax Effects**. None of the Employer, the Committee, or any firm, person, or corporation represents or guarantees that any particular federal, state or local tax consequences will occur as a result of any Participant's participation in this Plan. Each Participant should consult with such Participant's own advisors regarding the tax consequences of participation in this Plan.

5.4 **Nonalienation of Benefits**. Unless required by applicable law, none of the payments, benefits, or rights of any Participant or Beneficiary will be subject to any claim of any creditor of such Participant or Beneficiary, and, to the fullest extent permitted by law, all such payments, benefits, and rights will be free from attachment, garnishment, or any other legal or equitable process available to any creditor of such Participant or Beneficiary. No Participant or Beneficiary will have the right to alienate, anticipate, commute, pledge, encumber, or assign any of the benefits or payments that the Participant or Beneficiary may expect to receive, contingently or otherwise, under the Plan, except the right of a Participant to designate a Beneficiary.

5.5 **Assumption**. Unless distributions are accelerated pursuant to Section 5.1, the Company will require any successor or assign of the Employer to assume its obligations under this Plan.

5.6 **No Trust Created**. No term or provision of the Plan or any instrument under the Plan, including but not limited to the establishment of any reserve, shall be deemed to create a trust or fiduciary relationship of any kind. Any reserves maintained in conjunction with the Plan will continue to be part of the assets of the Employer. To the extent that anyone acquires a right to receive payment from the Employer of any amount payable under the Plan, such right will be no greater than the right of an unsecured general creditor of the Employer.

5.7 **Limitation of Liability**. The liability of the Employer under this Plan is limited to the obligations expressly set forth in the Plan. No term or provision of this Plan may be

construed to impose any further or additional duties, obligations or costs on the Employer or the Committee not expressly set forth in the Plan.

5.8 **Payments to Minors, etc.** The Employer may pay any amount payable to or for the benefit of a minor, an incompetent person or any other person incapable of receipting therefore to such person's guardian, to any trustee or custodian holding assets for the benefit of such person, or to any person providing, or reasonably appearing to provide, for the care of such person, and such payment will fully discharge the Committee and the Employer with respect thereto.

5.9 **Notices**. Notices under the Plan will be sufficiently made if sent by first class, registered or certified mail addressed (a) to a Participant or Beneficiary at such person's address as set forth in the books and records of the Employer, or (b) to the Employer or the Committee at the principal office of the Company. Participants may change their addresses by notice in the manner above.

5.10 **Captions**. The headings and captions appearing herein are inserted only as a matter of convenience. They do not define, limit, construe or describe the scope or intent of the provisions of the Plan.

5.11 **Entire Agreement; Successors**. This Plan reflects the entire agreement or contract between the Employer and the Participants and Beneficiaries regarding the Plan. No Participant or Beneficiary may rely on any oral statement regarding the Plan. This Plan will be binding on the Employer, Participants and Beneficiaries and their respective heirs, administrators, trustees, successors and assigns.

5.12 **Partial Invalidity**. If any term or provision hereof or the application thereof to any person or circumstance is invalid or unenforceable, the remainder of this Plan, or the application of such term or provision to persons or circumstances other than those as to which it is invalid, will both be unaffected and each term or provision hereof will be valid and be enforced to the fullest extent permitted by law.

5.13 **Governing Law**. The laws of the State of Ohio applicable to agreements to be performed in the State of Ohio will apply in determining the construction and validity of the Plan and all rights and obligations under the Plan to the extent not preempted under federal law.

5.14 **Third Parties**. No person may construe anything expressed or implied in this Plan construed to give any person other than Participants and Beneficiaries any rights or remedies under this Plan.

5.15 **Saturdays, Sundays and Holidays**. Where this Plan authorizes or requires a payment or performance on a Saturday, Sunday or public or banking holiday, such payment or performance may be made on the next succeeding business day.

5.16 **Amendment to Base Plan**. Notwithstanding any contrary provision in this Plan, with respect to any post October 3, 2004 change, addition, deletion, or modification (together, an "Amendment") to the underlying Base Plan where such Amendment is determined to

be or is a material modification, as described under the IRC Section 409A and the regulations promulgated thereunder, such Amendment shall not be applied with respect to the Grandfathered Benefits under this Plan or any form or time of payment applicable to the Grandfathered Benefit.

IN WITNESS WHEREOF, the Company, through its designated officer, has caused this document to be executed this 30th day of September, 2008 and to be effective as of January 1, 2005.

THE SCOTTS COMPANY LLC

By: /s/ Denise S. Stump
Denise S. Stump, Executive Vice President, Global Human Resources

Appendix A
THE SCOTTS COMPANY LLC
EXCESS BENEFIT PLAN FOR GRANDFATHERED ASSOCIATES
As of January 1, 2005

Plan Participants (or Beneficiary) as of January 1, 2005

William Dittman
Dan A. McRoskey
Guy W. McRoskey
Peter K. McRoskey
Lisle J. Smith
Robert Stohler
Scott Todd
Charles Berger
Richard Bergum
Bernard Ford
Robert Hughes
John Kenlon
Amelia Maiello (Beneficiary)
Lawrence McCarthy
John Neal
James Rogula
Tadd C. Seitz
Rosemary Smith
Richard B. Stahl
Robert Stern
Craig Walley
Robert M. Webb
Paul Yeager
William F. O'Neil

THE SCOTTS COMPANY LLC
EXCESS BENEFIT PLAN FOR NON GRANDFATHERED ASSOCIATES
As of January 1, 2005

Introduction

The O.M. Scott & Sons Company, a Delaware corporation, adopted The O.M. Scott & Sons Company Excess Benefit Plan, effective October 1, 1993, which was subsequently amended from time to time. The O.M. Scott & Sons Company was subsequently merged into The Scotts Company and the sponsorship of The O.M. Scott & Sons Company Excess Benefit Plan was assumed by The Scotts Company. Effective March 18, 2005, The Scotts Company, through merger with The Scotts Miracle-Gro Company, became known as The Scotts Company LLC. Concurrent therewith, The O.M. Scott & Sons Company Excess Benefit Plan was renamed The Scotts Company LLC Excess Benefit Plan. Following the enactment of Code Section 409A, the Company elected to bifurcate The Scotts Company LLC Excess Benefit Plan, effective January 1, 2005, into two plans: The Scotts Company LLC Excess Benefit Plan for Non Grandfathered Associates and The Scotts Company LLC Excess Benefit Plan for Grandfathered Associates.

Benefit accruals under the Base Plan and under this Plan were frozen December 31, 1997. Continued service taken into account for vesting purposes under the Base Plan is, however, recognized with respect to the entitlement to and the calculation of subsidized early retirement benefits in this Plan. Appendix A lists the Participants in the Plan as of January 1, 2005.

The purpose of the Plan is to provide a select group of management or highly compensated employees with deferred compensation which is not limited by the restrictions placed upon qualified plan retirement benefits. The Plan applies to Non Grandfathered Benefits and is subject to the application of IRC Section 409A.

The provisions of this Plan apply to Participants in The Scotts Company LLC Excess Benefit Plan who retire, become disabled, die or terminate employment on or after January 1, 2005. Participants who terminated employment before January 1, 2005, or who were receiving benefits on or before December 31, 2004, under The Scotts Company Excess Benefit Plan are covered under The Scotts Company LLC Excess Benefit Plan for Grandfathered Associates.

Section 1. Definitions. The following terms have the meanings assigned by this Section, which will be equally applicable to the singular and plural forms of such terms.

"Affiliate" means any business organization or legal entity that directly or indirectly controls, is controlled by, or is under common control with the Company. For purposes of this definition, control (including the terms controlling, controlled by, and under common control) includes the possession, direct or indirect, of the power to vote 50% or more of the voting equity securities, membership interest or other voting interest, or to direct or cause the direction of the management and policies of such business organization or other legal entity, whether through the ownership of equity securities, membership interest, by contract or otherwise.

"Base Plan" means, effective March 18, 2005, The Scotts Company LLC Associates' Pension Plan, as amended effective January 1, 2006; prior to March 18, 2005, the Base Plan means The O.M. Scott & Sons Company Employees' Pension Plan, as amended effective January 1, 1998, January 1, 1999, and March 18, 2005.

"Base Plan Limit" means the limitations on benefits to Participants under the Base Plan established under Section 415 or Section 401(a)(17) of the Code and any limitations on compensation taken into account under the Base Plan. Effective January 1, 1999, Code Section 415 shall be applied as if the limitations of Code Section 415(e), as in effect on December 31, 1999, continued to apply.

"Beneficiary" means the person or entity entitled to receive a Participant's benefits under the Base Plan in the event of the Participant's death.

"Board" means the Board of Directors of the Corporation.

"Change of Control" means the occurrence of any of the following:

(a) Board Composition. Individuals who, as of July 1, 2008, constitute the Board (the "Incumbent Board") cease, within a 12-month period, for any reason (other than death) to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to such date whose appointment, election, or nomination for election by the Corporation's shareholders, was endorsed by at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board; or

(b) Stock Acquisition. (A) One or more acquisitions, by any individual, entity or group (within the meanings of Treas. Reg. §§ 1.409A-3(i)(5)(v)(B) and (vi)(D)) (a "Person") of 30% or more of the then outstanding voting securities of the Corporation (the "Outstanding Voting Securities"), during any 12-month period ending on the date of the most recent acquisition by that Person; or (B) an acquisition that results in ownership by a Person of either (y) shares representing more than 50% of the total fair market value of the Corporation's then outstanding stock (the "Outstanding Stock") or (z) shares representing more than 50% of the then Outstanding Voting Securities; provided, however, that for purposes of this paragraph (b), the following acquisitions of shares of the Corporation shall not be taken into account in the determination of whether a Change of Control has occurred: (1) any acquisition directly from the Corporation; (2) any cash acquisition by the Corporation or an Affiliate; (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or an Affiliate; (4) an acquisition by a Person that prior to the acquisition had already acquired more shares than necessary to satisfy the applicable 30% or 50% threshold; or (5) any acquisition by the Hagedorn Partnership, L.P. or any party related to the Hagedorn Partnership, L.P., as determined by the Committee; or

(c) Business Combination. Consummation of a reorganization, merger or consolidation of the Corporation (a "Business Combination"), in each case, that results in either a change in ownership contemplated in subparagraph (B) of paragraph (b) above or a change in the Incumbent Board contemplated by paragraph (a) above; or

(d) Sale or Disposition of Assets. One or more Persons acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Persons) assets from the Corporation that have a total gross fair market value equal to more than 40% of the total gross fair market value of all of the assets of the Corporation (without regard to liabilities of the Corporation or associated with such assets) immediately before such acquisition or acquisitions; provided that such sale or disposition is not to:

(i) a shareholder of the Corporation (immediately before the asset transfer) in exchange for or with respect to the Corporation's Outstanding Stock;

(ii) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Corporation;

(iii) a Person that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Corporation; or

(iv) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a Person described in paragraph (d)(iii) above.

Except as otherwise specifically provided in paragraph (d)(i) above, a Person's status is determined immediately after the transfer.

"Code" or **"IRC"** means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Committee" or **"Administrative Committee"** means the Benefits Administrative Committee under the Base Plan.

"Company" means The O.M. Scott & Sons Company, a Delaware corporation from the Effective Date through March 18, 2005, and thereafter means The Scotts Company LLC, an Ohio limited liability company.

"Corporation" means The Scotts Miracle-Gro Company.

"Disabled" or **"Disability"** means, effective January 1, 2005, that the Participant is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of at least three months under an accident and health plan covering employees of the Company or its Affiliates.

"Effective Date" means January 1, 2005, unless otherwise specified herein. The Plan's predecessor was originally effective on October 1, 1993.

"Employer" means the Company and each Affiliate of the Company that is a participating employer under the Base Plan.

"Non Grandfathered Benefits" means the benefit described under Plan Section 3.1.

"Participant" means, effective January 1, 2005, those select group of management or highly compensated employees named in Appendix A, attached hereto. No other individual shall become a Participant in the Plan. Each such Participant shall be deemed to be a Specified Employee as defined in Code Section 409A(a)(2)(B)(i) and Treasury Regulations Section 1.409A-l(i).

"Plan" means The O.M. Scott & Sons Company Excess Benefit Plan from October 1, 1993, through December 31, 2004; and, effective January 1, 2005, Plan means The Scotts Company LLC Excess Benefit Plan For Non Grandfathered Associates, as reflected in this document as amended from time to time.

"Separation from Service" means a Participant's termination of employment with the Company and its Affiliates for any reason, including death. A termination of employment will occur when the Participant and the Company and its Affiliates reasonably anticipate that (i) no further services will be performed by the Participant after a certain date, or (ii) the level of bona fide services which the Participant is expected to perform for the Company and its Affiliates, as an employee or otherwise, as of a certain date is expected to permanently decrease to a level equal to twenty (20) percent or less of the average level of services performed by the Participant during the immediately preceding thirty-six (36) month period (or the Participant's entire period of service if less than thirty-six (36) months). Further, for purposes of this Plan, a termination of employment is deemed to occur on the first date following six months after a Participant is first on a military leave, sick leave or other bona fide leave of absence. Such six month period may be extended if the Participant retains a right to reemployment with the Company or its Affiliates under applicable statute or contract. Notwithstanding the foregoing, where a leave of absence is due to a medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months and where such impairment causes the Participant to be unable to perform the duties of his position of employment or any substantially similar position of employment with the Company, a twenty-nine (29) month period of absence may be substituted for such six month period. Whether there has been a termination of employment will be determined by the Benefits Administrative Committee taking into account all of the facts and circumstances at the time of the termination of employment in accordance with the guidelines described in IRC Regulation Section 1.409-1(h).

Section 2. Participation. Effective January 1, 2005, the individuals named in Appendix A, are the only Participants in this Plan. No other individual shall become a Participant in the Plan.

Section 3. Non Grandfathered Benefits.

3.1. **Non Grandfathered Benefits**. The Employer will pay to a Participant or Beneficiary benefits under this Plan equal to the amount that would have been payable to the Participant or Beneficiary under the Base Plan without regard to the Base Plan Limit, less the amount paid under the Base Plan (the "Non Grandfathered Benefit"). The Non Grandfathered Benefit under this Plan shall be based on the actuarial methods, rates and assumptions used in determining the Base Plan benefit.

3.2. **Right of Offset**. If the Committee determines that a person entitled to payment under this Plan or the Participant of whom such person is the Beneficiary is, for any reason, indebted to the Company or its Affiliate, the Committee and the Company may offset such indebtedness, including any interest accruing thereon, against payments otherwise due under the Plan provided that:

(A) such debt is incurred in the ordinary course of the service relationship between the Participant and the Company;

(B) in any taxable year of the Company the entire amount of reduction does not exceed $5,000; and

(C) the reduction is made at the same time and in the same amount as the debt otherwise would have been due and collected from the Participant.

An election by the Company not to offset such indebtedness against the Plan payment will not constitute a waiver of the Company's claim for such indebtedness or obligation.

3.3. **Forfeiture**. If a Participant at any time (a) is convicted of a felony or a misdemeanor involving dishonesty or fraud on the part of such Participant, or commits any act of dishonesty or breach of good faith with respect to the Employer, (b) conducts, or becomes associated in any capacity with, a business which competes with the Employer, or (c) discloses to any person not associated with the Employer other than as required for the performance of the Participant's job with the Employer any confidential information of the Employer, all benefits of such Participant under the Plan will be forfeited. Notwithstanding the foregoing, a Participant will not forfeit benefits solely because the Participant (1) owns a non-controlling block of publicly traded shares of stock of a corporation that competes with the Employer, or (2) (a) acts as a consultant for, (b) has an investment in, or (c) is a board member or officer of a business, where after the Participant notifies the Company in writing in advance of his potential involvement, the Company consents to such association.

3.4. **Time and Form of Payment**.

3.4.1. **Time of Payment**. A Participant's Non Grandfathered Benefit under this Plan shall be paid upon the earlier of (A) the later of a Participant's Separation from Service or attainment of age fifty-five (55) (or, in the case of a Beneficiary, the date the Participant would have attained age fifty-five (55)) or (B) Disability. Payments shall generally commence within 90 days of the applicable distribution event. Notwithstanding any other provision of the Plan, if the distribution event giving rise to payment is due to a

Participant's Separation from Service, payment shall not commence before the date that is six months after the Separation from Service.

For payments that are subject to the six month delay in payment, the first payment following the six month delay shall include an amount, if applicable, representing the six delayed monthly payments plus interest calculated on an annual basis using the 26 week United States Treasury Bill coupon equivalent rate in effect on the first business day of January of the calendar year in which the Separation from Service occurs.

3.4.2. Form of Payment. The Non Grandfathered Benefit shall be paid in the form of a life annuity for a single Participant or a 50% joint and survivor annuity for a married Participant where the Participant's spouse is the joint annuitant. However, the Non Grandfathered Benefit may be paid in any actuarially equivalent form of a life annuity with the same scheduled commencement date available under Base Plan Sections 4.04 or 4.05, as applicable, without regard to any spousal consent requirement.

Notwithstanding the preceding, the actuarial equivalent value of any undistributed Non Grandfathered Benefit to which a Participant is entitled under the Plan shall be paid to the Participant in a lump sum as soon as practicable after a Change of Control, but in all events within thirty (30) days of the Change of Control. For purposes of this Section 3.4.2., an affected Participant is any service provider or former service provider as to which there is a Change of Control relating to: (i) the corporation for which such Participant is providing services at the time of a Change of Control; (ii) a corporation which is liable for such payments to the extent of the services provided to such corporation or corporations by the Participant or there is a bona fide business purpose for such corporation or corporations to be liable for such payments other than avoidance of Federal income tax; or (iii) a corporation which is a majority shareholder of a corporation identified in Subsection 3.4.2.(i) or (ii) or any corporation in a chain of corporations in which each corporation is a majority shareholder of another corporation in the chain, ending in a corporation identified in Subsection 3.4.2.(i) or (ii).

3.4.3. Small Benefit Cash Out. On or after January 1, 2005, and notwithstanding any contrary Plan provision, if the actuarial lump sum of a Participant's Non Grandfathered Benefit (and all other nonqualified deferred compensation plans required to be combined with this Plan under Treasury Regulations Section 1.409-A(1)(c)(2)) is not greater than the applicable dollar amount under Code Section 402(g)(1)(B) at the time of distribution, then such benefit shall be paid in the form of a cash lump sum.

3.5. Reserve. The Company may, but shall not be required to, establish a reserve of assets to provide funds for payments under the Plan. Any such reserve will be on such terms and conditions as are intended to prevent the establishment of the reserve from creating taxable income to the Participants in the Plan. Participants and Beneficiaries will have no interest in such reserve, and the interests of Participants and Beneficiaries under the Plan will be solely those of general creditors of the Company. Notwithstanding any contrary provision contained herein, this Plan shall be treated as nonqualified and unfunded for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended.

3.6. **Reports**. The Committee will provide a report of the accrued benefit under this Plan to any Participant on written request. No Participant may request any such report more often than once in any calendar year.

3.7. **Withholding**. The Employer shall withhold from payments due under the Plan all applicable income and employment taxes.

Section 4. Administration and Claims.

4.1. **Membership; Procedures; Authority and Responsibilities**. The Administrative Committee will have, in addition to the powers and responsibilities specifically provided for in this Plan, all of the powers and responsibilities provided under the Base Plan that would also apply to the administration and operation of this Plan. Any determination under the Base Plan that is relevant to the administration of this Plan shall also be effective under this Plan.

4.2. **Claims and Standard of Review**. Participants and Beneficiaries must make any claims for benefits under the Plan under the rules and procedures then in effect under the Base Plan. Notwithstanding any contrary provision in the Base Plan, all decisions regarding eligibility, benefits, vesting, administration and any interpretation of Plan terms, including the resolution of inconsistent provisions or insertion of omitted provisions, shall be those of the Administrative Committee and such Committee's acts and decisions shall not be overturned and shall be binding on all individuals and parties unless such acts and decisions are ruled by a court of competent jurisdiction to be arbitrary and capricious.

4.3. **Incorporation by Reference**. The provisions of the Base Plan are incorporated by reference in this Plan only to the extent so stated.

4.4. **Suspension of Payments in Event of Dispute**. If the Committee is in doubt concerning the right of any person to any payment claimed under this Plan, the Committee may direct the Company to suspend the payment until satisfied as to the right of such person to the payment. The Committee or the Company may file or cause to be filed in any court of competent jurisdiction an appropriate legal action or process in such form as the Committee or the Company deems appropriate, including an interpleader action or an action for declaratory judgment, for a legal determination of the entitlement of any person to any payment claimed to be due under the Plan. The Company and the Committee will comply with any final order of the court in any such suit, subject to appellate review, and the Participant and Beneficiaries will be similarly bound thereby.

Section 5. Miscellaneous.

5.1. **Amendment and Termination**. The Company or its delegate may at any time and from time to time alter, amend, or suspend the terms of the Plan without the consent of the Participant or Beneficiary provided that no such alteration, amendment, or suspension either accelerates the payment of the Non Grandfathered Benefit or delays such payment resulting in a subsequent deferral of compensation. The Company may also terminate and liquidate the Plan without the consent of the Participant or Beneficiary. Any such liquidation and termination of the Plan shall be made in accordance with the termination

and liquidation requirements of and under the circumstances described under Treasury Regulations 1.409A-3(j)(4)(ix). Any amendment or termination of the Plan will become effective as to a Participant on the date established by the Company. If the Company curtails or terminates this Plan, or suspends permanently the making of additional credits, the benefits due Participants will be the lesser of the amounts payable based on the terms of the Base Plan in effect and the Participant's compensation and service history at the time of the curtailment, termination or suspension or such amount determined at the time benefits are payable, and the Company will continue to be responsible for making payments attributable to such rights.

5.2. **No Contract of Employment**. The establishment of the Plan, any modification thereof and/or the making of any payments under the Plan will not give any Participant or other person the right to remain in the service of any Employer, and all Participants and other persons will remain subject to discharge to the same extent as if the Plan had never been adopted.

5.3. **Tax Effects**. None of the Employer, the Committee, or any firm, person, or corporation represents or guarantees that any particular federal, state or local tax consequences will occur as a result of any Participant's participation in this Plan. Each Participant should consult with such Participant's own advisors regarding the tax consequences of participation in this Plan.

5.4. **Nonalienation of Benefits**. Except to the extent required by law or as provided in Section 3.2., none of the payments, benefits, or rights of any Participant or Beneficiary will be subject to any claim of any creditor of such Participant or Beneficiary, and, to the fullest extent permitted by law, all such payments, benefits, and rights will be free from attachment, garnishment, or any other legal or equitable process available to any creditor of such Participant or Beneficiary. No Participant or Beneficiary will have the right to alienate, anticipate, commute, pledge, encumber, or assign any of the benefits or payments that the Participant or Beneficiary may expect to receive, contingently or otherwise, under the Plan, except the right of a Participant to designate a Beneficiary.

5.5. **Assumption**. The Company will require any successor or assign of the Employer to assume its obligations under this Plan.

5.6. **No Trust Created**. No term or provision of the Plan or any instrument under the Plan, including but not limited to the establishment of any reserve, shall be deemed to create a trust or fiduciary relationship of any kind. Any reserves maintained in conjunction with the Plan will continue to be part of the assets of the Employer. To the extent that anyone acquires a right to receive payment from the Employer of any amount payable under the Plan, such right will be no greater than the right of an unsecured general creditor of the Employer.

5.7. **Limitation of Liability**. The liability of the Employer under this Plan is limited to the obligations expressly set forth in the Plan. No term or provision of this Plan may be construed to impose any further or additional duties, obligations or costs on the Employer or the Committee not expressly set forth in the Plan.

5.8. **Payments to Minors, etc**. The Employer may pay any amount payable to or for the benefit of a minor, an incompetent person or any other person incapable of receipting therefore to such person's guardian, to any trustee or custodian holding assets for the benefit of such person, or to any person providing, or reasonably appearing to provide, for the care of such person, and such payment will fully discharge the Committee and the Employer with respect thereto.

5.9. **Notices**. Notices under the Plan will be sufficiently made if sent by first class, registered or certified mail addressed (a) to a Participant or Beneficiary at such person's address as set forth in the books and records of the Employer, or (b) to the Employer or the Committee at the principal office of the Company. Participants may change their addresses by notice in the manner above.

5.10. **Captions**. The headings and captions appearing herein are inserted only as a matter of convenience. They do not define, limit, construe or describe the scope or intent of the provisions of the Plan.

5.11. **Entire Agreement; Successors**. This Plan reflects the entire agreement or contract between the Employer and the Participants and Beneficiaries regarding the Plan. No Participant or Beneficiary may rely on any oral statement regarding the Plan. This Plan will be binding on the Employer, Participants and Beneficiaries and their respective heirs, administrators, trustees, successors and assigns.

5.12. **Partial Invalidity**. If any term or provision hereof or the application thereof to any person or circumstance is invalid or unenforceable, the remainder of this Plan, or the application of such term or provision to persons or circumstances other than those as to which it is invalid, will both be unaffected and each term or provision hereof will be valid and be enforced to the fullest extent permitted by law.

5.13. **Governing Law**. The laws of the State of Ohio applicable to agreements to be performed in the State of Ohio will apply in determining the construction and validity of the Plan and all rights and obligations under the Plan to the extent not preempted under federal law.

5.14. **Third Parties**. No person may construe anything expressed or implied in this Plan construed to give any person other than Participants and Beneficiaries any rights or remedies under this Plan.

5.15. **Saturdays, Sundays and Holidays**. Where this Plan authorizes or requires a payment or performance on a Saturday, Sunday or public or banking holiday, such payment or performance may be made on the next succeeding business day.

IN WITNESS WHEREOF, the Company, through its designated officer, has caused this document to be executed this 20th day of November, 2008 and to be effective as of January 1, 2005, except as otherwise specifically provided herein or required by law.

THE SCOTTS COMPANY LLC

By: /s/ Denise S. Stump
Name: Denise S. Stump
Its: Executive Vice President, Global Human Resources

Appendix A
THE SCOTTS COMPANY LLC
EXCESS BENEFIT PLAN FOR NON GRANDFATHERED ASSOCIATES
As of January 1, 2005

Plan Participants as of January 1, 2005

James Hagedorn
Eric Keim
Mark Schwartz
Todd White
Kevin McDonald
Michael Kelty
Blain McKinney
Joseph Petite

EMPLOYEE CONFIDENTIALITY, NONCOMPETITION, NONSOLICITATION AGREEMENT

This Employee Confidentiality, Noncompetition, Nonsolicitation Agreement ("Agreement"), by and between The Scotts Company, an Ohio corporation (together with its affiliates, the "Company"), and the person designated on the signature page hereof as "Employee", is effective as of the date signed by Employee below.

WHEREAS, the Company desires to employ (or to continue to employ) Employee, and Employee desires to be employed by (or to continue to be employed by) the Company, in a position with respect to which Employee will have access to certain confidential and proprietary information of the Company;

WHEREAS, the Company desires to have Employee participate (or continue to participate) and Employee desires to participate (or continue to participate) in a Company incentive plan.

WHEREAS, the Company believes, and Employee hereby acknowledges, that the confidential and proprietary information of the Company is extremely important to the success of the Company, and Employee understands and agrees that the Company is willing for Employee to have access or continued access to such information, subject to and in consideration of the agreements of Employee set forth herein regarding confidentiality, noncompetition, nonsolicitation and related matters.

NOW, THEREFORE, in consideration for participation (or continued participation) in a Company incentive plan and access to Confidential Information (defined below), training, compensation and benefits, as well as other good and valuable consideration provided by the Company to Employee, the receipt and sufficiency of which are hereby acknowledged, Employee freely enters this Agreement according to the following terms and conditions:

1. Confidential Information. As used in this Agreement the term "Confidential Information" shall mean any and all financial, commercial, technical, engineering or other information in written, oral, visual, or electronic form concerning the business and affairs of the Company including, without limitation, (i) information derived from reports, investigations, experiments, research and work in progress, (ii) methods of operation, (iii) market data, (iv) proprietary computer programs and codes, (v) drawings, designs, plans and proposals, (vi) marketing and sales programs, (vii) client and supplier lists and any other information about the Company's relationships with others, (viii) financial information and financial projections, (ix) network and system architecture, (x) all other concepts, ideas, materials and information prepared or performed for or by the Company and (xi) all information related to the business plan, strategies, business, products, purchases or sales of the Company or any of its suppliers and customers. The term "Confidential Information" does not include information that: (a) was or is made available to the public without restriction by the Company or by a third party who has the right to disclose such information; (b) was previously known to the Employee independent of the Company or, subject to the terms of Section 4 of this Agreement, independently developed or derived by Employee without the aid, application or use of any Confidential Information, as evidenced by corroborating, dated documentation; or (c) is disclosed to Employee on a non-confidential basis by a third party who has the right to disclose such information.

2. Confidentiality. Employee recognizes and acknowledges that the Confidential Information, as it may exist from time to time, is a valuable, special and unique asset of the Company, access to and knowledge of which is essential to the performance of the Employee's duties as an employee of the Company. Accordingly, during the period during which Employee is employed by the Company, and for an indefinite period thereafter, Employee shall hold in strict confidence and shall not, directly or indirectly, disclose or reveal to any person, or use for Employee's own personal benefit or for the benefit of anyone other than the Company, any Confidential Information of any kind, nature or description (whether or not acquired, learned, obtained or developed by Employee alone or in conjunction with others) belonging to or concerning the Company, or any of its customers or clients or others with whom the Company now or hereafter has a business relationship, except (a) with the prior written consent of the Company, or (b) in the course of the proper performance of Employee's duties as an employee of the Company.

3. Company Property. Upon the termination of Employee's employment with the Company, or whenever requested by the Company, Employee shall immediately deliver to the Company all property in Employee's possession or under Employee's control belonging to the Company, including, without limitation, all Confidential Information.

4. Employee Created Intellectual Property. Any and all inventions, ideas, improvements, discoveries, concepts, writings, processes, procedures, products, designs, formulae, specifications, samples, methods, know how or other things of value ("Intellectual Property") which Employee may make, conceive, discover or develop, either solely or jointly with any other person or persons, at any time during the term of this Agreement or during the term of any prior employment by the Company, whether during working hours or at any other time and whether at the request or upon the suggestion of the Company or otherwise, which relate to or are useful in connection with the business now or hereafter carried on by the Company, shall be sole and exclusive property of the Company, and where applicable, all copyrightable works shall be considered "Works Made for Hire" under the U.S. Copyright Act, 17, USC § 101 et seq. Employee (a) agrees to promptly disclose all such Intellectual Property to the Company, (b) agrees to do everything necessary or advisable to vest absolute title thereto in the Company, (c) assigns, without further consideration, to the Company all right, title and interest in and to such Intellectual Property, free and clear of any claims, liens or reserved rights of the Employee, and (d) irrevocably relinquishes for the benefit of the Company and its assignees any moral rights in the Intellectual Property recognized by applicable law.

5. Restrictive Covenants. In consideration of (i) Employee's employment (or continued employment) with the Company and (ii) Employee's participation (or continued participation) in the Company's Executive/Management Incentive Plan and (iii) the receipt by Employee of Confidential Information of the Company and training during the course of Employee's employment by the Company, Employee agrees that during the period during which Employee is employed by the Company and for a period of two (2) years thereafter, Employee shall not, directly or indirectly, for Employee's own account or for the benefit of any person other than the Company:

(a) alone or as a shareholder, partner, member, manager, director, officer, employee of or consultant to any other business or organization that engages or is planning to engage, in any geographic area in which or with respect to which the Company is engaged in business activities or in which it has customers, engage in the business of providing services and/or products and/or activity related thereto that is competitive with the business of the Company as such business is conducted or proposed to be conducted by the Company during the term of Employee's employment by the Company or as of the date Employee ceases to be employed by the Company. Appendix A includes a current list of companies identified as competitors;

(b) employ, solicit for employment, or advise or recommend to any other person ("person" meaning a natural person or legal entity) that such other person employ or solicit for employment, any employee of the Company;

(c) solicit or induce, or in any manner attempt to solicit or induce, any customer of the Company (i) to cease being, or any prospective customer not to become, a customer of the Company (ii) to divert any business of such customer from the Company or any of its affiliates;

(d) otherwise interfere with, disrupt, or attempt to interfere with or disrupt the relationship, contractual or otherwise, between the Company and any of its customers, clients, suppliers, consultants or employees; or

(e) deliberately engage in any action that will cause substantial harm to the Company, including, but not limited to, disparagement of the Company.

Employee regards the restrictions contained in this Section 5 as reasonable in scope, duration, and geographic territory, and appropriate to provide the Company with limited, legitimate and reasonable protection against subsequent diminution of the value of the business of the Company attributable to any actions of Employee contrary to such restrictions. The restrictive covenants set forth in this Section 5 are subject to Section 8 hereof and Employee hereby waives any and all right to attack the validity of such covenants on the grounds of the breadth of their geographic scope or the length of their term.

6. Certain Remedies. In recognition of the fact that a breach by Employee of any of the provisions of this Agreement will cause irreparable damage to the Company for which monetary damages alone will not constitute an adequate remedy, the Company shall be entitled as a matter of right (without being required to prove damages or furnish any bond or other security) to obtain a restraining order, an injunction, an order of specific performance, or other equitable or extraordinary relief from any court of competent jurisdiction restraining any further violation of such provisions by Employee or requiring Employee to perform its obligations hereunder. Such right to equitable or extraordinary relief shall not be exclusive but shall be in addition to all other rights and remedies to which the Company may be entitled at law or in equity, including without limitation the right to recover monetary damages for the breach of any of the provisions of this Agreement.

7. Term of this Agreement. Except as otherwise expressly provided herein with respect to certain provisions hereof, this Agreement shall continue in effect and survive for an indefinite period notwithstanding the termination of Employee's employment with the Company for any reason.

8. NO EMPLOYMENT AGREEMENT. THIS AGREEMENT IS NOT, HOWEVER, AND SHALL NOT BE DEEMED TO BE, AN EMPLOYMENT AGREEMENT THAT OBLIGATES THE COMPANY TO EMPLOY EMPLOYEE, OR OBLIGATES EMPLOYEE TO CONTINUE IN THE COMPANY'S EMPLOYMENT, FOR ANY TERM WHATSOEVER. UNLESS THERE IS A SEPARATE, WRITTEN EMPLOYMENT CONTRACT BETWEEN EMPLOYEE AND THE COMPANY, EMPLOYEE IS AN "AT WILL" EMPLOYEE OF THE COMPANY AND THE CONTINUATION OF EMPLOYEE'S EMPLOYMENT BY THE COMPANY IS SUBJECT TO THE RIGHT OF THE COMPANY TO TERMINATE SUCH EMPLOYMENT AT ANY TIME, WITHOUT CAUSE.

9. Severability. If any provision of this Agreement is held to be unenforceable by reason of being vague or unreasonable as to area, duration or scope of activity or otherwise, this Agreement will be considered divisible and inoperative as to such provision to the extent that such provision is unenforceable, with this Agreement to remain in full force and effect in all other respects. If any provision of this Agreement, although unenforceable as written, may be made enforceable by limitation thereof, then such provision will be enforceable to the maximum extent permitted by applicable law and the parties hereto contemplate that the court shall reduce any extent, duration, geographical scope or other provision hereof and enforce the Agreement in its reduced form for all purposes in the manner contemplated hereby.

10. **APPLICABLE LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF OHIO.** Employee and the Company agree that the exclusive jurisdiction and exclusive venue for any action brought by any party in connection with this Agreement shall be the state and federal courts located within the State of Ohio.

11. No Reliance. Employee represents and warrants to the Company that no promise or inducement for this Agreement has been made to Employee except as set forth herein; and this Agreement is executed by Employee freely and voluntarily, and without reliance upon any statement or representation by the Company, or any of the Company's attorneys, employees or agents except as expressly set forth herein.

12. Assignment. The Company may assign, in whole or in part, its rights and obligations under this Agreement. The rights of the Company shall enure to the benefit of, and the obligations of the Company shall be binding upon, the Company's successors and assigns. Employee shall not be entitled to assign any of Employee's rights or obligations under this Agreement.

13. Notification. Employee agrees that the Company may notify any person or entity employing Employee or evidencing an intention of employing Employee of the existence and provisions of this Agreement.

AGREED AND ACKNOWLEDGED:

EMPLOYEE:

_____
Signature

_____
Printed Name

_____
Date

THE SCOTTS COMPANY

By: /s/ Denise Stump
Signature

Denise Stump, EVP Human Resources
Printed Name

EMPLOYEE CONFIDENTIALITY, NONCOMPETITION, NONSOLICITATION AGREEMENT

APPENDIX A — LIST OF COMPETITORS

The list shown below is a current listing of companies that the Company currently competes with. This list will be updated on an on-going basis and provided to Employee upon Employee's request.

United Industries (RayOVac); Spectrum Brands
Bayer, AG
Central Garden & Pet
Tech Pac
Enforcer Products
Green Light Company
Lebanon Chemical Corp
Dow Agro Sciences Company
Uniroyal Chemical Corporation
Gulf Stream
Chisso-Asahi Fertilizer Co
Pursell Technologies
Sun Gro
Fafard, Inc.
TruGreen-Chemlawn, a division of Service Master
Compo GmbH
Kali & Salz
Norsk Hydro ASA
Haifa Chemicals Ltd
Kemira Oyj

Exhibit 10.2(c)

Executive Officers of
The Scotts Miracle-Gro Company
who are parties to form of
Employee Confidentiality, Noncompetition,
Nonsolicitation Agreement for employees
participating in The Scotts Company LLC
Amended and Restated Executive Incentive Plan

Name and Principal Position with The Scotts Miracle-Gro Company	Date of Employee Confidentiality, Noncompetition, Nonsolicitation Agreement
Barry W. Sanders, Executive Vice President, North America	April 22, 2005
Vincent C. Brockman, Executive Vice President, General Counsel and Corporate Secretary	May 11, 2006
David C. Evans, Executive Vice President, Chief Financial Officer	May 20, 2006
Michael C. Lukemire, Executive Vice President, Global Technology & Operations	June 26, 2006
Denise S. Stump, Executive Vice President, Global Human Resources	August 8, 2006
Mark R. Baker, President and Chief Operating Officer	September 29, 2008
Michael P. Kelty, Executive Vice President	November 13, 2008

EXHIBIT 10.5(b)(i)

TRUST AGREEMENT

Between

THE SCOTTS COMPANY

And

FIDELITY MANAGEMENT TRUST COMPANY

THE SCOTTS COMPANY NONQUALIFIED DEFERRED COMPENSATION TRUST

Dated as of January 1, 1998

TABLE OF CONTENTS

TRUST AGREEMENT, dated as of the 1st day of January, 1998, between **THE SCOTTS COMPANY**, a Delaware corporation, having an office at 14111 Scottslawn Road, Marysville, OH 43041 (the "Sponsor"), and **FIDELITY MANAGEMENT TRUST COMPANY**, a Massachusetts trust company, having an office at 82 Devonshire Street, Boston, Massachusetts 02109 (the "Trustee").

WITNESSETH:

WHEREAS, the Sponsor is the sponsor of The Scotts Company Nonqualified Deferred Compensation Plan (the "Plan"); and

WHEREAS, the Sponsor desires to establish an irrevocable trust (the "Trust", as hereinafter defined) with the Trustee as trustee, and contribute to the Trust assets that shall be held therein, subject to the claims of Sponsor's creditors in the event of Sponsor's Insolvency, as herein defined, until paid to Plan participants and their beneficiaries in such manner and at such times as specified in the Plan; and

WHEREAS, it is the intention of the parties that this Trust shall constitute an unfunded arrangement and shall not affect the status of the Plan as an unfunded plan maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974 ("ERISA"); and

WHEREAS, it is the intention of the Sponsor to make contributions to the Trust to provide itself with a source of funds to assist it in the meeting of its liabilities under the Plan; and

WHEREAS, the Trustee is willing to hold and invest the aforesaid plan assets in trust among several investment options selected by the Sponsor; and

WHEREAS, the Sponsor wishes to have the Trustee perform certain ministerial recordkeeping and administrative functions under the Trust; and

WHEREAS, the Administrative Committee (the "Administrator") is the administrator of the Plan; and

WHEREAS, the Trustee is willing to perform recordkeeping and administrative services for the Trust if the services are purely ministerial in nature and are provided within a framework of provisions, guidelines and interpretations conveyed in writing to the Trustee by the Administrator.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements set forth below, the Sponsor and the Trustee agree as follows:

Section 1. Trust.

(a) Establishment. The Sponsor establishes The Scotts Company Nonqualified Deferred Compensation Trust (the "Trust"), with the Trustee. The Trust shall consist of an initial contribution of money made by the Sponsor which shall become the principal of the Trust. The Trust shall also include any additional sums of money as shall from time to time be delivered to the Trustee by the Sponsor, all investments made therewith and proceeds thereof, and all earnings and profits thereon, less the payments that are made by the Trustee as provided herein, without distinction between principal and income. The Trustee hereby accepts the Trust and agrees that it shall be held, administered and disposed of by the Trustee as provided in this Trust Agreement. In accepting this Trust, the Trustee shall be accountable for the assets received by it, subject to the terms and conditions of this Trust Agreement.

(b) Grantor Trust. The Trust is intended to be a grantor trust, of which the Sponsor is the grantor, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended, and shall be construed accordingly.

(c) Trust Assets. The principal of the Trust, and any earnings thereon shall be held separate and apart from other funds of the Sponsor and shall be used exclusively for the uses and purposes of Plan participants and general creditors as herein set forth. Plan participants and their beneficiaries shall have no preferred claim on, or any beneficial ownership interest in, any assets of the Trust. Any rights created under the Plan and this Trust Agreement shall be mere unsecured contractual rights of Plan participants and their beneficiaries against the Sponsor. Any assets held by the Trust will be subject to the claims of the Sponsor's general creditors under federal and state law in the event of Insolvency, as defined in Section 13(a).

(d) Non-Assignment. Benefits payable to Plan participants and their beneficiaries under this Trust Agreement may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered, or subjected to attachment, garnishment, levy, execution, or other legal or equitable process.

(e) Irrevocability. The Trust hereby established shall be irrevocable.

(f) Income. During the term of this Trust, all income received by the Trust, net of expenses and taxes, shall be accumulated and reinvested.

Section 2. Payments to Sponsor. Except as provided under Section 13, the Sponsor shall have no right or power to direct the Trustee to return to the Sponsor or to divert to others any of the Trust assets before all payment of benefits have been made to Plan participants and their beneficiaries pursuant to the terms of the Plan.

Section 3. Disbursements.

(a) Directions from Sponsor. The Sponsor shall deliver to the Trustee a schedule (the "Payment Schedule") that indicates the amounts payable in respect of each Plan participant (and his or her beneficiaries), that provides a formula or other instructions acceptable to the Trustee for determining the amounts so payable, the form in which such amount is to be paid (as provided for or available under the Plan), and the time of commencement for payment of such amounts. Except as otherwise provided herein, the Trustee shall make payments to the Plan participants and their beneficiaries in accordance with such Payment Schedule. The Trustee shall make provision for the reporting and withholding of any federal, state or local taxes that may be required to be withheld with respect to the payment of benefits pursuant to the terms of the Plan and shall pay amounts withheld to the appropriate taxing authorities or determine that such amounts have been reported, withheld and paid by the Sponsor. The Trustee shall have no responsibility to ascertain any direction's compliance with the terms of the Plan or of any applicable law.

(b) Plan Claims. The entitlement of a Plan participant or his or her beneficiaries to benefits under the Plan shall be determined by the Administrator and any claim for such benefits shall be considered and reviewed under the procedures set out in the Plan.

(c) Limitations. The Sponsor may make payment of benefits directly to Plan participants or their beneficiaries as they become due under the terms of the Plan. The Sponsor shall notify the Trustee of its decision to make payment of benefits directly prior to the time amounts are payable to participants or their beneficiaries. In addition, if the principal of the Trust, and any earnings thereon, are not sufficient to make payments of benefits in accordance with the terms of the Plan, the Sponsor shall make the balance of each such payment as it falls due. The

Trustee shall notify the sponsor if principal and earnings are not sufficient. The Trustee shall not be required to make any disbursement in cash unless the Administrator has provided a written direction as to the assets to be converted to cash for the purpose of making the disbursement.

Section 4. Investment of Trust.

(a) Selection of investment Options. The Trustee shall have no responsibility for the selection of investment options under the Trust and shall not render investment advice to any person in connection with the selection of such options.

(b) Available Investment Options. The Sponsor shall direct the Trustee as to what investment option(s) the Trust shall be invested in subject to the following limitations. The Sponsor may determine to offer as investment options only (i) publicly-traded common stock issued by the Sponsor ("Sponsor Stock"), and (ii) securities issued by any investment companies advised by Fidelity Management & Research Company and certain investment companies not advised by Fidelity Management & Research Company ("Mutual Funds") identified on Schedule "A" attached hereto; provided, however, that the Trustee shall not be considered a fiduciary with investment discretion. The Sponsor may add additional investment options upon notification of the Trustee and upon amendment of this Trust Agreement and the Schedules thereto to reflect such additions.

(c) Investment Directions. In order to provide for an accumulation of assets comparable to the contractual liabilities accruing under the Plan, the Sponsor may direct the Trustee to invest the assets held in the Trust to correspond to the hypothetical investments made for Participants under the Plan. To the extent that the Sponsor elects to direct investments of the Trust in this manner, directions regarding hypothetical Plan investments may be made by Plan participants by use of the Telephone Exchange System (as described in Schedule "D") maintained for such purpose by the Trustee or its agent. In the event that the Trustee fails to receive an investment direction, the assets in question shall be invested in the Fidelity Retirement Money Market Fund until the Trustee receives a direction.

(d) Mutual Funds. The Sponsor hereby acknowledges that it has received from the Trustee a copy of the prospectus for each Mutual Fund selected by the Sponsor as a Plan investment option. Trust investments in Mutual Funds shall be subject to the following limitations:

(i) Execution of Purchases and Sales. Purchases and sales of Mutual Funds (other than for exchanges) shall be made on the date on which the Trustee receives from the Sponsor in good order all information and documentation necessary to accurately effect such purchases and sales (or in the case of a purchase, the subsequent date on which the Trustee has received a wire transfer of funds necessary to make such purchase). Exchanges of Mutual Funds shall be made on the same business day that the Trustee receives a proper direction if received before 4:00 p.m. eastern time; if the direction is received after 4:00 p.m. eastern time, the exchange shall be made the following day. Notwithstanding any provision contained herein, transactions involving Mutual Funds not advised by Fidelity Management & Research Company shall follow the procedures set forth in Schedule "E" attached hereto.

(ii) Voting. At the time of mailing of notice of each annual or special stockholders' meeting of any Mutual Fund, the Trustee shall send a copy of the notice and all proxy solicitation materials to the Administrator, together with a voting direction form for return to the Trustee or its designee. The Administrator shall have the right to direct the Trustee as to the manner in which the Trustee is to vote the shares held in the Trust. The Trustee shall vote the shares held in the Trust in the same manner as directed by the Administrator. The Trustee shall not vote shares for which it has received no directions from the Administrator. With respect to all other rights regarding the Mutual Funds held in the Trust, the Trustee shall follow the directions of the Administrator. The Trustee shall have no additional duty to solicit directions from the Administrator.

(e) Sponsor Stock. Trust investments in Sponsor Stock shall be made via the Sponsor Stock Fund (the "Stock Fund"). Investments in the Stock Fund shall consist primarily of shares of Sponsor Stock. In order to satisfy daily participant exchange or withdrawal requests for transfers and payments, the Stock Fund shall also include cash or short-term liquid investments in accordance with this paragraph. Such holdings will include Fidelity Institutional Cash Portfolios: Money Market Portfolio: Class I or such other Mutual Fund or commingled money market pool as agreed to by the Sponsor and Trustee. The Named Fiduciary shall, after consultation with the Trustee, establish and communicate to the Trustee in writing a target percentage and drift allowance for such short-term liquid investments. The Trustee shall be responsible for ensuring that the actual cash held in the Stock Fund falls within the agreed upon range over time. Trust interests in the Stock Fund shall be measured in units of participation, rather than shares of Sponsor Stock. Such units shall represent a proportionate interest in all of the assets of the Stock Fund, which includes shares of Sponsor Stock, short-temp investments and at times, receivables for dividends and/or Sponsor Stock sold and payables for Sponsor Stock purchased. The Trustee

shall determine a daily net asset value ("NAV") for each unit outstanding of the Stock Fund. Valuation of the Stock Fund shall be based upon the 4:00 p.m. New York Stock Exchange ("NYSE") closing price of the stock, or if unavailable, the latest available price as reported by the principal national securities exchange on which the Sponsor Stock is traded. The NAV shall be adjusted by dividends paid on the shares of Sponsor Stock held by the Stock Fund, gains or losses realized on sales of Sponsor Stock, appreciation or depreciation in the market price of those shares owned, and interest on the short-term investments held by the Stock Fund, expenses that, pursuant to Sponsor direction, the Trustee accrues from the Stock Fund, and commissions on purchases and sales of Sponsor Stock. Trust investments in Sponsor Stock shall be subject to the following limitations:

(i) Acquisition Limit. The Trust shall be invested in Sponsor Stock to the extent necessary to comply with investment directions under Section 4 of this Agreement. The Sponsor shall have the responsibility to determine and monitor the suitability of Sponsor Stock as an investment medium under the Trust.

(ii) Execution of Purchases and Sales.

(A) Transactions. Purchases and sales of units in the Sponsor Stock Fund shall be made on the date on which the Trustee receives from the Sponsor in good order all information and documentation necessary to accurately effect such purchases and sales (or, in the case of purchases, the subsequent date on which the Trustee has received a wire transfer of the funds necessary to make such purchases). Exchanges of units in the Stock Fund shall be made in accordance with the Telephone Exchange Guidelines attached hereto as Schedule "D". Purchases and sales of Sponsor Stock for the Stock Fund shall be made on the open market as necessary to maintain the target cash percentage and drift allowances for the Stock Fund, unless the following applies:

(1) the Trustee is unable to determine the number of shares required to be purchased or sold on such day; or

(2) If the Trustee is unable to purchase or sell the total number of shares required to be purchased or sold on such day as a result of market conditions; or

(3) If the Trustee is prohibited by the Securities and Exchange Commission, the New York Stock Exchange, or any other regulatory body from purchasing or selling any or all of the shares required to be purchased or sold on such days.

In the event of the occurrence of the circumstances described in (1), (2), or (3) above, the Trustee shall purchase or sell such shares as soon as possible thereafter. The Trustee may purchase and sell shares of Sponsor Stock wherever Sponsor Stock is traded. The Trustee shall purchase and sell Sponsor Stock for the Trust on such terms as to price, delivery and otherwise as the Trustee determines in its sole discretion. Neither the Sponsor nor any of its subsidiaries or affiliates nor the Administrator may exercise any control or influence over the times when, or the prices at which, shares of Sponsor Stock are purchased or sold by the Trustee, the amount of Sponsor Stock to be purchased or sold, the manner in which purchases or sales are made or the selection of the broker or dealer through, from or to whom the purchases or sales are executed or made. It is the intent of the Sponsor and the Trustee that the Trustee shall at all times qualify as an "agent independent of the issuer," as that term is used in Rule 10b-18 promulgated under the Securities Exchange Act of 1934, as amended.

(B) Use of an Affiliated Broker. The Sponsor hereby authorizes the Trustee to use Fidelity Brokerage Services, Inc. ("FBSI") to provide brokerage services in connection with any purchase or sale of Sponsor Stock. FBSI shall execute such directions directly or through its affiliate, National Financial Services Company ("NFSC"). The provision of brokerage services shall be subject to the following:

(i) To the extent such services are utilized, as consideration for such brokerage services, the Sponsor agrees that FBSI shall be entitled to remuneration under this authorization provision in the amount of five cents ($.05) commission on each share of Sponsor Stock up to 10,000 shares in a singular transaction, four cents ($.04) commission on each share of Sponsor Stock from 10,001 to 20,000 shares in a singular transaction, and three and one-half cents ($.035) commission on each share of Sponsor Stock in excess of 20,000 shares in a singular transaction. Any change in such remuneration may be made only by a signed agreement between Sponsor and Trustee.

(ii) Any successor organization of FBSI, through reorganization, consolidation, merger or similar transactions, shall, upon consummation of such transaction, become the successor broker in accordance with the terms of this authorization provision.

(iii) The Trustee and FBSI shall continue to rely on this authorization provision until notified to the contrary. The Sponsor reserves the right to terminate this authorization upon sixty (60) days written notice to FBSI (or its successor) and the Trustee.

(iii) Securities Law Reports. The Sponsor shall be responsible for filing all reports required under Federal or state securities laws with respect to the Trust's ownership of Sponsor Stock, including, without limitation, any reports required under section 13 or 16 of the Securities Exchange Act of 1934, and shall immediately notify the Trustee in writing of any requirement to stop purchases or sales of Sponsor Stock pending the filing of any report. The Sponsor shall be responsible for the registration of any Plan interests required under Federal or state securities laws. The Trustee shall provide to the Sponsor such information on the Trust's ownership of Sponsor Stock as the Sponsor may reasonably request in order to comply with Federal or state securities laws.

(iv) Rights in Sponsor Stock. With respect to all rights including the right to vote, the right to tender, and the right to withdraw shares previously tendered, in the case of Sponsor Stock held by the Trust, the Trustee shall follow the directions of the Administrator.

(v) Conversion. All provisions in this Section 4(e) shall also apply to any securities received as a result of a conversion of Sponsor Stock.

(f) Trustee Powers and Responsibility. The Trustee shall have the following powers and authority:

(i) Subject to the preceding provisions of this Section 4, to sell, exchange, convey, transfer, or otherwise dispose of any property held in the Trust, by private contract or at public auction. No person dealing with the Trustee shall be bound to see to the application of the purchase money or other property delivered to the Trustee or to inquire into the validity, expediency, or propriety of any such sale or other disposition.

(ii) To cause any securities or other property held as part of the Trust to be registered in the Trustee's own name, in the name of one or more of its nominees, or in the Trustee's account with the Depository Trust Company of New York and to hold any investments in bearer form, but the books and records of the Trustee shall at all times show that all such investments are part of the Trust.

(iii) To keep that portion of the Trust in cash or cash balances as the Sponsor or Administrator may, from time to time, deem to be in the best interest of the Trust.

(iv) To make, execute, acknowledge, and deliver any and all documents of transfer or conveyance and to carry out the powers herein granted.

(v) With the prior written consent of the Sponsor, to settle, compromise, or submit to arbitration any claims, debts, or damages due to or arising from the Trust; to commence or defend suits or legal or administrative proceedings; to represent the Trust in all suits and legal and administrative hearings; and to pay all reasonable expenses arising from any such action, from the Trust if not paid by the Sponsor.

(vi) With the prior written consent of the Sponsor, to employ legal, accounting, clerical, and other assistance as may be required in carrying out the provisions of this Agreement and to pay their reasonable expenses and compensation from the Trust if not paid by the Sponsor.

(vii) To do all other acts although not specifically mentioned herein, as the Trustee may deem necessary to carry out any of the foregoing powers and the purposes of the Trust.

Notwithstanding any powers granted to Trustee pursuant to this Trust Agreement or to applicable law, Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom, within the meaning of Section 301.7701-2 of the Procedure and Administrative Regulations promulgated pursuant to the Internal Revenue Code. The determination regarding whether an annual fiduciary tax return should be filed for the Trust shall rest solely with the Sponsor and the Trustee shall incur no liability with respect to such determination.

Notwithstanding any provision contained in this Trust Agreement, the Sponsor shall have the right from time to time in its sole discretion to substitute assets of equal fair market value for any asset held by the Trust. This right is exercisable by the Sponsor in a nonfiduciary capacity without the approval or consent of any person in a fiduciary capacity.

Section 5. Recordkeeping and Administrative Services to Be Performed.

(a) General. The Trustee shall perform those recordkeeping and administrative functions described in Schedule "A" attached hereto. These recordkeeping and administrative functions shall be performed within the framework of the Administrator's written directions regarding the Plan's provisions, guidelines and interpretations.

(b) Accounts. The Trustee shall keep accurate accounts of all investments, receipts, disbursements, and other transactions hereunder, and shall report to the Administrator and individual participants the value of the assets held in the Trust as of the last day of each fiscal quarter of the Plan and, if not on the last day of a fiscal quarter, the date on which the Trustee resigns or is removed as provided in Section 8 of this Agreement or is terminated as provided in Section 10 (the "Reporting Date"). Within thirty (30) days following each Reporting Date or within sixty (60) days in the case of a Reporting Date caused by the resignation or removal of the Trustee, or the termination of this Agreement, the Trustee shall file with the Administrator a written account setting forth all investments, receipts, disbursements, and other transactions effected by the Trustee between the Reporting Date and the prior Reporting Date, and setting forth the value of the Trust as of the Reporting Date. Except as otherwise required under applicable law and except in the event of gross negligence of the Trustee, upon the expiration of six (6) months from the date of filing such account with the Administrator, the Trustee shall have no liability or further accountability to anyone with respect to the propriety of its acts or transactions shown in such account, except with respect to such acts or transactions as to which the Administrator shall within such six (6) month period file with the Trustee written objections.

(c) Inspection and Audit. All records generated by the Trustee in accordance with paragraphs (a) and (b) shall be open to inspection and audit, during the Trustee's regular business hours prior to the termination of this Agreement and within a reasonable period thereafter, by the Administrator or any person designated by the Administrator. Upon the resignation or removal of the Trustee or the termination of this Agreement, the Trustee shall, upon written direction of the Sponsor, provide to the Administrator, at no expense to the Sponsor, in the format regularly provided to the Administrator, a statement of each participant's accounts as of the resignation, removal, or termination, and the Trustee shall, upon written direction of the Sponsor, provide to the Administrator or the Plan's new recordkeeper such further records as are reasonable, at the Sponsor's expense.

(d) Effect of Plan Amendment. The Sponsor shall deliver to the Trustee a copy of any amendment to the Plan as soon as administratively feasible following the amendment's adoption, and the Administrator shall provide the Trustee, on a timely basis, with all the information the Administrator deems necessary for the Trustee to perform the recordkeeping and administrative services and with such other information as the Trustee may reasonably request.

(e) Returns, Reports and Information. The Administrator shall be responsible for the preparation and filing of all returns, reports, and information required of the Trust or Plan by law. The Trustee shall provide the Administrator with such information as the Administrator may reasonably request to make these filings. The Administrator shall also be responsible for making any disclosures to participants required by law.

Section 6. Compensation and Expenses. Within thirty (30) days of receipt of the Trustee's bill, which shall be computed and billed in accordance with Schedule "B" attached hereto and made a part hereof, as amended from time to time, the Sponsor shall send to the Trustee a payment in such amount or the Sponsor may direct the Trustee to deduct such amount from participants' accounts. All expenses of the Trustee relating directly to the acquisition and disposition of investments constituting part of the Trust, any portion of the Trustee's bill not paid by the Sponsor, and all taxes of any kind whatsoever that may be levied or assessed under existing or future laws upon or in respect of the Trust or the income thereof, shall be a charge against and paid from the appropriate Plan participants' accounts.

Section 7. Directions and indemnification.

(a) Identity of Administrator. The Trustee shall be fully protected in relying on the fact that the Administrator under the Plan is the individual or persons named as such above or such other individuals or persons as the Sponsor may notify the Trustee, from time to time, in writing.

(b) Directions from Administrator. Whenever the Administrator provides a direction to the Trustee, the Trustee shall not be liable for any loss, or by reason of any breach, arising from the direction if the direction is contained in a writing (or is oral and immediately confirmed in a writing) signed by any individual whose name and signature have been submitted (and not withdrawn) in writing to the Trustee by the Administrator in the form attached hereto as Schedule "C", provided the Trustee reasonably believes the signature of the individual to be genuine. Such direction may be made via EDT in accordance with procedures agreed to by the Administrator and

the Trustee; provided, however, that the Trustee shall be fully protected in relying on such direction as if it were a direction made in writing by the Administrator. Provided that the Trustee reasonably believes the signature on a written direction to be genuine, the Trustee shall have no responsibility to ascertain any direction's (i) accuracy, (ii) compliance with the terms of the Plan or any applicable law, or (iii) effect for tax purposes or otherwise.

(c) Directions from Participants. The Trustee shall not be liable for any loss which arises from any participant's exercise or non-exercise of rights under Section 4 hereof; provided that the Trustee shall have performed its obligations hereunder with respect to the investment of trust assets.

(d) Indemnification. The Sponsor shall indemnify the Trustee against, and hold the Trustee harmless from, any and all loss, damage, penalty, liability, cost, and expense, including without limitation, reasonable attorneys' fees and disbursements, that may be incurred by, imposed upon, or asserted against the Trustee by reason of any claim, regulatory proceeding, or litigation arising from any act done or omitted to be done by any individual or person with respect to the Plan or Trust, excepting only any and all loss, etc., arising solely from the negligence, gross negligence or willful misconduct of the Trustee or any of its employees, agents or assigns.

(e) Survival. The provisions of this Section 7 shall survive the termination of this Agreement.

Section 8. Resignation or Removal of Trustee.

(a) Resignation. The Trustee may resign at any time upon sixty (60) days' notice in writing to the Sponsor, unless a shorter period of notice is agreed upon by the Sponsor.

(b) Removal. The Sponsor may remove the Trustee at any time upon sixty (60) days' notice in writing to the Trustee, unless a shorter period of notice is agreed upon by the Trustee.

(c) Transfer of Trust Assets. Upon resignation or removal of the Trustee and appointment of a successor Trustee, all assets shall subsequently be transferred to the successor Trustee. The transfer shall be completed within sixty (60) days after receipt of notice of resignation, removal or transfer, unless the Sponsor extends the time limit.

(d) Successor. If the trustee resigns or is removed, a successor shall be appointed, in accordance with Section 9 hereof, by the effective date of resignation or removal under paragraph (a) or (b) of this section. If no such appointment has been made, Trustee may apply to a court of competent jurisdiction for appointment of a successor or for instructions. All expenses of the Trustee in connection with the proceedings shall be allowed as administrative expenses of the Trust.

Section 9. Successor Trustee.

(a) Appointment. If the office of Trustee becomes vacant for any reason, the Sponsor may in writing appoint a successor trustee under this Agreement. The successor Trustee shall have all of the rights, powers, privileges, obligations, duties, liabilities, and immunities granted to the Trustee under this Agreement. The successor Trustee and predecessor Trustee shall not be liable for the acts or omissions of the other with respect to the Trust.

(b) Acceptance. When the successor Trustee accepts its appointment under this Agreement, title to and possession of the Trust assets shall immediately vest in the successor Trustee without any further action on the part of the predecessor Trustee. The predecessor Trustee shall execute all instruments and do all acts that reasonably may be necessary or reasonably may be requested in writing by the Sponsor or the successor Trustee to vest title to all Trust assets in the successor Trustee or to deliver all Trust assets to the successor Trustee.

(c) Corporate Action. Any successor of the Trustee or successor Trustee, through sale or transfer of the business or trust department of the Trustee or successor Trustee, or through reorganization, consolidation, or merger, or any similar transaction, shall, upon consummation of the transaction, become the successor Trustee under this Agreement and shall be subject to the terms of this Trust Agreement.

Section 10. Termination. This Trust Agreement may be terminated at any time by the Sponsor upon sixty (60) days' notice in writing to the Trustee, provided that the termination of the Trust shall not be effective until the date on which Plan participants and their beneficiaries are no longer entitled to benefits pursuant to the terms of the Plan. Upon termination of the Trust, any assets remaining in the Trust shall be returned to the Sponsor. On the date of the termination of this Trust Agreement, the Trustee shall comply with the provisions of paragraph (c) of Section 8.

Section 11. Resignation, Removal, and Termination Notices. All notices of resignation, removal, or termination under this Trust Agreement must be in writing and mailed to the party to which the notice is being given by certified or registered mail, return receipt requested, to the Sponsor c/o Christina Frenzer, The Scotts Company, 14111 Scottslawn Road, Marysville, OH 43011, and to the Trustee c/o John M. Kimpel, Fidelity Investments, 82 Devonshire Street, Boston, Massachusetts 02109, or to such other addresses as the parties have notified each other of in the foregoing manner.

Section 12. Duration. This Trust shall continue in effect without limit as to time, subject, however, to the provisions of this Trust Agreement relating to amendment, modification, and termination thereof.

Section 13. Insolvency of Sponsor.

(a) Trustee shall cease disbursement of funds for payment of benefits to Plan participants and their beneficiaries if the Sponsor is insolvent. Sponsor shall be considered "Insolvent" for purposes of this Trust Agreement if (i) Sponsor is unable to pay its debts as they become due, or (ii) Sponsor is subject to a pending proceeding as a debtor under the United States Bankruptcy Code.

(b) All times during the continuance of this Trust, the principal and income of the Trust shall be subject to claims of general creditors of the Sponsor under federal and state law as set forth below.

(i) The Board of Directors and the Chief Executive Officer of the Sponsor shall have the duty to inform Trustee in writing of Sponsor's Insolvency. If a person claiming to be a creditor of the Sponsor alleges in writing to Trustee that Sponsor has become Insolvent, Trustee shall determine whether Sponsor is Insolvent and, pending such determination, Trustee shall discontinue disbursements for payment of benefits to Plan participants or their beneficiaries.

(ii) Unless Trustee has actual knowledge of Sponsor's Insolvency, or has received notice from Sponsor or a person claiming to be a creditor alleging that Sponsor is Insolvent, Trustee shall have no duty to inquire whether Sponsor is Insolvent. Trustee may in all events rely on such evidence concerning Sponsor's solvency as may be furnished to Trustee and

that provides Trustee with a reasonable basis for making a determination concerning Sponsor's solvency.

(iii) If any time Trustee has determined that Sponsor is Insolvent, Trustee shall discontinue disbursements for payments to Plan participants or their beneficiaries and shall hold the assets of the Trust for the benefit of Sponsor's general creditors. Nothing in this Trust Agreement shall in any way diminish any rights of Plan participants or their beneficiaries to pursue their rights as general creditors of Sponsor with respect to benefits due under the Plan or otherwise.

(iv) Trustee shall resume disbursement for the payment of benefits to Plan participants or their beneficiaries in accordance with Section 3 of this Trust Agreement only after Trustee has determined that Sponsor is not Insolvent (or is no longer insolvent).

(c) Provided that there are sufficient assets, if Trustee discontinues the payment of benefits from the Trust pursuant to (a) hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to Plan participants or their beneficiaries under the terms of the Plan for the period of such discontinuance, less the aggregate amount of any payments made to Plan participants or their beneficiaries by Sponsor in lieu of the payments provided for hereunder during any such period of discontinuance.

Section 14. Amendment or Modification. This Agreement may be amended or modified at any time and from time to time only by an instrument executed by both the Sponsor and the Trustee. Notwithstanding the foregoing, (a) no such amendment or modification shall conflict with the terms of the Plan or shall make the Trust revocable; and (b) to reflect increased operating costs; the Trustee may once each calendar year, amend Schedule "B" without the Sponsor's consent upon ninety (90) days' prior written notice to the Sponsor.

Section 15. General.

(a) Performance by Trustee, its Agents or Affiliates. The Sponsor acknowledges and authorizes that the services to be provided under this Trust Agreement shall be provided by the Trustee, its agents or affiliates, including Fidelity Investments Institutional Operations Company or its successor, and that certain of such services may be provided pursuant to one or more other contractual agreements or relationships.

(b) Entire Agreement. This Trust Agreement contains all of the terms agreed upon between the parties with respect to the subject matter hereof.

(c) Waiver. No waiver by either party of any failure or refusal to comply with an obligation hereunder shall be deemed a waiver of any other or subsequent failure or refusal to so comply.

(d) Successors and Assigns. The stipulations in this Trust Agreement shall inure to the benefit of, and shall bind, the successors and assigns of the respective parties.

(e) Partial Invalidity. If any term or provision of this Trust Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Trust Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Trust Agreement shall be valid and enforceable to the fullest extent permitted by law.

(f) Section Headings. The headings of the various sections and subsections of this Trust Agreement have been inserted only for the purposes of convenience and are not part of this Trust Agreement and shall not be deemed in any manner to modify, explain, expand or restrict any of the provisions of this Trust Agreement.

Section 16. Governing Levy.

(a) Massachusetts Law Controls. This Trust Agreement is being made in the Commonwealth of Massachusetts, and the Trust shall be administered as a Massachusetts trust. The validity, construction, effect, and administration of this Trust Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Massachusetts, except to the extent those laws are superseded under section 514 of ERISA.

(b) Trust Agreement Controls. The Trustee is not a party to the Plan, and, with respect to the rights, duties and obligations of the Trustee, in the event of any conflict between the provisions of the Plan and the provisions of this Trust Agreement, the provisions of this Trust Agreement shall control.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

THE SCOTTS COMPANY

Attest: /s/ Susan Duvall
Witness

By: /s/ Rosemary L. Smith
Vice President

FIDELITY MANAGEMENT TRUST COMPANY

Attest: /s/ Douglas O. Kent
Assistant Clerk

By: /s/ Joseph DiBenedetto
Vice President

Schedule "A"

RECORDKEEPING AND ADMINISTRATIVE SERVICES

Administration

- Establishment and maintenance of participant account and election percentages.
- Maintenance of 12 plan investment options:
  - Fidelity Puritan
  - Fidelity Spartan US Equity Index
  - Fidelity Blue Chip Growth
  - Fidelity Contrafund
  - Barron Asset Fund
  - Fidelity World Wide
  - Scotts Stock Fund
  - Freedom Retirement Income
  - Freedom 2000
  - Freedom 2010
  - Freedom 2020
  - Freedom 2030
- Maintenance of 6 money classifications:
  - Employee Pre-Tax
  - Employee After-Tax
  - Bonus Deferral
  - Rollover
  - Employer Match
  - Retirement Contributions
- Processing of mutual fund trades.
- The Trustee will provide only the recordkeeping and administrative services set forth on this Schedule "A" and no others.

Processing

- Monthly processing of contribution data.
- Daily processing of transfers and changes of future allocations.
- Monthly processing of withdrawals.
- Monthly processing of transfers and changes of future allocations from stock fund

Other

- Prepare and mail to the participant, a confirmation of the transactions (exchanges and changes to investment mix elections) within five (5) business days of the participants instructions.

- Prepare, reconcile and deliver a monthly Trial Balance Report presenting all money classes and investments. This report is based on the market value as of the last business day of the month. The report will be delivered not later than thirty (30) days after the end of each month in the absence of unusual circumstances.
- Prepare, reconcile and deliver a Quarterly Administrative Report presenting both on a participant and a total plan basis all money classes, investment positions and a summary of all activity of the participant and plan as of the last business day of the quarter. The report will be delivered not later that thirty (30) days after the end of each quarter in the absence of unusual circumstances.
- Prepare and distribute, either to the Sponsor or to each plan participant directly, a quarterly detailed participant statement reflecting all activity for the period. Statements will be delivered not later than thirty (30) days after each quarter in the absence of unusual circumstances.
- Reconcile and process, on a quarterly basis, participant withdrawal requests as approved and directed by the Sponsor.
- Handle Federal and State income tax reporting and withholding on benefit payments to participants and their beneficiaries.
- Issuance of a Form 1099-DIV and Form 1099-B to the Sponsor for each mutual fund for the calendar year end.
- Employee communications describing available investment options, including multimedia informational materials and group presentations.

ADMINISTRATOR

By: /s/ Rosemary L. Smith 1/7/97
Date

FIDELITY MANAGEMENT TRUST COMPANY

By: /s/ Joseph DiBenedetto 1/23/98
Vice President Date

Schedule "B"

FEE SCHEDULE

- Annual Participant Fee — $5,000 per year*, billed and payable quarterly.
- Remote Access Fee (optional) — $1,000 per year, plus a monthly charge for TYMNET usage. A one-time installation fee of $1,500 will also be charged to the Sponsor in the first year.
- This fee will be imposed pro rata for each calendar quarter, or any part thereof, that it remains necessary to maintain a participant's account(s) as part of the Plan's records, e.g., vested, deferred, forfeiture, top-heavy and terminated participants who must remain on file through calendar year-end for reporting purposes.
- Outside Mutual Funds — An annual administrative service fee shall be paid to Fidelity by each mutual fund not advised by Fidelity Management & Research Company equal to a percentage (currently 25 basis points) of the Plan assets invested in that mutual fund.

Trustee Fees

- An annual fee equal to .02 percent of the assets held in the Trust, subject to a $2,500.00 minimum and a $5,000.00 maximum per year, billed and payable quarterly.

ADMINISTRATOR

By: /s/ Rosemary L. Smith 1/7/97
Date

FIDELITY MANAGEMENT TRUST COMPANY

By: /s/ Joseph DiBenedetto 1/23/98
Vice President Date

[page intentionally omitted]

Schedule "D"

TELEPHONE EXCHANGE GUIDELINES

The following telephone exchange procedures are currently employed by Fidelity Institutional Retirement Services Company (FIRSCO), an affiliate of the Trustee.

Telephone exchange hours are 8:30 a.m. (ET) to 8:00 p.m. (ET) on each business day. A "business day" is any day on which the New York Stock Exchange is open.

FIRSCO reserves the right to change these telephone exchange procedures at its discretion.

Mutual Funds

Exchanges Between Mutual Funds

Participants may call on any business day to exchange between the mutual funds. If the request is received before 4:00 p.m. (ET), it will receive that day's trade date. Calls received after 4:00 p.m. (ET) will be processed on a next business day basis.

Sponsor Stock

I. **Exchanges from Mutual Funds Into Sponsor Stock**

Sponsor Stock exchanges are processed on a monthly cycle. Participants who wish to exchange out of a mutual fund into Sponsor Stock may call at any time. However, such requests shall be processed only between the 1st and the 15th of the month. No calls will be accepted after 4:00 p.m. (ET) on the 15th (or previous business day if the 15th is not a business day).

Mutual fund shares are sold on the 15th of the month (or the previous business day if the 15th is not a business day) and the Sponsor Stock is purchased within two (2) business days after the date on which the mutual fund shares are sold.

II. Exchanges from Sponsor Stock into Mutual Funds

Participants who wish to exchange out of Sponsor Stock into mutual funds may call at any time. However, such requests shall be processed only between the 1st and the 15th of the month. No calls will be accepted after 4:00 p.m. (ET) on the 15th (or previous business day if the 15th is not a business day).

The Sponsor Stock is sold on the 16th (or the next business day if the 16th is not a business day) and the subsequent purchase into mutual funds will take place three (3) business days later. This allows for settlement of the stock trade at the custodian and the corresponding transfer to Fidelity.

Schedule "E"

OPERATIONAL GUIDELINES FOR NON-FIDELITY MUTUAL FUNDS

Pricing

By 7:00 p.m. Eastern Time ("ET") each Business Day, the Non-Fidelity Mutual Fund Vendor (Fund Vendor) will input the following information ("Price Information") into the Fidelity Participant Recordkeeping System ("FPRS") via the remote access price screen that Fidelity Investments Institutional Operations Company, Inc. ("FIIOC"), an affiliate of the Trustee, has provided to the Fund Vendor: (1) the net asset value for each Fund at the Close of Trading, (2) the change in each Fund's net asset value from the Close of Trading on the prior Business Day, and (3) in the case of an income fund or funds, the daily accrual for interest rate factor ("mil rate"). FIIOC must receive Price Information each Business Day (a "Business Day" is any day the New York Stock Exchange is open). If on any Business Day the Fund Vendor does not provide such Price Information to FIIOC, FIIOC shall pend all associated transaction activity in the Fidelity Participant Recordkeeping System ("FPRS") until the relevant Price Information is made available by Fund Vendor.

Trade Activity and Wire Transfers

By 7:00 a.m. ET each Business Day following Trade Date ("Trade Date plus One"), FIIOC will provide, via facsimile, to the Fund Vendor a consolidated report of net purchase or net redemption activity that occurred in each of the Funds up to 4:00 p.m. ET on the prior Business Day. The report will reflect the dollar amount of assets and shares to be invested or withdrawn for each Fund. FIIOC will transmit this report to the Fund Vendor each Business Day, regardless of processing activity. In the event that data contained in the 7:00 a.m. ET facsimile transmission represents estimated trade activity, FIIOC shall provide a final facsimile to the Fund Vendor by no later than 9:00 a.m. ET. Any resulting adjustments shall be processed by the Fund Vendor at the net asset value for the prior Business Day.

The Fund Vendor shall send via regular mail to FIIOC transaction confirms for all daily activity in each of the Funds. The Fund Vendor shall also send via regular mail to FIIOC, by no later than the fifth Business Day following calendar month close, a monthly statement for each Fund. FIIOC agrees to notify the Fund Vendor of any balance discrepancies within twenty (20) Business Days of receipt of the monthly statement.

For purposes of wire transfers, FIIOC shall transmit a daily wire for aggregate purchase activity and the Fund Vendor shall transmit a daily wire for aggregate redemption activity, in each case including all activity across all Funds occurring on the same day.

Prospectus Delivery

FIIOC shall be responsible for the timely delivery of Fund prospectuses and periodic Fund reports ("Required Materials") to Plan participants, and shall retain the services of a third-party vendor to handle such mailings. The Fund Vendor shall be responsible for all materials and production costs, and hereby agrees to provide the Required Materials to the third-party vendor

selected by FIIOC. The Fund Vendor shall bear the costs of mailing annual Fund reports to Plan participants. FIIOC shall bear the costs of mailing prospectuses to Plan participants.

Proxies

The Fund Vendor shall be responsible for all costs associated with the production of proxy materials. FIIOC shall retain the services of a third-party vendor to handle proxy solicitation mailings and vote tabulation. Expenses associated with such services shall be billed directly to the Fund Vendor by the third-party vendor.

Participant Communications

The Fund Vendor shall provide internally-prepared fund descriptive information approved by the Funds' legal counsel for use by FIIOC in its written participant communication materials. FIIOC shall utilize historical performance data obtained from third-party vendors (currently Morningstar, Inc., FACTSET Research Systems and Lipper Analytical Services) in telephone conversations with plan participants and in quarterly participant statements. The Sponsor hereby consents to FIIOC's use of such materials and acknowledges that FIIOC is not responsible for the accuracy of such third-party information. FIIOC shall seek the approval of the Fund Vendor prior to retaining any other third-party vendor to render such data or materials under this Agreement.

Compensation

FIIOC shall be entitled to fees as set forth in a separate agreement with the Fund Vendor.

Indemnification

The Fund Vendor shall be responsible for compensating participants and/or FIIOC in the event that losses occur as a result of (1) the Fund Vendor's failure to provide FIIOC with Price Information or (2) providing FIIOC with incorrect Price Information.

EXHIBIT 10.5(b)(ii)

**FIRST AMENDMENT TO TRUST AGREEMENT BETWEEN
FIDELITY MANAGEMENT TRUST COMPANY AND
THE SCOTTS COMPANY**

THIS FIRST AMENDMENT, dated as of the twenty-fourth day of March, 1998, by and between Fidelity Management Trust Company (the "Trustee") and The Scotts Company (the "Sponsor");

WITNESSETH:

WHEREAS, the Trustee and the Sponsor heretofore entered into a Trust Agreement dated January 1, 1998, with regard to The Scotts Company Nonqualified Deferred Compensation Plan (the "Plan"); and

WHEREAS, the Trustee and the Sponsor now desire to amend said Trust Agreement as provided for in Section 14 thereof;

NOW THEREFORE, in consideration of the above premises the Trustee and the Sponsor hereby amend the Trust Agreement by:

(1) Amending the "investment options" section of Schedule "A" to add the following:

- Fidelity Money Market Trust: Retirement Money Market Portfolio

(2) Amending the "money classifications" section of Schedule "A" to add the following:

- Incentive Deferral

IN WITNESS WHEREOF, the Trustee and the Sponsor have caused this First Amendment to be executed by their duly authorized officers effective as of the day and year first above written.

THE SCOTTS COMPANY

By: /s/ Rosemary L. Smith 3/23/98
Date

FIDELITY MANAGEMENT TRUST COMPANY

By: /s/ Joseph DiBenedetto 4/7/08
Vice President Date

**SECOND AMENDMENT TO TRUST AGREEMENT BETWEEN
FIDELITY MANAGEMENT TRUST COMPANY AND
THE SCOTTS COMPANY**

THIS SECOND AMENDMENT, dated as of the fifteenth day of January, 1999, by and between Fidelity Management Trust Company (the "Trustee") and The Scotts Company (the "Sponsor");

WITNESSETH:

WHEREAS, the Trustee and the Sponsor heretofore entered into a Trust Agreement dated January 1, 1998, with regard to The Scotts Company Nonqualified Deferred Compensation Plan (the "Plan"); and

WHEREAS, the Trustee and the Sponsor now desire to amend said Trust Agreement as provided for in Section 14 thereof;

NOW THEREFORE, in consideration of the above premises, the Trustee and the Sponsor hereby amend the Trust Agreement by:

(1) Amending and restating the "money classifications" section of Schedule "A" as follows:

Maintenance of the following money classifications:

- Salary Deferral
- Excess Employer Match
- Excess Retirement Contributions
- Excess Transitional Contributions
- Incentive Deferral

IN WITNESS WHEREOF, the Trustee and the Sponsor have caused this Second Amendment to be executed by their duly authorized officers effective as of the day and year first above written.

THE SCOTTS COMPANY

By: /s/ Rosemary L. Smith 1/15/99
Date

By: /s/ Rosemary L. Smith 1/15/99
Vice President Date

FIDELITY MANAGEMENT TRUST COMPANY

By: /s/ Carolyn Redden 2/19/99
Vice President

**THIRD AMENDMENT TO TRUST AGREEMENT BETWEEN
FIDELITY MANAGEMENT TRUST COMPANY AND
THE SCOTTS COMPANY**

THIS THIRD AMENDMENT, dated as of the first day of July, 1999, by and between Fidelity Management Trust Company (the "Trustee") and The Scotts Company (the "Sponsor");

WITNESSETH:

WHEREAS, the Trustee and the Sponsor heretofore entered into a Trust Agreement dated January 1, 1998, with regard to the The Scotts Company Nonqualified Deferred Compensation Plan (the "Plan"); and

WHEREAS, the Trustee and the Sponsor now desire to amend said Trust Agreement as provided for in Section 14 thereof;

NOW THEREFORE, in consideration of the above premises, the Trustee and the Sponsor hereby amend the Trust Agreement by:

(1) Adding a new Section 15, Electronic Services, as follows, and renumbering all subsequent subsections accordingly:

Section 15. Electronic Services.

(a) The Trustee may provide communications and services via electronic medium ("Electronic Services"), including, but not limited to, Fidelity Plan Sponsor WebStation, Client Intranet, Client e-mail, interactive software products or any other information provided in an electronic format. The Sponsor, its agents and employees agree to keep confidential and not publish, copy, broadcast, retransmit, reproduce, commercially exploit or otherwise redisseminate the data, information, software or services without the Trustee's written consent.

(b) The Sponsor shall be responsible for installing and maintaining all Electronic Services on its computer network and/or Intranet upon receipt in a manner so that the information provided via the Electronic Service will appear in the same form and content as it appears on the form of delivery, and for any programming required to accomplish the installation. Materials provided for Plan Sponsor's intranet web sites shall be installed by the Sponsor and shall be clearly identified as originating from Fidelity. The Sponsor shall promptly remove Electronic Services from its computer network and/or Intranet, or replace the Electronic Service with an updated service provided by the Trustee, upon written notification (including written notification via facsimile) by the Trustee.

(c) All Electronic Services shall be provided to the Sponsor without any express or implied legal warranties or acceptance of legal liability by the Trustee relative to the use of material or Electronic Services by the Sponsor. No rights are conveyed to any property, intellectual or tangible, associated with the contents of the Electronic Services and related material.

(d) To the extent that any Electronic Services utilize Internet services to transport data or communications, the Trustee will take, and Plan Sponsor agrees to follow, reasonable security precautions; however, the Trustee disclaims any liability for interception of any such data or communications. The Trustee shall not be responsible for, and makes no warranties regarding access, speed or availability of Internet or network services, The Trustee shall not be responsible for any loss or damage related to or resulting from any changes or modifications to the electronic material after delivering it to the Plan Sponsor.

(2) Amending the "investment options" portion of Schedule "A" by adding the following:

- PIMCO Total Return Fund

(3) Amending Schedule "B" by restating the first bullet point as follows:

Other Fees: separate charges for optional non-discrimination testing, extraordinary expenses resulting from large numbers of simultaneous manual transactions, from errors not caused by Fidelity, reports not contemplated in this Agreement, or extraordinary and/or duplicative expenses associated with electronic services. The Administrator may withdraw reasonable administrative fees from the Trust by written direction to the Trustee.

IN WITNESS WHEREOF, the Trustee and the Sponsor have caused this Third Amendment to be executed by their duly authorized officers effective as of the day and year first above written.

THE SCOTTS COMPANY

By: /s/ Rosemary L. Smith 6/11/99
Date

FIDELITY MANAGEMENT TRUST COMPANY

By: /s/ Carolyn Redden 6/28/99
Vice President Date

**FOURTH AMENDMENT TO TRUST AGREEMENT BETWEEN
FIDELITY MANAGEMENT TRUST COMPANY AND
THE SCOTTS COMPANY**

THIS FOURTH AMENDMENT, dated as of the first day of August, 1999, by and between Fidelity Management Trust Company (the "Trustee") and The Scotts Company (the "Sponsor");

WITNESSETH:

WHEREAS, the Trustee and the Sponsor heretofore entered into a Trust Agreement dated January 1, 1998, with regard to The Scotts Company Nonqualified Deferred Compensation Plan (the "Plan"); and

WHEREAS, the Sponsor has informed the Trustee that, effective January 1, 1999, the name of the Plan changed from "The Scotts Company Nonqualified Deferred Compensation Plan" to "The Scotts Company Executive Retirement Plan"; and

WHEREAS, the Trustee and the Sponsor now desire to amend said Trust Agreement as provided for in Section 14 thereof;

NOW THEREFORE, in consideration of the above premises, the Trustee and the Sponsor hereby amend the Trust Agreement by:

(1) Amending the first WHEREAS Clause to read as follows:

WHEREAS, the Sponsor is the sponsor of The Scotts Company Executive Retirement Plan (the "Plan"); and

(2) Amending the first sentence of Section 1 to read as follows:

Section 1. Trust. The Sponsor hereby establishes The Scotts Company Executive Retirement Plan Trust (the "Trust"), with the Trustee.

(3) Amending Section 7(d), Indemnification to add the following.

Special Indemnification for Fidelity PortfolioPlanner(SM). The Trustee shall indemnify the Sponsor against and hold the Sponsor harmless from any and all such loss, damage, penalty, liability, cost, and expense, including without limitation, reasonable attorney's fees and disbursements, that may be incurred by, imposed upon, or asserted against the Sponsor solely as a result of a) any defects in the investment methodology embodied in the target asset allocation or model portfolio provided through Fidelity PortfolioPlanner, except to the extent that any such loss, damage, penalty, liability, cost or expense arises from information provided by the participant, the Sponsor or third parties; or b) any prohibited transactions resulting from the provision by the Trustee of Fidelity PortfolioPlanner.

(4) Amending the Other section of Schedule "A" by adding the following:

- Fidelity PortfolioPlanner (SM), an internet-based educational service for participants that generates target asset allocations and recommended model portfolios customized to investment options in the Plan(s) based upon methodology provided by Strategic Advisers, Inc., an affiliate of the Trustee. The Sponsor acknowledges that it has received the ADV Part II for Strategic Advisers, Inc. more than 48 hours prior to executing the Trust amendment.

IN WITNESS WHEREOF, the Trustee and the Sponsor have caused this Fourth Amendment to be executed by their duly authorized officers effective as of the day and year first above written.

THE SCOTTS COMPANY

By: /s/ Rosemary L. Smith 7/30/99
Date

FIDELITY MANAGEMENT TRUST COMPANY

By: /s/ Carolyn Redden 8/25/99
Vice President Date

FIFTH AMENDMENT TO TRUST AGREEMENT
BETWEEN
FIDELITY MANAGEMENT TRUST COMPANY
AND
THE SCOTTS COMPANY

THIS FIFTH AMENDMENT, dated as of the 20 day of December, 2000, by and between Fidelity Management Trust Company (the "Trustee") and The Scotts Company (the "Sponsor");

WITNESSETH:

WHEREAS, the Trustee and the Sponsor heretofore entered into a Trust Agreement dated January 1, 1998 (and subsequently amended as of March 24, 1998), with regard to The Scotts Company Nonqualified Deferred Compensation Plan (the "Plan"); and

WHEREAS, the Trustee and the Sponsor now desire to amend said Trust Agreement as provided for in Section 14 thereof;

NOW, THEREFORE, in consideration of the above premises the Trustee and the Sponsor hereby amend the Trust Agreement by:

1. Adding the following at the end of Section 1(a):

   This Trust also will serve as a source of funds to assist any Affiliate to meet its liabilities under the Plan. For purposes of the Plan, "Affiliate" means any entity that is under common control with the Sponsor within the meaning of Sections 414(b) and (c) of the Internal Revenue Code of 1986, as amended. Any property that is contributed to the Trust by the Sponsor (including Sponsor Stock) to meet any liability accrued by Plan participants who are employed by an Affiliate and which is not distributed during the term of this Trust to meet liabilities under the Plan will revert to the Sponsor when the Trust is liquidated as provided in Section 10.

2. Adding the following new subsection to Section 13:

   (d) Any property (including Sponsor Stock) contributed to the Trust by an Affiliate or the Sponsor to meet any liability accrued by Plan participants who are employed by the Affiliate will be subject to the terms of this Section, which will be applied to this property as if the term "Affiliate or Sponsor or both" is substituted for the term "Sponsor" wherever it appears in Section 13(a) through (c).

IN WITNESS WHEREOF, the Trustee and the Sponsor have caused this Fifth Amendment to be executed by their duly authorized officers effective as of the day and year first above written.

THE SCOTTS COMPANY

By: /s/ George A. Murphy
George A. Murphy, Vice President,
Global Compensation and Benefits

Date: 12/20/2000

FIDELITY MANAGEMENT TRUST COMPANY

By: /s/ Carolyn Redden

Title: Vice President

Date: 5/16/01

**SIXTH AMENDMENT TO TRUST AGREEMENT BETWEEN
FIDELITY MANAGEMENT TRUST COMPANY AND
THE SCOTTS COMPANY**

THIS SIXTH AMENDMENT, effective as of the date first signed below, by and between Fidelity Management Trust Company (the "Trustee") and The Scotts Company (the "Sponsor");

WINESSETH:

WHEREAS, the Trustee and the Sponsor heretofore entered into a Trust Agreement dated January 1, 1998 with regard to The Scotts Company Executive Retirement Plan (the "Plan"); and

WHEREAS, the Trustee and the Sponsor now desire to amend said Trust Agreement as provided for in Section 14 thereof;

NOW THEREFORE, in consideration of the above premises, the Trustee and the Sponsor hereby amend the Trust Agreement by:

(1) Restating Section 4(e) in its entirety, as follows:

(e) Sponsor Stock. Trust investments in Sponsor Stock shall be made via the Sponsor Stock Fund (the "Stock Fund"). Investments in the Stock Fund shall consist primarily of shares of Sponsor Stock. The Stock Fund shall also include cash or short-term liquid investments, in accordance with this paragraph, in amounts designed to satisfy daily exchange or withdrawal requests. Such holdings will include Colchester Street Trust: Money Market Portfolio: Class I or such other Mutual Fund as agreed to in writing by the Sponsor and Trustee. The Sponsor shall, after consultation with the Trustee, establish and communicate to the Trustee in writing a target percentage and drift allowance for such short-term liquid investments. Subject to its ability to execute open-market trades in Sponsor Stock or to otherwise trade with the Sponsor, the Trustee shall be responsible for ensuring that the short-term investments held in the Stock Fund falls within the agreed-upon range over time. Each Participant's proportional interest in the Stock Fund shall be measured in units of participation, rather than shares of Sponsor Stock. Such units shall represent a proportionate interest in all of the assets of the Stock Fund, which includes shares of Sponsor Stock, short-term investments and at times, receivables and payables (such as receivables and payables arising out of unsettled stock trades). The Trustee shall determine a daily net asset value ("NAV") for each unit outstanding of the Stock Fund. Valuation of the Stock Fund shall be based upon: (a) the closing price of the stock on the principal national securities exchange on which the Sponsor Stock is traded; (b) if unavailable, the latest available price as reported by the principal national securities exchange on which the Sponsor Stock is traded (the "Closing Price"); or (c) if neither is available, the price determined in good faith by the Trustee. The NAV shall be adjusted for gains or losses realized on sales of Sponsor Stock, appreciation or depreciation in the value of those shares owned, dividends paid on Sponsor Stock to the extent not used to purchase additional units of the Stock Fund for affected participants, and interest on the short-term investments held by the Stock Fund,

payables and receivables for pending stock trades, receivables for dividends not yet distributed, and payables for other expenses of the Stock Fund, including principal obligations, if any, and expenses that, pursuant to Sponsor direction, the Trustee accrues or pays from the Stock Fund.

(i) Acquisition Limit. Pursuant to the Plan, the Trust may be invested in Sponsor Stock to the extent necessary to comply with investment directions in accordance with this Agreement. The Sponsor shall be responsible for providing specific direction on any acquisition limits required by the Plan or applicable law.

(ii) Fiduciary Duty. The Sponsor shall continually monitor the suitability of acquiring and holding Sponsor Stock. The Trustee shall not be liable for any loss or expense which arises from the directions of the Sponsor with respect to the acquisition and holding of Sponsor Stock, unless it is clear on their face that the actions to be taken under those directions would be prohibited by any applicable law or would be contrary to the terms of this Agreement

(iii) Purchases and Sales of Sponsor Stock. Unless otherwise directed by the Sponsor in writing pursuant to directions that the Trustee can administratively implement, the following provisions shall govern purchases and sales of Sponsor Stock.

(A) Open Market Purchases and Sales. Purchase and sales of Sponsor Stock shall be made on the open market in accordance with the Trustee's standard trading guidelines, as they may be amended by the Trustee from time to time, as necessary to honor exchange and withdrawal activity and to maintain the target cash percentage and drift allowance for the Stock Fund, provided that:

(1) If the Trustee is unable to purchase or sell the total number of shares required to be purchased or sold on such day as a result of market conditions; or

(2) If the Trustee is prohibited by the Securities and Exchange Commission, the New York Stock Exchange or principal exchange on which the Sponsor Stock is traded, or any other judicial or regulatory body from purchasing or selling any or all of the shares required to be purchased or sold on such day, then the Trustee shall purchase or sell such shares as soon thereafter as administratively feasible.

(B) Purchases and Sales from or to Sponsor. If directed by the Sponsor in writing prior to the trading date, the Trustee may purchase or sell Sponsor Stock from or to the Sponsor if the purchase or sale is for adequate consideration and no commission is charged. If Sponsor contributions (employer) or contributions made by the Sponsor on behalf of the Participants (employee) under the Plan are to be invested in Sponsor Stock, the Sponsor may transfer Sponsor Stock in lieu of cash to the Trust. In either case, the number of shares to be transferred will be determined by dividing the total amount of Sponsor Stock to be purchased or sold by the Closing Price of the Sponsor Stock on the trading date.

(C) Use of Brokers. The Named Fiduciary hereby directs the Trustee to use such brokers as the Trustee deems appropriate to provide brokerage services in connection with any purchase or sale of Sponsor Stock in accordance with directions from Participants. Commissions on the purchase and sale of Sponsor Stock shall be charged back to the Sponsor Stock Fund.

(iv) Execution of Purchases and Sales of Units. Unless otherwise directed in writing pursuant to directions that the Trustee can administratively implement, purchases and sales of units shall be made as follows:

(A) Subject to subparagraphs (B) and (C) below, purchases and sales of units in the Stock Fund (other than for exchanges) shall be made on the date on which the Trustee receives from the Administrator in good order all information, documentation, and wire transfers of funds (if applicable), necessary to accurately effect such transactions. Exchanges of units in the Stock Fund shall be made in accordance with the Exchange Guidelines attached hereto as Schedule "D".

(B) Aggregate sales of units in the Stock Fund on any day shall be limited to the Stock Fund's Available Liquidity for that day. For these purposes, Available Liquidity shall mean the amount of short-term investments held in the fund decreased by any outgoing cash for expenses then due, and obligations for pending stock purchases, and increased by incoming cash (such as contributions, exchanges in) and to the extent credit is available and allocable to the Stock Fund, receivables for pending stock sales. In the event that the requested sales exceed the Available Liquidity, then transactions shall be processed giving precedence to distributions and withdrawals, and otherwise on a first-in first-out (FIFO) basis, as provided in Schedule "F" (the "Specified Hierarchy"). So long as the Stock Fund is open for such transactions, sales of units that are requested but not processed on a given day due to insufficient Available Liquidity shall be suspended until Available Liquidity is sufficient to honor such transactions in accordance with the Specified Hierarchy.

(C) The Trustee shall close the Stock Fund to sales or purchases of units, as applicable, on any date on which trading in the Sponsor Stock has been suspended or substantial purchase or sale orders are outstanding and cannot be executed.

(v) Securities Law Reports. The Sponsor shall be responsible for filing all reports required under Federal or state securities laws with respect to the Trust's ownership of Sponsor Stock, including, without limitation, any reports required under section 13 or 16 of the Securities Exchange Act of 1934, and shall immediately notify the Trustee in writing of any requirement to stop purchases or sales of Sponsor Stock pending the filing of any report. The Trustee shall provide to the Sponsor such information on the Trust's ownership of Sponsor Stock as the Sponsor may reasonably request in order to comply with Federal or state securities laws.

(vi) Voting and Tender Offers. Notwithstanding any other provision of this Agreement, the provisions of this Section shall govern the voting and tendering of

Sponsor Stock. The Administrator shall provide direction to the Trustee with respect to any annual or special meeting, any tender or exchange offer, or any other similar shareholder right, and the Trustee shall vote, tender or exchange shares of Sponsor Stock in accordance with timely, written direction from the Administrator. Unless otherwise required by applicable law, the Trustee shall not take any action with respect to vote, tender, exchange or similar shareholder right in the absence of instruction from the Administrator. For these purposes, a timely direction is one that is received at a time that reasonably allows the Trustee to exercise its rights, through a custodian if applicable.

(vii) General. With respect to all rights other than the right to vote, the right to tender, and the right to withdraw shares previously tendered, in the case of Sponsor Stock attributable to a Participant's hypothetical investment in the Stock Fund, the Trustee shall follow the directions of the Participant and if no such directions are received, the directions of the Sponsor. The Trustee shall have no duty to solicit directions from Participants. With respect to all rights other than the right to vote and the right to tender, in the case of Sponsor Stock that is not attributable to a Participant's hypothetical investment in Sponsor Stock, the Trustee shall follow the directions of the Sponsor.

(viii) Conversion. All provisions in this Section 4(e) shall also apply to any securities received as a result of a conversion of Sponsor Stock.

(2) Restating Schedule "D" in its entirety as attached hereto.

(3) Adding Schedule "F" as attached hereto.

IN WITNESS WHEREOF, the Trustee and the Sponsor have caused this Sixth Amendment to be executed by their duly authorized officers effective as of the day and year first signed below.

THE SCOTTS COMPANY

By: /s/ Karen Barrett 11/29/01
Date

FIDELITY MANAGEMENT TRUST COMPANY

By: /s/ Carolyn Redden 12/20/01
Vice President Date

SCHEDULE "D"

EXCHANGE GUIDELINES

The following exchange guidelines are currently employed by Fidelity Investments Institutional Operations Company, Inc. (FIIOC).

Exchange hours, via a Fidelity Participant service representative, are 8:30 a.m. (ET) to 8:00 p.m. (ET) on each business day. A "business day" is any day on which the New York Stock Exchange (NYSE) is open.

Exchanges via the Internet (NetBenefits) may be made virtually 24 hours a day.

Exchanges via Voice Response System ("VRS") may be made virtually 24 hours a day.

FIIOC reserves the right to change these exchange guidelines at its discretion.

Note: The NYSE's normal closing time is 4:00 p.m. (ET); in the event the NYSE alters its dosing time, all references below to 4:00 p.m. (ET) shall mean the NYSE closing time as altered.

Exchanges Between Mutual Funds

Participants may contact Fidelity on any day to exchange between mutual funds. If the request is confirmed before the close of the market (generally, 4:00 p.m. ET) on a business day, it will receive that day's trade date. Requests confirmed after the close of the market on a business day (or on any day other than a business day) will be processed on a next day basis.

Sponsor Stock Fund

Provided that the Sponsor Stock Fund is open for purchases and sales of units, the following rules will govern exchanges:

Exchanges From Mutual Funds to Sponsor Stock Fund

Participants may contact Fidelity on any day to exchange from mutual funds into the Sponsor Stock Fund. If the request is confirmed before the close of the market (generally, 4:00 p.m. ET) on a business day, it will receive that day's trade date. Requests confirmed after the close of the market on a business day (or on any day other than a business day) will be processed on a next business day basis.

Exchanges From Sponsor Stock Fund to Mutual Funds

Participants may contact Fidelity on any day to exchange from the Sponsor Stock Fund to mutual funds. If Fidelity receives the request before the close of the market (generally 4:00 p.m. ET) on any business day and Available Liquidity is sufficient to honor the trade after Specified Hierarchy rules are applied, it will receive that day's trade date. Requests received by Fidelity after the close of the market on any business day (or on any day

other than a business day) will be processed on a next business day basis, subject to Available Liquidity for such day after application of Specified Hierarchy rules. If Available Liquidity on any day is insufficient to honor the trade after application of Specified Hierarchy rules, it will be suspended until Available Liquidity is sufficient, after application of Specified Hierarchy rules, to honor such trade, and it will receive the trade date and Closing Price of the date on which it was processed.

THE SCOTTS COMPANY

By: /s/ Karen Barrett 11/28/01
Date

FIDELITY MANAGEMENT TRUST COMPANY

By: /s/ Carolyn Redden 12/20/01
Vice President Date

SCHEDULE “F”

AVAILABLE LIQUIDITY PROCEDURES FOR UNITIZED SPONSOR STOCK FUND

The following procedures shall govern sales of the Sponsor Stock Fund requested for a day on which Available Liquidity is insufficient:

1. Withdrawals and distributions will be aggregated and placed first in the hierarchy. If Available Liquidity is sufficient for the aggregate of such transactions, all such withdrawals and distributions will be honored. If Available Liquidity is not sufficient for the aggregate of such transactions, then such transactions will be suspended, and no transactions requiring a sale of Sponsor Stock Fund units shall be honored for that day.
2. If Available Liquidity has not been exhausted by the aggregate of withdrawals and distributions, then all remaining transactions involving a sale of units in the Sponsor Stock Fund (exchanges out) shall be grouped on the basis of when such requests were received, in accordance with standard procedures maintained by the Trustee for such grouping as they may be amended from time to time. To the extent of Available Liquidity, groups of exchanges out of the Sponsor Stock Fund shall be honored, by group, on a “first in, first out” basis. If Available Liquidity is insufficient to honor all exchanges out within a group, then none of the exchanges out in such group shall be honored, and no exchanges out in a later group shall be honored.
3. Transactions not honored on a particular day due to insufficient Available Liquidity shall be honored, using the hierarchy specified above, on the next business day on which there is Available Liquidity.

**SEVENTH AMENDMENT TO TRUST AGREEMENT BETWEEN
FIDELITY MANAGEMENT TRUST COMPANY AND
THE SCOTTS COMPANY**

THIS SEVENTH AMENDMENT, dated as of the 1st day of September, 2002, except as otherwise indicated below, by and between Fidelity Management Trust Company (the "Trustee") and The Scotts Company (the "Sponsor");

WITNESSETH:

WHEREAS, the Trustee and the Sponsor heretofore entered into a Trust Agreement dated January 1, 1998 with regard to The Scotts Company Executive Retirement Plan (the "Plan"); and

WHEREAS, the Sponsor has informed the Trustee that effective October 1, 2002, the assets of the Baron Asset Fund and the Fidelity Worldwide Fund are frozen to incoming contributions and exchanges in; and

WHEREAS, the Trustee and the Sponsor now desire to amend said Trust Agreement as provided for in Section 14 thereof;

NOW THEREFORE, in consideration of the above premises, the Trustee and the Sponsor hereby amend the Trust Agreement by:

(1) Amending the "investment options" section of Schedule "A", to add the following:

- Fidelity Low-Priced Stock Fund
- Fidelity Freedom 2040 Fund®
- Managers Special Equity Fund
- Dodge & Cox Stock Fund
- EuroPacific Growth Fund — Class A

(2) **Effective October 1, 2002**, amending the "investment options" section of Schedule "A", to reflect that the Baron Asset Fund and the Fidelity Worldwide Fund are frozen to incoming contributions and exchanges in.

(3) Amending and restating the "Outside Mutual Funds" section of Schedule "B", as follows:

Non-Fidelity Mutual Funds:	Non-Fidelity Mutual Fund vendors shall pay fees directly to Fidelity Investments Institutional Operations Company, Inc. (FIIOC) or its affiliates equal to such percentage (generally 25 to 50 basis points) of plan assets invested in such Non-Fidelity Mutual Funds as may be disclosed periodically, or, in the case of the following

investment options, in the amounts listed below:

Dodge & Cox Stock Fund: 10 basis points.

EuroPacific Growth Fund — Class A: 25 basis points, and $3.00 per Participant, per year.

Unless otherwise noted, disclosure shall be posted and updated quarterly on Plan Sponsor Webstation at https://psw.fidelity.com or a successor site.

IN WITNESS WHEREOF, the Trustee and the Sponsor have caused this Seventh Amendment to be executed by their duly authorized officers effective as of the day and year first above written.

THE SCOTTS COMPANY

By: /s/ George A. Murphy 8/20/02
Date

FIDELITY MANAGEMENT TRUST COMPANY

By: /s/ Roberta Coen 9/5/02
FMTC Authorized Signatory Date

**EIGHTH AMENDMENT TO TRUST AGREEMENT BETWEEN
FIDELITY MANAGEMENT TRUST COMPANY AND
THE SCOTTS COMPANY**

THIS EIGHTH AMENDMENT, dated as of the thirty-first day of December 31, 2002, by and between Fidelity Management Trust Company (the "Trustee") and The Scotts Company (the "Sponsor");

WITNESSETH:

WHEREAS, the Trustee and the Sponsor heretofore entered into a Trust Agreement dated January 1, 1998 with regard to The Scotts Company Executive Retirement Plan (the "Plan"); and

WHEREAS, the Sponsor now desires, and hereby directs the Trustee, in accordance with Section 7(b), on December 31, 2002: to liquidate all participant balances held in the Baron Asset Fund at its net asset value on such day, and to invest the proceeds in the Managers Special Equity Fund at its net asset value on such day; to liquidate all participant balances held in the Fidelity Worldwide Fund at its net asset value on such day, and to invest the proceeds in the EuroPacific Growth Fund — Class A at its net asset value on such day. The parties hereto agree that the Trustee shall have no discretionary authority with respect to these sales and transfers directed by the Sponsor. Any variation from the procedures described herein may be instituted only at the express written direction of the Sponsor; and

WHEREAS, the Trustee and the Sponsor now desire to amend said Trust Agreement as provided for in Section 14 thereof;

NOW THEREFORE, in consideration of the above premises, the Trustee and the Sponsor hereby amend the Trust Agreement by:

(1) Amending the "investment options" section of Schedule "A", to delete the following:

- Baron Asset Fund
- Fidelity Worldwide Fund

IN WITNESS WHEREOF, the Trustee and the Sponsor have caused this Eighth Amendment to be executed by their duly authorized officers effective as of the day and year first above written.

THE SCOTTS COMPANY

By: /s/ George A. Murphy 12/31/02
Date

FIDELITY MANAGEMENT TRUST COMPANY

By: /s/ Rina Mayman 2/4/03
FMTC Authorized Signatory Date

EXHIBIT 10.5(b)(x)

**NINTH AMENDMENT TO TRUST AGREEMENT BETWEEN
FIDELITY MANAGEMENT TRUST COMPANY AND
THE SCOTTS COMPANY**

THIS NINTH AMENDMENT, dated as of the fifteenth day of October, 2004, by and between Fidelity Management Trust Company (the "Trustee") and The Scotts Company (the "Sponsor");

WITNESSETH:

WHEREAS, the Trustee and the Sponsor heretofore entered into a Trust Agreement dated January 1, 1998 with regard to The Scotts Company Executive Retirement Plan (the "Plan"); and

WHEREAS, the Trustee and the Sponsor now desire to amend said Trust Agreement as provided for in Section 14 thereof;

NOW THEREFORE, in consideration of the above premises, the Trustee and the Sponsor hereby amend the Trust Agreement by:

(1) Amending the "investment options" section of Schedule "A", to add the following:

- CRM Small Cap Value Fund — Investor Class

IN WITNESS WHEREOF, the Trustee and the Sponsor have caused this Ninth Amendment to be executed by their duly authorized officers effective as of the day and year first above written.

THE SCOTTS COMPANY

By: /s/ Pam Kuryla

Name:

Title: Director, Benefits

Date: 10/8/2004

FIDELITY MANAGEMENT TRUST COMPANY

By: /s/ Linda Trent 11/10/2004

FMTC Authorized Signatory Date

**TENTH AMENDMENT TO TRUST AGREEMENT BETWEEN
FIDELITY MANAGEMENT TRUST COMPANY AND
THE SCOTTS COMPANY LLC**

THIS TENTH AMENDMENT, dated as of the second day of October, 2006, by and between Fidelity Management Trust Company (the "Trustee") and The Scotts Company LLC (the "Sponsor");

WITNESSETH:

WHEREAS, the Trustee and the Sponsor heretofore entered into a Trust Agreement dated January 1, 1998 with regard to The Scotts Company Executive Retirement Plan (the "Plan"); and

WHEREAS, the Sponsor has informed the Trustee that effective at the close of market (4:00 p.m. ET) on October 2, 2006, the assets of The Scotts Company Stock Fund (Unitized) are frozen to all participant transactions and incoming contributions; and

WHEREAS, the Sponsor now desires, and hereby directs the Trustee, in accordance with 7(b), to use the short-term liquid investments in The Scotts Company Stock Fund (Unitized) to purchase shares of The Scotts Company Stock Fund (Real-Time Trading) beginning on October 2, 2006, and to reallocate all participant balances held in The Scotts Company Stock Fund (Unitized) beginning on October 2, 2006 and completed by October 9, 2006, into The Scotts Company Stock Fund (Real-Time Trading). The parties hereto agree that the Trustee shall have no discretionary authority with respect to this transfer directed by the Sponsor. Any variation from the procedure described herein may be instituted only at the express written directions of the Sponsor; and

WHEREAS, the Trustee and the Sponsor now desire to amend said Trust Agreement as provided for in Section 14 thereof;

NOW THEREFORE, in consideration of the above premises, the Trustee and the Sponsor hereby amend the Trust Agreement by:

(1) Restating Section 4(e) Sponsor Stock, in its entirety, as follows:

(e) Sponsor Stock.

Trust investments in Sponsor Stock shall be made via The Scotts Company Stock Fund (the "Stock Fund"). "Sponsor Stock" shall mean the common stock of the Sponsor, or such other publicly traded stock of the Sponsor, or such other publicly-traded stock of the Sponsor's affiliates. Dividends received on shares of Sponsor Stock shall be reinvested in additional shares of Sponsor Stock and allocated to Participants' accounts.

(i) **Acquisition Limit.**

Pursuant to the Plan, the Trust may be invested in Sponsor Stock to, the extent necessary to comply with investment directions under this Agreement. The Sponsor shall be responsible for

providing specific direction on any acquisition limits required by the Plan or applicable law.

(ii) **Duty.**

The Sponsor shall continually monitor the suitability of acquiring and holding Sponsor Stock. The Trustee shall not be liable for any loss, or expense, which arises from the directions of the Sponsor with respect to the acquisition and holding of Sponsor Stock, unless it is clear on their face that the actions to be taken under those directions would be prohibited by any applicable law or would be contrary to the terms of this Agreement.

(iii) **Purchases and Sales of Sponsor Stock for Batch Activity.**

Unless otherwise directed by the Sponsor in writing pursuant to directions that the Trustee can administratively implement, the following provisions shall govern purchases and sales of Sponsor Stock for contributions, distributions, loans, withdrawals, or any other purchase or sale of Sponsor Stock related to a transaction that the Sponsor has directed the Trustee in writing to implement on a batch basis ("batch activity").

(A) Open Market Purchases and Sales. Purchases and sales of Sponsor Stock shall be made on the open market in accordance with the Trustee's standard trading guidelines, as they may be amended from time to time, as necessary to honor batch activity. Such general rules shall not apply in the following circumstances:

(1) If the Trustee is unable to purchase or sell the total number of shares required to be purchased or sold on such day as a result of market conditions; or

(2) If the Trustee is prohibited by the Securities and Exchange Commission (the "SEC"), the New York Stock Exchange (the "NYSE") or principal exchange on which the Sponsor Stock is traded, or any other regulatory or judicial body from purchasing or selling any or all of the shares required to be purchased or sold on such day.

In the event of the occurrence of a circumstance described in (1) or (2) above, the Trustee shall purchase or sell such shares as soon thereafter as administratively feasible, and shall determine the price of such purchases or sales to be the average purchase or sales price of all such shares purchased or sold, respectively. The Trustee may follow written directions from the Sponsor to deviate from the above purchase and sale procedures.

(iv) **Purchases and Sales of Sponsor Stock for Participant-Initiated Exchanges ("Real Time" Trading)**

Unless otherwise directed by the Sponsor in writing pursuant to directions that the Trustee can administratively implement, the following provisions shall govern purchases and sales of Sponsor Stock for Participant-initiated exchanges of hypothetical investment in Sponsor Stock.

(A) Purchases and Sales of Sponsor Stock. Purchases and sales of Sponsor Stock associated with individual Participant-initiated exchanges into or out of the Stock

Fund shall be made on the open market pursuant to order types selected by the Participant in accordance with the Trustee's procedures for "Real Time Trading." The Sponsor may instruct the Trustee to limit the order types available to Participants.

(1) Automated Order Entry. Sponsor Stock trades associated with Participant-initiated exchanges into or out of the Stock Fund shall be sent to market as soon as administratively feasible during regular trading hours via an electronic order entry system, unless such trade is treated as a block trade. Such electronic order entry system shall be deemed an Electronic Service for purposes of Section 15 of this Agreement.

(2) Limitations on Trades: Cancellation of Exchange Requests. Trades rejected under rules of the applicable securities exchange will not be executed. The Trustee will not submit orders (or will cancel orders) for stock trades that violate the Trustee's procedures for "Real Time Trading". The Trustee shall not submit any trade order associated with a Participant-initiated exchange at any time when the Stock Fund has been closed to such activity. Trades associated with Participant-initiated exchanges shall not be transacted at any time when the regular market is closed, or when the SEC, the NYSE or principal exchange on which the Sponsor Stock is traded, or any other regulatory or judicial body has prohibited purchases or sales of any or all of the shares requested to be traded pursuant to the Participant-initiated exchange. An exchange requested by the Participant shall be rejected or cancelled, as the case may be, to the extent any accompanying hypothetical trade is not submitted, not executed or cancelled.

(B) Reserve Requirements for Exchanges Into Stock Fund and Corrective Sales. The Participant's ability to initiate exchanges into the Stock Fund shall be subject to standard reserve requirements applicable to the investment options used to fund the exchange, as established by the Trustee from time to time (or such higher reserve requirements as may be established by the Sponsor in written direction to the Trustee). Requests to exchange into the Stock Fund that exceed such reserves, and accompanying trade orders, may be rejected or cancelled. In the event that a buy trade associated with a request to exchange into Sponsor Stock is executed, and the Participant does not have sufficient assets in the designated investment option to fund the trade, the Trustee will liquidate the hypothetical interest in the investment options (including those held in other sources eligible for liquidation) in the affected Participant's account pro rata. In the event that the Participant does not have sufficient assets in any other investment option, the Trustee shall initiate a corrective sale; and shall debit the costs of such corrective trade from the Participant's account.

(C) Fractional Shares. Participants will be entitled make exchanges of fractional shares in the Stock Fund only in connection with a request to exchange out the entire balance of their Stock Fund (or the entire balance in a particular source, as applicable). Fractional shares will be transacted at the price determined by the stock trade order selected by the Participant.

(v) **Use of an Affiliated Broker.**

For all purchases and sales of Sponsor Stock on the open market, whether Participant-initiated or

otherwise, the Sponsor hereby directs the Trustee to use Fidelity Brokerage Services LLC ("FBSLLC") to provide brokerage services. Subject to the provisions of this agreement, FBSLLC shall execute such trades directly or through any of its affiliates. The provision of brokerage services shall be subject to the following:

(1) Any successor organization of FBSLLC, through reorganization, consolidation, merger or similar transactions, shall, upon consummation of such transaction, become the successor broker in accordance with the terms of this direction provision. FBSLLC may assign its rights and obligations under this agreement to any affiliate, provided that the assignee is bound by the terms hereof, including the provisions concerning remuneration.

(2) The Trustee and FBSLLC shall continue to rely on this direction provision until notified to the contrary. The Sponsor reserves the right to terminate this direction upon written notice to FBSLLC (or its successors or assigns) and the Trustee, in accordance with Section 10 of this Agreement.

(3) The Sponsor acknowledges that FBSLLC (and its successors and assigns) may rely upon this Agreement in establishing an account in the name of the Trustee for the Plan, and in allowing each Participant to exercise limited trading authorization over such account, to the extent of his or her individual account balance in the Stock Fund subject to Participant direction.

(vi) **Securities Law Reports.**

The Sponsor shall be responsible for filing all reports required under Federal or state securities laws with respect to the Trust's ownership of Sponsor Stock, including, without limitation, any reports required under section 13 or 16 of the Securities Exchange Act of 1934, and shall immediately notify the Trustee in writing of any requirement to stop purchases or sales of Sponsor Stock pending the filing of any report. The Sponsor shall be responsible for the registration of any Plan interests to the extent required under Federal or state securities law. The Trustee shall provide to the Sponsor such information on the Trust's ownership of Sponsor Stock as the Sponsor may reasonably request in order to comply with Federal or state securities laws.

(vii) **Voting and Tender Offers.**

Notwithstanding any other provision of this Agreement, the provisions of this Section shall govern the voting and tendering of Sponsor Stock held under the Trust. The Administrator shall provide direction to the Trustee with respect to any proxy voting, any tender or exchange offer, or any other similar shareholder right, and the Trustee shall vote, tender or exchange shares of Sponsor Stock in accordance with timely, written direction from the Administrator. Unless otherwise required by applicable law, the Trustee shall not take any action with respect to a vote, tender, exchange or similar shareholder right in the absence of instruction from the Administrator. For these purposes, a timely direction is one that is received at a time that reasonably allows the Trustee to exercise shareholder rights, through a custodian, if applicable.

(viii) **General.**

With respect to all shareholder rights other than the right to vote, the right to tender, and the right to withdraw shares previously tendered, in the case of Sponsor Stock, the Trustee shall follow the procedures set forth in subsection (vii), above.

(ix) **Conversion.**

All provisions in this Section 4(e) shall also apply to any securities received as a result of a conversion of Sponsor Stock.

(2) Restating the "Non-Fidelity Mutual Funds" section of Schedule "B", in its entirety, as follows:

Non-Fidelity Mutual Funds:	Fees paid directly to Fidelity Investments Institutional Operations Company, Inc. (FIIOC) or its affiliates by Non-Fidelity Mutual Fund vendors shall be posted and updated quarterly on Plan Sponsor Webstation at http://psw.fidelity.com or a successor site.

(3) Deleting the "Remote Access Fee" section of Schedule "B" in its entirety.

(4) Restating the "Trustee Fees" section of Schedule "B" in its entirety, as follows:

Commissions:

FBSLLC shall be entitled to remuneration in the amount of no more than $0.029 commission on each share of Sponsor Stock. Any increase in such remuneration may be made only by written agreement between the Named Fiduciary and Trustee.

(5) Restating Schedule "D", Exchange Guidelines, in its entirety, as attached hereto.

(6) Deleting Schedule "F" in its entirety.

IN WITNESS WHEREOF, the Trustee and the Sponsor have caused this Tenth Amendment to be executed by their duly authorized officers effective as of the day and year first above written. By signing below, the undersigned represent that they are authorized to execute this document on behalf of the respective parties. Notwithstanding any contradictory provision of the agreement that this document amends, each party may rely without duty of inquiry on the foregoing representation.

THE SCOTTS COMPANY LLC

By: /s/ Pam Kuryla

Name: Pam Kuryla

Title: Director, Benefits

Date: 9/26/06

FIDELITY MANAGEMENT TRUST COMPANY

By: /s/ Stephanie Sheehan 11/20/06

FMTC Authorized Signatory Date

SCHEDULE "D"

EXCHANGE GUIDELINES

The following exchange guidelines are currently employed by Fidelity Investments Institutional Operations Company, Inc. ("FIIOC").

Exchange hours, via a Fidelity Participant service representative, are 8:30 a.m. (ET) to 8:00 p.m. (ET) on each business day. A "business day" is any day on which the NYSE is open.

Participants may initiate exchanges subject to the rules listed below for the Sponsor Stock Fund, via the Voice Response System ("VRS") and the internet ("NetBenefits[SM]") virtually 24 hours a day.

FIIOC reserves the right to change these exchange guidelines at its discretion.

Exchanges shall be subject to Plan rules, and the Exchange Guidelines provided below shall apply to sources and funds to the extent eligible for Participant-directed purchases and/or sales.

Note: The NYSE's normal closing time is 4:00 p.m. (ET); in the event the NYSE alters its closing time, all references below to 4:00 p.m. (ET) shall mean the NYSE closing time as altered.

Exchanges Between Mutual Funds

Participants may contact Fidelity on any day to exchange between mutual funds. If the request is confirmed before the close of the market (generally, 4:00 p.m. ET) on a business day, it will receive that day's trade date. Requests confirmed after the close of the market on a business day (or on any day other than a business day) will be processed on a next day basis.

Sponsor Stock Fund: *(Real Time Trading)*

The following rules apply to any Participant-initiated exchange unless the Sponsor has directed the Trustee in writing to treat such exchanges as batch activity.

- Exchanges from Other Investment Options into Sponsor Stock

  Exchanges from a Plan investment option into Sponsor Stock will be processed after execution of the buy trade, at the next calculated net asset value ("NAV") of the Plan investment option.

  Sponsor Stock will be reflected in the Participant's individual account in the Plan on the Business Day following execution of the trade.

- Exchanges from Sponsor Stock into Other Plan Investment Options

Exchanges out of Sponsor Stock will be processed after execution of the sell trade. Except as otherwise provided in this Schedule, the subsequent exchange into the other Plan investment option will be processed upon settlement day of the sell trade, at the last calculated NAV for such date.

Shares of the other Plan investment option will be reflected in the Participant's account on the following Business Day.

- Additional Real Time Trading Restrictions

All exchange requests involving Sponsor Stock must be made in shares of stock, even if the Plan allows for percentage and dollar amount exchanges. If a Participant wishes to exchange out his or her entire balance in Sponsor Stock (or, if applicable, his or her entire balance in Sponsor Stock in a single source), the associated trade must be placed in whole shares, and fractional shares will be processed at the price determined by the Participant-directed trade. Exchange requests accompanied by certain order types may not be accepted outside of normal trading hours. Trade requests accompanying exchange requests that do not adhere to the Trustee's standard guidelines, or that would violate securities exchange rules, may result in rejection or cancellation of the associated exchange request.

Exchanges from one stock fund to another or from a Participant-directed brokerage account to Sponsor Stock are not permitted.

Exchanges into Sponsor Stock shall be subject to minimum reserves on the investment option used to fund the exchange, as established by the Trustee from time to time (or such higher reserves as the Sponsor directs in writing). Exchanges in excess of the minimum reserve are prohibited.

THE SCOTTS COMPANY LLC

By: /s/ Pam Kuryla

Name: Pam Kuryla

Title: Director, Benefits

Date: 9/26/06

**ELEVENTH AMENDMENT TO TRUST AGREEMENT BETWEEN
FIDELITY MANAGEMENT TRUST COMPANY AND
THE SCOTTS COMPANY**

THIS ELEVENTH AMENDMENT, dated as of the 9th day of February, 2007, and effective as otherwise set forth below, by and between Fidelity Management Trust Company (the "Trustee") and The Scotts Company (the "Sponsor");

WITNESSETH:

WHEREAS, the Trustee and the Sponsor heretofore entered into a Trust Agreement dated January 1, 1998 with regard to The Scotts Company Executive Retirement Plan (the "Plan"); and

WHEREAS, the Sponsor has notified the Trustee that effective March 18, 2005, the Sponsor (The Scotts Company) merged with and into The Scotts Company LLC, and The Scotts Company LLC, as successor, assumed all obligations and liabilities of The Scotts Company; and

WHEREAS, the Sponsor has notified the Trustee that effective March 18, 2005, The Scotts Company LLC, as successor to The Scotts Company, assumed the obligations and liabilities of The Scotts Company with regard to the Plan; and

WHEREAS, the Sponsor has notified the Trustee that effective March 18, 2005, The Scotts Company Executive Retirement Plan was renamed The Scotts Company LLC Executive Retirement Plan; and

WHEREAS, the Trustee and the Sponsor now desire to amend said Trust Agreement as provided for in Section 14 thereof;

NOW THEREFORE, in consideration of the above premises, the Trustee and the Sponsor hereby amend the Trust Agreement by:

(1) Effective March 18, 2005, changing the title of the Trust to "The Scotts Company LLC Executive Retirement Plan Trust."

(2) Effective March 18, 2005, amending and restating the first paragraph of the Trust Agreement, as follows:

TRUST AGREEMENT, dated as of the first day of January, 1998, between THE SCOTTS COMPANY LLC, an Ohio limited liability company, having an office at 14111 Scottslawn Road, Marysville, OH 43041 (the "Sponsor") and FIDELITY MANAGEMENT TRUST COMPANY, a Massachusetts trust company, having an office at 82 Devonshire Street, Boston, Massachusetts 02109 (the "Trustee").

(3) Effective March 18, 2005, amending and restating the first WHEREAS clause, in its entirety, as follows:

WHEREAS, the Sponsor is the sponsor of The Scotts Company LLC Executive Retirement Plan (the "Plan"); and

(4) Effective March 18, 2005, amending the first sentence of Section 1 to read as follows:

Section 1. Trust. The Sponsor hereby establishes The Scotts Company LLC Executive Retirement Plan Trust, with the Trustee.

(5) Amending the second sentence of Section 4, part (b) to read as follows;

The Sponsor may determine to offer as investment options only (i) equity securities issued by the Sponsor or an Affiliate which are publicly traded ("Sponsor Stock"), and (ii) securities issued by any investment companies advised by Fidelity Management & Research Company and certain investment companies not advised by Fidelity Management & Research Company ("Mutual Funds"), identified on Schedule "A" attached hereto; provided, however, that the Trustee shall not be considered a fiduciary with investment discretion.

(6) Amending the first sentence of Section 13, part (b)(i) as follows:

The Board of Directors, the Chief Executive Officer, or another officer of the Sponsor with an equivalent authority shall have the duty to inform Trustee in writing of Sponsor's Insolvency.

IN WITNESS WHEREOF, the Trustee and the Sponsor have caused this Eleventh Amendment to be executed by their duly authorized officers effective as of the day and year first above written. By signing below, the undersigned represent that they are authorized to execute this document on behalf of the respective parties. Notwithstanding any contradictory provision of the agreement that this document amends, each party may rely without duty of inquiry on the foregoing representation.

THE SCOTTS COMPANY LLC
(F/K/A THE SCOTTS COMPANY)

By: /s/ Pam Kuryla 2/9/07
Its Authorized Signatory Date

FIDELITY MANAGEMENT TRUST COMPANY

By: /s/ Stephanie Sheehan 3/2/07
Its Authorized Signatory Date

THE SCOTTS MIRACLE-GRO COMPANY
AMENDED AND RESTATED
2006 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT FOR EMPLOYEES
(with related dividend equivalents)

RESTRICTED STOCK UNITS GRANTED TO
[Grantee's Name] ON [Grant Date]

The Scotts Miracle-Gro Company ("Company") believes that its business interests are best served by ensuring that you have an opportunity to share in the Company's business success. To this end, the Company adopted The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan ("Plan") through which key employees, like you, may acquire (or share in the appreciation of) common shares, without par value, of the Company ("Shares"). Capitalized terms that are not defined in this Award Agreement have the same meanings as in the Plan.

This Award Agreement describes the type of Award that you have been granted and the terms and conditions of your Award. To ensure you fully understand these terms and conditions, you should:

- Read the Plan and this Award Agreement carefully; and

- Contact [Title] at [Telephone Number] if you have any questions about your Award. Or, you may send a written inquiry to the address shown below:

The Scotts Miracle-Gro Company
Attention: [Title]
14111 Scottslawn Road
Marysville, Ohio 43041

Also, no later than [Date 30 Days After Grant Date], you must return a signed copy of this Award Agreement to:

[Third Party Administrator]
Attention: [TPA Contact's Name]
[TPA Contact's Address]

[TPA Telephone Number]

The Company intends that this Award satisfy the requirements of Section 409A of the Code and that this Award Agreement be so administered and construed. You agree that the Company may modify this Award Agreement, without any further consideration, to fulfill this intent, even if those modifications change the terms of your Award and reduce its value or potential value.

1. DESCRIPTION OF YOUR RESTRICTED STOCK UNITS

You have been granted [Number] Restricted Stock Units ("RSUs") and an equal number of related dividend equivalents, subject to the terms and conditions of the Plan and this Award Agreement. The "Grant Date" of your Award is [Grant Date]. Each whole RSU represents the right to receive one full Share at the time and in the manner described in this Award Agreement. Subject to Section 3(f) of this Award Agreement, each dividend equivalent represents the right to receive an amount equal to the dividends that are declared and paid during the period beginning on the Grant Date and ending on the Settlement Date (as described in Section 2(b) of this Award Agreement) with respect to the Share represented by the related RSU.

2. VESTING AND SETTLEMENT

(a) **Vesting**. Subject to Sections 3(a), 3(b) and 3(c) of this Award Agreement, your RSUs will become 100% vested on [Third Anniversary of Grant Date] ("Vesting Date").

(b) **Settlement**. Subject to the terms of the Plan and this Award Agreement, your vested RSUs shall be settled in a lump sum as soon as administratively practicable, but no later than 90 days, following the earliest to occur of: (i) your death; (ii) the date you become Disabled (as defined in Section 2(c) of this Award Agreement); or (iii) [Vesting Date] (the "Settlement Date"). Your whole RSUs shall be settled in full Shares, and any fractional RSU shall be settled in cash, determined based upon the Fair Market Value of a Share on the Settlement Date.

(c) **Definitions**. For purposes of this Award Agreement, (i) "Disabled" means (A) you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, (B) you are, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering Employees of your employer, or (C) you are determined to be totally disabled by the Social Security Administration or Railroad Retirement Board; and (ii) "Terminate" (or any form thereof) means your "separation from service" (within the meaning of Section 409A of the Code) with the Company and all Affiliates and Subsidiaries.

3. GENERAL TERMS AND CONDITIONS

(a) **YOU MAY FORFEIT YOUR RSUs IF YOU TERMINATE.** Except as otherwise provided in this Section 3(a) and Section 3(c) of this Award Agreement, you will forfeit your RSUs if you Terminate prior to the Vesting Date.

(i) If, prior to the Vesting Date, you (A) Terminate after reaching either (A) age 55 and completing at least 10 years of employment with the Company, its Affiliates and/or its Subsidiaries or (B) age 62 regardless of your years of service, (B) die or (C) become Disabled, your RSUs will become 100% vested as of the date of such event and will be settled in accordance with Section 2(b) of this Award Agreement.

(ii) If, prior to the Vesting Date, you Terminate for any reason not described in Section 3(a)(i) of this Award Agreement, your RSUs will be forfeited immediately.

(b) **YOU WILL FORFEIT YOUR RSUs IF YOU ENGAGE IN CONDUCT THAT IS HARMFUL TO THE COMPANY (OR ANY AFFILIATE OR SUBSIDIARY).** You will forfeit any outstanding RSUs and related dividend equivalents and must return to the Company all Shares and other amounts you have received through the Plan if, without the Company's written consent, you do any of the following within 180 days before and 730 days after you Terminate:

(i) You serve (or agree to serve) as an officer, director, consultant, manager or employee of any proprietorship, partnership, corporation or other entity or become the owner of a business or a member of a partnership, limited liability company or other entity that competes with any portion of the Company's (or any Affiliate's or Subsidiary's) business with which you have been involved any time within five years before your Termination or render any service (including, without limitation, advertising or business consulting) to entities that compete with any portion of the Company's (or any Affiliate's or Subsidiary's) business with which you have been involved any time within five years before your Termination;

(ii) You refuse or fail to consult with, supply information to or otherwise cooperate with the Company or any Affiliate or Subsidiary after having been requested to do so;

(iii) You deliberately engage in any action that the Company concludes has caused substantial harm to the interests of the Company or any Affiliate or Subsidiary;

(iv) On your own behalf or on behalf of any other person, partnership, association, corporation, limited liability company or other entity, you solicit or in any manner attempt to influence or induce any employee of the Company or any Affiliate or Subsidiary to leave the Company's or any Affiliate's or Subsidiary's employment or use or disclose to any person, partnership, association, corporation, limited liability company or other entity any information obtained while an employee of the Company or any Affiliate or Subsidiary concerning the names and addresses of the Company's or any Affiliate's or Subsidiary's employees;

(v) You disclose confidential and proprietary information relating to the Company's or any Affiliate's or Subsidiary's business affairs ("Trade Secrets"), including technical information, product information and formulae, processes, business and marketing plans, strategies, customer information and other information concerning the Company's or any Affiliate's or Subsidiary's products, promotions, development, financing, expansion plans, business policies and practices, salaries and benefits and other forms of information considered by the Company or any Affiliate or Subsidiary to be proprietary and confidential and in the nature of Trade Secrets;

(vi) You fail to return all property (other than personal property), including keys, notes, memoranda, writings, lists, files, reports, customer lists, correspondence, tapes, disks, cards, surveys, maps, logs, machines, technical data, formulae or any other

tangible property or document and any and all copies, duplicates or reproductions that you have produced or received or have otherwise been submitted to you in the course of your employment with the Company or any Affiliate or Subsidiary; or

(vii) You engaged in conduct that the Committee reasonably concludes would have given rise to a Termination for Cause had it been discovered before you Terminated.

(c) **CHANGE IN CONTROL.** Normally, your RSUs will vest and be settled only under the circumstances described in Sections 2 and 3(a)(i) of this Award Agreement. However, if there is a Change in Control, your RSUs will vest and be settled as described in the Plan. You should read the Plan carefully to ensure that you understand how this may happen.

(d) **AMENDMENT AND TERMINATION.** Subject to the terms of the Plan, the Company may amend or terminate this Award Agreement or the Plan at any time.

(e) **RIGHTS BEFORE YOUR RSUs ARE SETTLED.** Except as provided in Section 3(f) of this Award Agreement, you will have none of the rights of a shareholder with respect to Shares underlying the RSUs unless and until you become the record holder of such Shares.

(f) **DIVIDEND EQUIVALENTS.** You will be entitled to receive a dividend equivalent equal to any dividends declared and paid on each Share represented by a related RSU, subject to the same terms and conditions as the related RSU. A reasonable rate of interest, as determined by the Committee in its sole discretion, will be credited to you for any such amounts relating to cash dividends that are declared and paid during the period beginning on [Grant Date] and ending on the Settlement Date. Any dividend equivalents and interest described in this Section 3(f) will be distributed to you in accordance with Section 2(b) of this Award Agreement or forfeited, depending on whether or not you have met the conditions described in this Award Agreement and the Plan. Any such distributions will be made in (i) cash, for any dividend equivalents and interest relating to cash dividends and (ii) Shares, for any dividend equivalents relating to Share dividends.

(g) **BENEFICIARY DESIGNATION.** You may name a beneficiary or beneficiaries to receive any RSUs and related dividend equivalents that vest before you die but are settled after you die. This may be done only on the attached Beneficiary Designation Form and by following the rules described in that Form. The Beneficiary Designation Form does not need to be completed now and is not required as a condition of receiving your Award. However, if you die without completing a Beneficiary Designation Form or if you do not complete that Form correctly, your beneficiary will be your surviving spouse or, if you do not have a surviving spouse, your estate.

(h) **TRANSFERRING YOUR RSUs AND RELATED DIVIDEND EQUIVALENTS.** Normally, your RSUs and related dividend equivalents may not be transferred to another person. However, as described in Section 3(g) of this Award Agreement, you may complete a Beneficiary Designation Form to name the person to receive any RSUs and related dividend equivalents that are vested before you die but are settled after you die. Also, the Committee may allow you to place your RSUs and related dividend equivalents into a trust established for your benefit or the benefit of your family. Contact [Third Party Administrator] at

[TPA Telephone Number] or at the address given above if you are interested in doing this.

(i) **GOVERNING LAW.** This Award Agreement shall be governed by the laws of the State of Ohio, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

(j) **OTHER AGREEMENTS.** Your RSUs and related dividend equivalents will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement.

(k) **ADJUSTMENTS TO YOUR RSUs.** Subject to the terms of the Plan, your RSUs and related dividend equivalents will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of Shares underlying your RSUs will be adjusted to reflect a stock split).

(l) **OTHER RULES.** Your RSUs and related dividend equivalents are subject to more rules described in the Plan. You should read the Plan carefully to ensure you fully understand all the terms and conditions of the grant of RSUs and related dividend equivalents under this Award Agreement.

4. YOUR ACKNOWLEDGMENT OF AWARD CONDITIONS

By signing below, you acknowledge and agree that:

(a) A copy of the Plan has been made available to you;

(b) You understand and accept the terms and conditions of your Award;

(c) You will consent (on your own behalf and on behalf of your beneficiaries and transferees and without any further consideration) to any necessary change to your Award or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the Code, even if those changes affect the terms of your Award and reduce its value or potential value; and

(d) You must return a signed copy of this Award Agreement to the address given above before [Date 30 Days After Grant Date].

[Grantee's Name]

By: _____

Date signed: _____

THE SCOTTS MIRACLE-GRO COMPANY

By: _____

[Name of Company Representative]
[Title of Company Representative]
Date signed: _____

THE SCOTTS MIRACLE-GRO COMPANY
AMENDED AND RESTATED
2006 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT FOR EMPLOYEES
(with related dividend equivalents)

RESTRICTED STOCK UNITS GRANTED TO
MARK R. BAKER ON OCTOBER 8, 2008

The Scotts Miracle-Gro Company ("Company") believes that its business interests are best served by ensuring that you have an opportunity to share in the Company's business success. To this end, the Company adopted The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan ("Plan") through which key employees, like you, may acquire (or share in the appreciation of) common shares, without par value, of the Company ("Shares"). Capitalized terms that are not defined in this Award Agreement have the same meanings as in the Plan.

This Award Agreement describes the type of Award that you have been granted and the terms and conditions of your Award. To ensure you fully understand these terms and conditions, you should:

- Read the Plan and this Award Agreement carefully; and

- Contact [Title] at [Telephone Number] if you have any questions about your Award. Or, you may send a written inquiry to the address shown below:

The Scotts Miracle-Gro Company
Attention: [Title]
14111 Scottslawn Road
Marysville, Ohio 43041

Also, no later than [Date 30 Days After Grant Date], you must return a signed copy of this Award Agreement to:

[Third Party Administrator]
Attention: [TPA Contact's Name]
[TPA Contact's Address]

[TPA Telephone Number]

The Company intends that this Award satisfy the requirements of Section 409A of the Code and that this Award Agreement be so administered and construed. You agree that the Company may modify this Award Agreement, without any further consideration, to fulfill this intent, even if those modifications change the terms of your Award and reduce its value or potential value.

1. DESCRIPTION OF YOUR RESTRICTED STOCK UNITS

You have been granted [Number] Restricted Stock Units ("RSUs") and an equal number of related dividend equivalents, subject to the terms and conditions of the Plan and this Award Agreement. The "Grant Date" of your Award is [Grant Date]. Each whole RSU represents the right to receive one full Share at the time and in the manner described in this Award Agreement. Subject to Section 3(f) of this Award Agreement, each dividend equivalent represents the right to receive an amount equal to the dividends that are declared and paid during the period beginning on the Grant Date and ending on the Settlement Date (as described in Section 2(b) of this Award Agreement) with respect to the Share represented by the related RSU.

2. VESTING AND SETTLEMENT

(a) **Vesting**. Subject to Sections 3(a), 3(b) and 3(c) of this Award Agreement, your RSUs will become 100% vested on September 30, 2011 ("Vesting Date").

(b) **Settlement**. Subject to the terms of the Plan and this Award Agreement, your vested RSUs shall be settled in a lump sum as soon as administratively practicable, but no later than 90 days, following the earliest to occur of: (i) your death; (ii) the date you become Disabled (as defined in Section 2(c) of this Award Agreement); or (iii) September 30, 2011 (the "Settlement Date"). Your whole RSUs shall be settled in full Shares, and any fractional RSU shall be settled in cash, determined based upon the Fair Market Value of a Share on the Settlement Date.

(c) **Definitions**. For purposes of this Award Agreement, (i) "Disabled" means (A) you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, (B) you are, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering Employees of your employer, or (C) you are determined to be totally disabled by the Social Security Administration or Railroad Retirement Board; and (ii) "Terminate" (or any form thereof) means your "separation from service" (within the meaning of Section 409A of the Code) with the Company and all Affiliates and Subsidiaries.

3. GENERAL TERMS AND CONDITIONS

(a) **YOU MAY FORFEIT YOUR RSUs IF YOU TERMINATE.** Except as otherwise provided in this Section 3(a) and Section 3(c) of this Award Agreement, you will forfeit your RSUs if you Terminate prior to the Vesting Date.

(i) If, prior to the Vesting Date, you (A) Terminate after reaching either (A) age 55 and completing at least 10 years of employment with the Company, its Affiliates and/or its Subsidiaries or (B) age 62 regardless of your years of service, (B) die or (C) become Disabled, your RSUs will become 100% vested as of the date of such event and will be settled in accordance with Section 2(b) of this Award Agreement.

(ii) If, prior to the Vesting Date, you Terminate for any reason not described in Section 3(a)(i) of this Award Agreement, your RSUs will be forfeited immediately.

(b) **YOU WILL FORFEIT YOUR RSUs IF YOU ENGAGE IN CONDUCT THAT IS HARMFUL TO THE COMPANY (OR ANY AFFILIATE OR SUBSIDIARY).** You will forfeit any outstanding RSUs and related dividend equivalents and must return to the Company all Shares and other amounts you have received through the Plan if, without the Company's written consent, you do any of the following within 180 days before and 730 days after you Terminate:

(i) You serve (or agree to serve) as an officer, director, consultant, manager or employee of any proprietorship, partnership, corporation or other entity or become the owner of a business or a member of a partnership, limited liability company or other entity that competes with any portion of the Company's (or any Affiliate's or Subsidiary's) business with which you have been involved any time within five years before your Termination or render any service (including, without limitation, advertising or business consulting) to entities that compete with any portion of the Company's (or any Affiliate's or Subsidiary's) business with which you have been involved any time within five years before your Termination;

(ii) You refuse or fail to consult with, supply information to or otherwise cooperate with the Company or any Affiliate or Subsidiary after having been requested to do so;

(iii) You deliberately engage in any action that the Company concludes has caused substantial harm to the interests of the Company or any Affiliate or Subsidiary;

(iv) On your own behalf or on behalf of any other person, partnership, association, corporation, limited liability company or other entity, you solicit or in any manner attempt to influence or induce any employee of the Company or any Affiliate or Subsidiary to leave the Company's or any Affiliate's or Subsidiary's employment or use or disclose to any person, partnership, association, corporation, limited liability company or other entity any information obtained while an employee of the Company or any Affiliate or Subsidiary concerning the names and addresses of the Company's or any Affiliate's or Subsidiary's employees;

(v) You disclose confidential and proprietary information relating to the Company's or any Affiliate's or Subsidiary's business affairs ("Trade Secrets"), including technical information, product information and formulae, processes, business and marketing plans, strategies, customer information and other information concerning the Company's or any Affiliate's or Subsidiary's products, promotions, development, financing, expansion plans, business policies and practices, salaries and benefits and other forms of information considered by the Company or any Affiliate or Subsidiary to be proprietary and confidential and in the nature of Trade Secrets;

(vi) You fail to return all property (other than personal property), including

keys, notes, memoranda, writings, lists, files, reports, customer lists, correspondence, tapes, disks, cards, surveys, maps, logs, machines, technical data, formulae or any other tangible property or document and any and all copies, duplicates or reproductions that you have produced or received or have otherwise been submitted to you in the course of your employment with the Company or any Affiliate or Subsidiary; or

(vii) You engaged in conduct that the Committee reasonably concludes would have given rise to a Termination for Cause had it been discovered before you Terminated.

(c) **CHANGE IN CONTROL.** Normally, your RSUs will vest and be settled only under the circumstances described in Sections 2 and 3(a)(i) of this Award Agreement. However, if there is a Change in Control, your RSUs will vest and be settled as described in the Plan. You should read the Plan carefully to ensure that you understand how this may happen.

(d) **AMENDMENT AND TERMINATION.** Subject to the terms of the Plan, the Company may amend or terminate this Award Agreement or the Plan at any time.

(e) **RIGHTS BEFORE YOUR RSUs ARE SETTLED.** Except as provided in Section 3(f) of this Award Agreement, you will have none of the rights of a shareholder with respect to Shares underlying the RSUs unless and until you become the record holder of such Shares.

(f) **DIVIDEND EQUIVALENTS.** You will be entitled to receive a dividend equivalent equal to any dividends declared and paid on each Share represented by a related RSU, subject to the same terms and conditions as the related RSU. A reasonable rate of interest, as determined by the Committee in its sole discretion, will be credited to you for any such amounts relating to cash dividends that are declared and paid during the period beginning on [Grant Date] and ending on the Settlement Date. Any dividend equivalents and interest described in this Section 3(f) will be distributed to you in accordance with Section 2(b) of this Award Agreement or forfeited, depending on whether or not you have met the conditions described in this Award Agreement and the Plan. Any such distributions will be made in (i) cash, for any dividend equivalents and interest relating to cash dividends and (ii) Shares, for any dividend equivalents relating to Share dividends.

(g) **BENEFICIARY DESIGNATION.** You may name a beneficiary or beneficiaries to receive any RSUs and related dividend equivalents that vest before you die but are settled after you die. This may be done only on the attached Beneficiary Designation Form and by following the rules described in that Form. The Beneficiary Designation Form does not need to be completed now and is not required as a condition of receiving your Award. However, if you die without completing a Beneficiary Designation Form or if you do not complete that Form correctly, your beneficiary will be your surviving spouse or, if you do not have a surviving spouse, your estate.

(h) **TRANSFERRING YOUR RSUs AND RELATED DIVIDEND EQUIVALENTS.** Normally, your RSUs and related dividend equivalents may not be transferred to another person. However, as described in Section 3(g) of this Award Agreement, you may complete a Beneficiary Designation Form to name the person to receive any RSUs and

related dividend equivalents that are vested before you die but are settled after you die. Also, the Committee may allow you to place your RSUs and related dividend equivalents into a trust established for your benefit or the benefit of your family. Contact [Third Party Administrator] at [TPA Telephone Number] or at the address given above if you are interested in doing this.

(i) **GOVERNING LAW.** This Award Agreement shall be governed by the laws of the State of Ohio, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

(j) **OTHER AGREEMENTS.** Your RSUs and related dividend equivalents will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement.

(k) **ADJUSTMENTS TO YOUR RSUs.** Subject to the terms of the Plan, your RSUs and related dividend equivalents will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of Shares underlying your RSUs will be adjusted to reflect a stock split).

(l) **OTHER RULES.** Your RSUs and related dividend equivalents are subject to more rules described in the Plan. You should read the Plan carefully to ensure you fully understand all the terms and conditions of the grant of RSUs and related dividend equivalents under this Award Agreement.

4. YOUR ACKNOWLEDGMENT OF AWARD CONDITIONS

By signing below, you acknowledge and agree that:

(a) A copy of the Plan has been made available to you;

(b) You understand and accept the terms and conditions of your Award;

(c) You will consent (on your own behalf and on behalf of your beneficiaries and transferees and without any further consideration) to any necessary change to your Award or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the Code, even if those changes affect the terms of your Award and reduce its value or potential value; and

(d) You must return a signed copy of this Award Agreement to the address given above before [Date 30 Days After Grant Date].

MARK R. BAKER

By: /s/ Mark R. Baker

Date signed: 10/30/08

THE SCOTTS MIRACLE-GRO COMPANY

By: /s/ Denise S. Stump

[Name of Company Representative]
[Title of Company Representative]
Date signed: 10/20/08

THE SCOTTS MIRACLE-GRO COMPANY
AMENDED AND RESTATED
2006 LONG-TERM INCENTIVE PLAN

SPECIAL RESTRICTED STOCK UNIT AWARD AGREEMENT
(with related dividend equivalents)

RESTRICTED STOCK UNITS GRANTED TO
CLAUDE LOPEZ ON [Grant Date]

The Scotts Miracle-Gro Company (the "Company") believes that its business interests are best served by ensuring that you remain employed with the Company and have an opportunity to share in the Company's future business success. To this end, the Company has agreed to grant you a special award pursuant to The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan ("Plan") through which you may acquire (or share in the appreciation of) common shares, without par value, of the Company ("Shares"). Capitalized terms that are not defined in this Award Agreement have the same meanings as in the Plan.

This Award Agreement describes the type of Award that you have been granted and the terms and conditions of your Award. To ensure you fully understand these terms and conditions, you should:

- Read the Plan, the Plan Prospectus and this Award Agreement carefully; and

- Contact [Title] at [Telephone Number] if you have any questions about your Award. Or, you may send a written inquiry to the address shown below:

The Scotts Miracle-Gro Company
Attention: [Title]
14111 Scottslawn Road
Marysville, Ohio 43041

Also, no later than [Date 30 Days After Grant Date], you must return a signed copy of this Award Agreement to:

[Third Party Administrator]
Attention: [TPA Contact's Name]
[TPA Contact's Address]

[TPA Telephone Number]

1. DESCRIPTION OF YOUR RESTRICTED STOCK UNITS

You have been granted [Number] Restricted Stock Units ("RSUs") and an equal number of related dividend equivalent rights, subject to the terms and conditions of the Plan and this Award Agreement. The "Grant Date" of your Award is [Grant Date]. Each whole RSU represents the right to receive one full Share at the time and in the manner described in this Award Agreement. Subject to Section 3(g) of this Award Agreement, each dividend equivalent represents the right to receive an amount equal to the dividends that are declared and paid during the period beginning on the Grant Date and ending on the applicable Settlement Date (as described in Section 2(b) of this Award Agreement) with respect to the Share represented by the related RSU.

2. VESTING AND SETTLEMENT

(a) **Vesting**. Subject to Sections 3(a) and 3(b) of this Award Agreement, your RSUs will become 100% vested on [Third Anniversary of Grant Date] ("Vesting Date").

(b) **Settlement**. Subject to the terms of the Plan and this Award Agreement, your vested RSUs shall be settled in a lump sum on the dates set forth below (each a "Settlement Date") as follows:

(i) [25%] on the third anniversary of the Grant Date;

(ii) [33% of the remainder] on the fourth anniversary of the Grant Date; and

(iii) The remainder on the fifth anniversary of the Grant Date.

3. GENERAL TERMS AND CONDITIONS

(a) **YOU MAY FORFEIT YOUR RSUs IF YOU TERMINATE.** Except as otherwise provided in Section 3(a) and Section 3(b) of this Award Agreement and to the extent permitted by law:

(i) If, prior to the Vesting Date, you Terminate (A) due to your death, or (B) due to your Disability, you will vest in a pro rata portion of your RSUs and the vested RSUs will be settled in accordance with Section 2(b) of this Award Agreement. For purposes of this Award Agreement, "Disability" means: (1) any physical or mental condition that would qualify you for a disability benefit under any long-term disability plan maintained by the Company that is applicable to you, (2) if there is no such plan, such condition provided in any applicable governmental statute or regulation that constitutes "Disability" or (3) if there is no such applicable statute or regulation, such other condition as may be determined by the Company in its sole discretion to constitute "Disability." For purposes of this Award Agreement, "Terminate" (or any form thereof) means the date of notification of the cessation of the employee-employer relationship between you and the Company and all Affiliates and Subsidiaries for any reason.

(ii) If, prior to the Vesting Date, you Terminate for any reason not described in Section 3(a)(i) of this Award Agreement, your RSUs will be forfeited immediately.

Calculation of the pro rata portion of RSUs vesting upon the occurrence of an event described in Section 3(a)(i) shall be determined by multiplying the number of RSUs by a fraction, the numerator of which is the number of whole calendar months elapsed from the Date of Grant until the date of Termination and the denominator of which is 36.

(b) **CHANGE IN CONTROL.** Normally, your RSUs will vest and be settled only under the circumstances described in Sections 2 and 3(a)(i) of this Award Agreement. However, if there is a Change in Control, your RSUs will vest and be settled as described in the Plan. You should read the Plan carefully to ensure that you understand how this may happen.

(c) **NO RIGHT TO EMPLOYMENT**. Your RSU award is a voluntary, discretionary bonus being made on a one-time basis and it does not constitute a commitment to make any future awards. This Award and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. Nothing in this Award Agreement will give you any right to continue employment with the Company or any Subsidiary or Affiliate, as the case may be, or interfere in any way with the right of the Company or a Subsidiary or an Affiliate to terminate your employment.

(d) **DATA PRIVACY**. Information about you and your participation in the Plan, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of your RSUs or other entitlement to shares of stock awarded, cancelled, exercised, vested, unvested or outstanding in your favor, may be collected, recorded, held, used and disclosed for any purpose related to the administration and management of the Plan and in order to satisfy legal and regulatory requirements. You understand that the Company will keep your personal data in accordance with the rules set forth by Law No. 78-17, dated January 6, 1978, related to “software, files and liberties” (the “Law”). The Company will also take reasonable measures in order to protect your personal data and to observe the requirements set forth by the Commission Nationale de l’Informatique et des Libertés. Pursuant to the Law, you have the right to access, correct and request deletion of any of your personal data that is inaccurate, incomplete, ambiguous, obsolete or whose collection, use, communication or conservation is prohibited. You also understand that the Company and its Subsidiaries or Affiliates may transfer such information to any third party administrators, regardless of whether such persons are located within your country of residence, the European Economic Area or in countries outside of the European Economic Area, including the United States of America, where the rules protecting such data are less stringent than those applicable within the European Economic Area. You expressly consent and agree to the collection, holding, use, disclosure, transfer in electronic or other form, and processing of information relating to you and your participation in the Plan.

French translation:

(d) **PROTECTION DES DONNES PERSONNELLES**. Les informations vous concernant ainsi que votre participation dans le Plan, y compris mais non limitativement, votre nom, votre adresse personnelle et numéro de téléphone, date de naissance, numéro de sécurité sociale, salaire, nationalité, intitulé de poste, toutes participations ou tous mandats détenus dans

la Société, les renseignements sur le RSUs ou sur tout autre droit à des participations octroyées, annulées, exercées, disponibles ou non disponbiles ou en circulation en votre faveur, peuvent être rassemblées, enregistrées, détenues, utilisées et divulguées pour toute raison liée à l'administration et la gestion du Plan et afin de satisfaire aux exigences légales et réglementaires. Vous comprenez que la Société conservera vos données personnelles conformément aux règles posées par la Loi No. 78-17 du 7 janvier 1978 relative à "l'informatique, aux fichiers et aux libertés" (la "Loi"). La Société pendra également toutes les mesures raisonnables afin de protéger vos données personnelles et d'observer les exigences posées par la Commission Nationale de l'Informatique et des Libertés. En application de la Loi, vous bénéficiez d'un droit d'accès, de modification et de suppression de vos données personelles qui seraient incorrectes, incomplètes, ambigües, obsolètes ou dont la collecte, l'utilisation, la communication ou la conservation seraient prohibées. Vous comprenez également que la Société et ses Filiales ou Sociétés Affiliées peuvent transférer ces informations à des tiers administrateurs, peu importe que ces personnes soient situées dans votre pays de résidence, l'Espace Economique Européen ou dans des pays autres que l'Espace Economique Européen, y compris, les Etas-Unis d'Amérique, où les règles de protection de telles données personnelles sont moins contraingrantes que celles applicables dans l'Espace Economique Européen. Vous consentez expressément et vous acceptez la collecte, la détention, l'utilisation, la divulgation, le transfert sous forme électronique ou autre et plus généralement le traitement des informations vous concernant et concernant votre participation au Plan.

(e) **AMENDMENT AND TERMINATION.** Subject to the terms of the Plan, the Company may amend or terminate this Award Agreement or the Plan at any time.

(f) **RIGHTS BEFORE YOUR RSUs ARE SETTLED.** Except as provided in Section 3(g) of this Award Agreement, you will have none of the rights of a shareholder with respect to Shares underlying the RSUs unless and until you become the record holder of such Shares.

(g) **DIVIDEND EQUIVALENTS.** You will be entitled to receive a dividend equivalent equal to any dividends declared and paid on each Share represented by a related RSU, subject to the same terms and conditions as the related RSU. A reasonable rate of interest, as determined by the Committee in its sole discretion, will be credited to you for any such amounts relating to cash dividends that are declared and paid during the period beginning on [Grant Date] and ending on the applicable Settlement Date. Any dividend equivalents and interest described in this Section 3(g) will be distributed to you in accordance with Section 2(b) of this Award Agreement or forfeited, depending on whether or not you have met the conditions described in this Award Agreement and the Plan. Any such distributions will be made in (i) cash, for any dividend equivalents and interest relating to cash dividends and (ii) Shares, for any dividend equivalents relating to Share dividends.

(h) **BENEFICIARY DESIGNATION.** You may name a beneficiary or beneficiaries to receive any RSUs and related dividend equivalents that vest before you die but are settled after you die. This may be done only on the attached Beneficiary Designation Form and by following the rules described in that Form. The Beneficiary Designation Form does not need to be completed now and is not required as a condition of receiving your Award. However, if you die without completing a Beneficiary Designation Form or if you do not complete that

Form correctly, your beneficiary will be your surviving spouse or, if you do not have a surviving spouse, your estate.

(i) **TRANSFERRING YOUR RSUs AND RELATED DIVIDEND EQUIVALENTS.** Normally, your RSUs and related dividend equivalents may not be transferred to another person. However, as described in Section 3(h) of this Award Agreement, you may complete a Beneficiary Designation Form to name the person to receive any RSUs and related dividend equivalents that are vested before you die but are settled after you die. Also, the Committee may allow you to place your RSUs and related dividend equivalents into a trust established for your benefit or the benefit of your family. Contact [Third Party Administrator] at [TPA Telephone Number] or at the address given above if you are interested in doing this.

(j) **GOVERNING LAW.** This Award Agreement shall be governed by the laws of the State of Ohio, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

(k) **OTHER AGREEMENTS.** Your RSUs and related dividend equivalents will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement.

(l) **ADJUSTMENTS TO YOUR RSUs.** Subject to the terms of the Plan, your RSUs and related dividend equivalents will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of Shares underlying your RSUs will be adjusted to reflect a stock split).

(m) **OTHER RULES.** Your RSUs and related dividend equivalents are subject to more rules described in the Plan. You should read the Plan carefully to ensure you fully understand all the terms and conditions of the grant of RSUs and related dividend equivalents under this Award Agreement.

4. YOUR ACKNOWLEDGMENT OF AWARD CONDITIONS

By signing below, you acknowledge and agree that:

(a) Copies of the Plan and the Plan Prospectus have been made available to you;

(b) You understand and accept the terms and conditions of your Award; and

(d) You must return a signed copy of this Award Agreement to the address given above before [Date 30 Days After Grant Date].

CLAUDE LOPEZ

/s/ Claude Lopez

Date signed: 11/13/08

THE SCOTTS MIRACLE-GRO COMPANY

By: /s/ Denise S. Stump

[Name of Company Representative]
[Title of Company Representative]
Date signed: 11/5/08

THE SCOTTS MIRACLE-GRO COMPANY
AMENDED AND RESTATED
2006 LONG-TERM INCENTIVE PLAN

NONQUALIFIED STOCK OPTION AWARD AGREEMENT FOR EMPLOYEES

NONQUALIFIED STOCK OPTION GRANTED
TO [Grantee's Name] ON [Grant Date]

The Scotts Miracle-Gro Company ("Company") believes that its business interests are best served by ensuring that you have an opportunity to share in the Company's business success. To this end, the Company adopted The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan ("Plan") through which key employees, like you, may acquire (or share in the appreciation of) common shares, without par value, of the Company ("Shares"). Capitalized terms that are not defined in this Award Agreement have the same meanings as in the Plan.

This Award Agreement describes the type of Award that you have been granted and the terms and conditions of your Award. To ensure you fully understand these terms and conditions, you should:

- Read the Plan and this Award Agreement carefully; and

- Contact [Title] at [Telephone Number] if you have any questions about your Award. Or, you may send a written inquiry to the address shown below:

The Scotts Miracle-Gro Company
Attention: [Title]
14111 Scottslawn Road
Marysville, Ohio 43041

Also, no later than [Date 30 Days After Grant Date], you must return a signed copy of this Award Agreement to:

[Third Party Administrator]
Attention: [TPA Contact's Name]
[TPA Contact's Address]

[TPA Telephone Number]

The Company intends that this Award not be considered to provide for "deferred compensation" under Section 409A of the Code and that this Award Agreement be so administered and construed. You agree that the Company may modify this Award Agreement, without any further consideration, to fulfill this intent, even if those modifications change the terms of your Award and reduce its value or potential value.

1. DESCRIPTION OF YOUR NONQUALIFIED STOCK OPTION

You have been granted a Nonqualified Stock Option ("NSO") to purchase [Number of Common Shares] Shares at an exercise price of $[Exercise Price] for each Share ("Exercise Price") on or before [Day Prior to Tenth Anniversary of Grant Date] ("Expiration Date"), subject to the terms and conditions of the Plan and this Award Agreement. The Grant Date of the NSO is [Grant Date].

2. LIMITS ON EXERCISING YOUR NSO

(a) Normally, your NSO will vest (and become exercisable) on [Third Anniversary of Grant Date] (the "Vesting Date") but only if you are actively employed by the Company or any Subsidiary or Affiliate on the Vesting Date and all other conditions described in this Award Agreement and the Plan are met. This does not mean that you must exercise your NSO on this date; this is merely the first date that you may do so. However, except as described below, your NSO will expire to the extent it is not exercised on or before the Expiration Date.

There are some special situations in which your NSO may vest earlier. These are described in Sections 4(a) and 4(c) of this Award Agreement.

(b) At any one time, you may not exercise your NSO to buy fewer than 100 Shares (or, if less, the number of Shares underlying the vested portion of your NSO). Also, you may never exercise your NSO to purchase a fractional Share. Any fractional Share shall be redeemed for cash equal to the Fair Market Value of such fractional Share.

3. EXERCISING YOUR NSO

(a) After your NSO vests, you may exercise the NSO by completing an Exercise Notice. A copy of this Exercise Notice is attached to this Award Agreement. Also, a copy of this Exercise Notice and a description of the procedures that you must follow to exercise your NSO are available from [Third Party Administrator] at [TPA Telephone Number] or at the address given above.

(b) You may use one of three methods to exercise your NSO and to pay any taxes related to that exercise. You will decide on the method at the time of exercise.

CASHLESS EXERCISE AND SELL: If you elect this alternative, you will be deemed to have simultaneously exercised the NSO and to have sold the Shares underlying the portion of the NSO you exercised. When the transaction is complete, you will receive cash (but no Shares) equal to the difference between the aggregate Fair Market Value of the Shares deemed to have been acquired through the exercise minus the aggregate Exercise Price and related taxes.

COMBINATION EXERCISE: If you elect this alternative, you will be deemed to have simultaneously exercised the NSO and to have sold a number of those Shares with a Fair Market Value equal to the aggregate Exercise Price and related taxes. When the transaction is complete, the balance of the Shares subject to the portion of the NSO you exercised will be transferred to you.

EXERCISE AND HOLD: If you elect this alternative, you must pay the full Exercise Price plus related taxes (in cash, a cash equivalent or in Shares having a Fair Market Value equal to the Exercise Price and which you have owned for at least six months before the exercise date). When the transaction is complete, you will receive the number of Shares purchased.

If you do not elect one of these methods, the Company will apply the Cashless Exercise and Sell method described above.

4. GENERAL TERMS AND CONDITIONS

(a) **YOU MAY FORFEIT YOUR NSO IF YOU TERMINATE**. Normally, you may exercise your NSO after it vests and before the Expiration Date. However, your NSO may be cancelled earlier than the Expiration Date if you Terminate. For purposes of this Award Agreement, "Terminate" (or any form thereof) means cessation of the employee-employer relationship between you and the Company and all Affiliates and Subsidiaries for any reason.

(i) If you are Terminated for Cause, the portion of your NSO that has not been exercised will be forfeited (whether or not then vested) on the date you Terminate; or

(ii) If you die or you Terminate due to your Disability (as defined below), your NSO will become fully vested and expire on the Expiration Date. For purposes of this Award Agreement, "Disability" means your inability to perform your normal duties for a period of at least six months due to a physical or mental infirmity; or

(iii) If you Terminate after reaching either (A) age 55 and completing at least 10 years of employment with the Company, its Affiliates and/or its Subsidiaries or (B) age 62 regardless of your years of service, your NSO will become fully vested and expire on the Expiration Date; or

(iv) If you Terminate for any other reason, the unvested portion of your NSO will be forfeited immediately and the vested portion of your NSO will expire on the earlier of the Expiration Date or 90 days after you Terminate.

Note, it is your responsibility to keep track of when your NSO expires.

(b) **YOU WILL FORFEIT YOUR NSO IF YOU ENGAGE IN CONDUCT THAT IS HARMFUL TO THE COMPANY (OR ANY AFFILIATE OR SUBSIDIARY)**. You will forfeit your NSO and must return to the Company all Shares and other amounts you have received through the Plan if, without the Company's written consent, you do any of the following within 180 days before and 730 days after you Terminate:

(i) You serve (or agree to serve) as an officer, director, manager, consultant or employee of any proprietorship, partnership, corporation or other entity or become the owner of a business or a member of a partnership, limited liability company or other entity that competes with any portion of the Company's (or any Affiliate's or Subsidiary's) business with which you have been involved any time within five years before your Termination or render any service (including, without limitation, advertising or business consulting) to entities that compete with any portion of the Company's (or any Affiliate's or Subsidiary's) business with which you have been involved any time within five years before your Termination;

(ii) You refuse or fail to consult with, supply information to or otherwise cooperate with the Company or any Affiliate or Subsidiary after having been requested to do so;

(iii) You deliberately engage in any action that the Company concludes has caused substantial harm to the interests of the Company or any Affiliate or Subsidiary;

(iv) On your own behalf or on behalf of any other person, partnership, association, corporation, limited liability company or other entity, you solicit or in any manner attempt to influence or induce any employee of the Company or any Affiliate or Subsidiary to leave the Company's or any Affiliate's or Subsidiary's employment or use or disclose to any person, partnership, association, corporation, limited liability company or other entity any information obtained while an employee of the Company or any Affiliate or Subsidiary concerning the names and addresses of the Company's or any Affiliate's or Subsidiary's employees;

(v) You disclose confidential and proprietary information relating to the Company's or any Affiliate's or Subsidiary's business affairs ("Trade Secrets"), including technical information, product information and formulae, processes, business and marketing plans, strategies, customer information and other information concerning the Company's or any Affiliate's or Subsidiary's products, promotions, development, financing, expansion plans, business policies and practices, salaries and benefits and other forms of information considered by the Company or any Affiliate or Subsidiary to be proprietary and confidential and in the nature of Trade Secrets;

(vi) You fail to return all property (other than personal property), including keys, notes, memoranda, writings, lists, files, reports, customer lists, correspondence, tapes, disks, cards, surveys, maps, logs, machines, technical data, formulae or any other tangible property or document and any and all copies, duplicates or reproductions that you have produced or received or have otherwise been submitted to you in the course of your employment with the Company or any Affiliate or Subsidiary; or

(vii) You engaged in conduct that the Committee reasonably concludes would have given rise to a Termination for Cause had it been discovered before you Terminated.

(c) **CHANGE IN CONTROL**. Normally, your NSO will vest only in the circumstances described in Sections 2(a) and 4(a) of this Award Agreement. However, if there is a Change in Control, your NSO may vest earlier. You should read the Plan carefully to ensure that you understand how this may happen.

(d) **AMENDMENT AND TERMINATION**. Subject to the terms of the Plan, the Company may amend or terminate this Award Agreement or the Plan at any time.

(e) **RIGHTS BEFORE YOUR NSO IS EXERCISED**. You may not vote, or receive any dividends associated with, the Shares underlying your NSO before your NSO is exercised with respect to such Shares.

(f) **BENEFICIARY DESIGNATION**. You may name a beneficiary or beneficiaries to receive or to exercise the vested portion of your NSO that is unexercised when you die. This may be done only on the attached Beneficiary Designation Form and by following the rules described in that Form. The Beneficiary Designation Form need not be completed now and is not required as a condition of receiving your Award. If you die without completing a Beneficiary Designation Form or if you do not complete that Form correctly, your beneficiary will be your surviving spouse or, if you do not have a surviving spouse, your estate.

(g) **TRANSFERRING YOUR NSO**. Normally, your NSO may not be transferred to another person. However, you may complete a Beneficiary Designation Form to name the person who may exercise your NSO if you die before the Expiration Date. Also, the Committee may allow you to place your NSO into a trust established for your benefit or for the benefit of your family. Contact [Third Party Administrator] at [TPA Telephone Number] or at the address given above if you are interested in doing this.

(h) **GOVERNING LAW**. This Award Agreement shall be governed by the laws of the State of Ohio, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

(i) **OTHER AGREEMENTS**. Your NSO will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement.

(j) **ADJUSTMENTS TO YOUR NSO**. Subject to the terms of the Plan, your NSO will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of Shares underlying your NSO and the Exercise Price will be adjusted to reflect a stock split).

(k) **OTHER TERMS AND CONDITIONS**. Your NSO is subject to more rules described in the Plan. You should read the Plan carefully to ensure you fully understand all the terms and conditions of the grant of the NSO made to you under this Award Agreement.

5. YOUR ACKNOWLEDGMENT OF AWARD CONDITIONS

By signing below, you acknowledge and agree that:

(a) A copy of the Plan has been made available to you;

(b) You understand and accept the terms and conditions of your NSO;

(c) You will consent (on your own behalf and on behalf of your beneficiaries and transferees and without any further consideration) to any necessary change to your NSO or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the Code, even if those changes affect the terms of your NSO and reduce its value or potential value; and

(d) You must return a signed copy of this Award Agreement to the address given above before [Date 30 Days After Grant Date].

[Grantee's Name]

BY: _____
Date signed: _____

THE SCOTTS MIRACLE-GRO COMPANY

BY: _____
[Name of Company representative]
[Title of Company representative]
Date signed: _____

THE SCOTTS MIRACLE-GRO COMPANY
AMENDED AND RESTATED
2006 LONG-TERM INCENTIVE PLAN

NONQUALIFIED STOCK OPTION EXERCISE NOTICE
FOR NONQUALIFIED STOCK OPTION GRANTED
TO **[Grantee's Name]** ON **[Grant Date]**

Additional copies of this Nonqualified Stock Option Exercise Notice ("Exercise Notice") (and any further information you may need about this Exercise Notice or exercising your NSO) are available from [Third Party Administrator] at the address given below.

By completing this Exercise Notice and returning it to [Third Party Administrator] at the address given below, I elect to exercise all or a portion of the NSO and to purchase the Shares described below. Capitalized terms not defined in this Exercise Notice have the same meanings as in the Plan and applicable Award Agreement.

NOTE: You must complete a separate Exercise Notice for each NSO being exercised (e.g., if you are simultaneously exercising an NSO to purchase 200 Shares granted on January 1, 2008 and an NSO to purchase 100 Shares granted on January 1, 2009 under a separate award agreement, you must complete two Exercise Notices, one for each NSO being exercised).

NSO TO BE EXERCISED AND SHARES TO BE PURCHASED: This Exercise Notice relates to the following NSO and number of Shares (*fill in the blanks*):

Grant Date of NSO: [Grant Date]

Number of Shares Being Purchased: _____

EXERCISE PRICE: The aggregate Exercise Price due is $_____.

NOTE: *This amount must equal the product of* ***[Exercise Price]*** *multiplied by the number of Shares being purchased.*

PAYMENT OF EXERCISE PRICE: I have decided to pay the Exercise Price and any related taxes by (*check one)*:

NOTE: *These methods are described in the applicable Award Agreement.*

_____ Cashless Exercise and Sell.

_____ Combination Exercise.

_____ Exercise and Hold.

NOTE:

- If you select the Exercise and Hold method, you must follow the procedures described in the Award Agreement to pay the Exercise Price and the taxes related to this exercise. You should contact [Third Party Administrator] at the address given below to find out the amount of taxes due.
- If you select either the Cashless Exercise and Sell method or the Combination Exercise method, you should contact [Third Party Administrator] at the address given below to be sure you understand how your choice of payment will affect the number of Shares you will receive.

YOUR ACKNOWLEDGMENT

By signing below, you acknowledge and agree that:

- You fully understand the effect (including the investment effect) of exercising your NSO and buying Shares and understand that there is no guarantee that the value of these Shares will appreciate or will not depreciate;
- This Exercise Notice will have no effect if it is not returned to [Third Party Administrator] at the address given below before the NSO expires, as specified in the Award Agreement under which the NSO was granted; and
- The Shares you are buying by completing and returning this Exercise Notice will be issued to you as soon as administratively practicable. You will not have any rights as a shareholder of the Company until the Shares are issued.

[Grantee's Name]

_____

(signature)

Date signed: _____

A signed copy of this Exercise Notice must be received at the following address no later than the date the NSO expires, as specified in the Award Agreement under which the NSO was granted:

[Third Party Administrator]
Attention: [TPA Contact's Name]
[TPA Contact's Address]

[TPA Telephone Number]

*****

ACKNOWLEDGEMENT OF RECEIPT

A signed copy of the Nonqualified Stock Option Exercise Notice was received on:

_____.

[Grantee's Name]:

_____ Has effectively exercised the portion of the NSO described in this Exercise Notice; or

_____ Has not effectively exercised the portion of the NSO described in this Exercise Notice because:

_____.

describe deficiency

The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee

By: _____

Date: _____

Note: Keep a copy of this Exercise Notice as part of the Plan's permanent records.

THE SCOTTS MIRACLE-GRO COMPANY
AMENDED AND RESTATED
2006 LONG-TERM INCENTIVE PLAN

NONQUALIFIED STOCK OPTION AWARD AGREEMENT FOR EMPLOYEES

NONQUALIFIED STOCK OPTION GRANTED
TO MARK R. BAKER ON OCTOBER 8, 2008

The Scotts Miracle-Gro Company ("Company") believes that its business interests are best served by ensuring that you have an opportunity to share in the Company's business success. To this end, the Company adopted The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan ("Plan") through which key employees, like you, may acquire (or share in the appreciation of) common shares, without par value, of the Company ("Shares"). Capitalized terms that are not defined in this Award Agreement have the same meanings as in the Plan.

This Award Agreement describes the type of Award that you have been granted and the terms and conditions of your Award. To ensure you fully understand these terms and conditions, you should:

- Read the Plan and this Award Agreement carefully; and

- Contact [Title] at [Telephone Number] if you have any questions about your Award. Or, you may send a written inquiry to the address shown below:

The Scotts Miracle-Gro Company
Attention: [Title]
14111 Scottslawn Road
Marysville, Ohio 43041

Also, no later than [Date 30 Days After Grant Date], you must return a signed copy of this Award Agreement to:

[Third Party Administrator]
Attention: [TPA Contact's Name]
[TPA Contact's Address]

[TPA Telephone Number]

The Company intends that this Award not be considered to provide for "deferred compensation" under Section 409A of the Code and that this Award Agreement be so administered and construed. You agree that the Company may modify this Award Agreement, without any further consideration, to fulfill this intent, even if those modifications change the terms of your Award and reduce its value or potential value.

1. DESCRIPTION OF YOUR NONQUALIFIED STOCK OPTION

You have been granted a Nonqualified Stock Option ("NSO") to purchase [Number of Common Shares] Shares at an exercise price of $[Exercise Price] for each Share ("Exercise Price") on or before October 7, 2018 ("Expiration Date"), subject to the terms and conditions of the Plan and this Award Agreement. The Grant Date of the NSO is October 8, 2008.

2. LIMITS ON EXERCISING YOUR NSO

(a) Normally, your NSO will vest (and become exercisable) on September 30, 2011 (the "Vesting Date") but only if you are actively employed by the Company or any Subsidiary or Affiliate on the Vesting Date and all other conditions described in this Award Agreement and the Plan are met. This does not mean that you must exercise your NSO on this date; this is merely the first date that you may do so. However, except as described below, your NSO will expire to the extent it is not exercised on or before the Expiration Date.

There are some special situations in which your NSO may vest earlier. These are described in Sections 4(a) and 4(c) of this Award Agreement.

(b) At any one time, you may not exercise your NSO to buy fewer than 100 Shares (or, if less, the number of Shares underlying the vested portion of your NSO). Also, you may never exercise your NSO to purchase a fractional Share. Any fractional Share shall be redeemed for cash equal to the Fair Market Value of such fractional Share.

3. EXERCISING YOUR NSO

(a) After your NSO vests, you may exercise the NSO by completing an Exercise Notice. A copy of this Exercise Notice is attached to this Award Agreement. Also, a copy of this Exercise Notice and a description of the procedures that you must follow to exercise your NSO are available from [Third Party Administrator] at [TPA Telephone Number] or at the address given above.

(b) You may use one of three methods to exercise your NSO and to pay any taxes related to that exercise. You will decide on the method at the time of exercise.

CASHLESS EXERCISE AND SELL: If you elect this alternative, you will be deemed to have simultaneously exercised the NSO and to have sold the Shares underlying the portion of the NSO you exercised. When the transaction is complete, you will receive cash (but no Shares) equal to the difference between the aggregate Fair Market Value of the Shares deemed to have been acquired through the exercise minus the aggregate Exercise Price and related taxes.

COMBINATION EXERCISE: If you elect this alternative, you will be deemed to have simultaneously exercised the NSO and to have sold a number of those Shares with a Fair Market Value equal to the aggregate Exercise Price and related taxes. When the transaction is complete, the balance of the Shares subject to the portion of the NSO you exercised will be transferred to you.

EXERCISE AND HOLD: If you elect this alternative, you must pay the full Exercise Price plus related taxes (in cash, a cash equivalent or in Shares having a Fair Market Value equal to the Exercise Price and which you have owned for at least six months before the exercise date). When the transaction is complete, you will receive the number of Shares purchased.

If you do not elect one of these methods, the Company will apply the Cashless Exercise and Sell method described above.

4. GENERAL TERMS AND CONDITIONS

(a) **YOU MAY FORFEIT YOUR NSO IF YOU TERMINATE**. Normally, you may exercise your NSO after it vests and before the Expiration Date. However, your NSO may be cancelled earlier than the Expiration Date if you Terminate. For purposes of this Award Agreement, "Terminate" (or any form thereof) means cessation of the employee-employer relationship between you and the Company and all Affiliates and Subsidiaries for any reason.

(i) If you are Terminated for Cause, the portion of your NSO that has not been exercised will be forfeited (whether or not then vested) on the date you Terminate; or

(ii) If you die or you Terminate due to your Disability (as defined below), your NSO will become fully vested and expire on the Expiration Date. For purposes of this Award Agreement, "Disability" means your inability to perform your normal duties for a period of at least six months due to a physical or mental infirmity; or

(iii) If you Terminate after reaching either (A) age 55 and completing at least 10 years of employment with the Company, its Affiliates and/or its Subsidiaries or (B) age 62 regardless of your years of service, your NSO will become fully vested and expire on the Expiration Date; or

(iv) If you Terminate for any other reason, the unvested portion of your NSO will be forfeited immediately and the vested portion of your NSO will expire on the earlier of the Expiration Date or 90 days after you Terminate.

Note, it is your responsibility to keep track of when your NSO expires.

(b) **YOU WILL FORFEIT YOUR NSO IF YOU ENGAGE IN CONDUCT THAT IS HARMFUL TO THE COMPANY (OR ANY AFFILIATE OR SUBSIDIARY)**. You will forfeit your NSO and must return to the Company all Shares and other amounts you have received through the Plan if, without the Company's written consent, you do any of the following within 180 days before and 730 days after you Terminate:

(i) You serve (or agree to serve) as an officer, director, manager, consultant or employee of any proprietorship, partnership, corporation or other entity or become the owner of a business or a member of a partnership, limited liability company or other

entity that competes with any portion of the Company's (or any Affiliate's or Subsidiary's) business with which you have been involved any time within five years before your Termination or render any service (including, without limitation, advertising or business consulting) to entities that compete with any portion of the Company's (or any Affiliate's or Subsidiary's) business with which you have been involved any time within five years before your Termination;

(ii) You refuse or fail to consult with, supply information to or otherwise cooperate with the Company or any Affiliate or Subsidiary after having been requested to do so;

(iii) You deliberately engage in any action that the Company concludes has caused substantial harm to the interests of the Company or any Affiliate or Subsidiary;

(iv) On your own behalf or on behalf of any other person, partnership, association, corporation, limited liability company or other entity, you solicit or in any manner attempt to influence or induce any employee of the Company or any Affiliate or Subsidiary to leave the Company's or any Affiliate's or Subsidiary's employment or use or disclose to any person, partnership, association, corporation, limited liability company or other entity any information obtained while an employee of the Company or any Affiliate or Subsidiary concerning the names and addresses of the Company's or any Affiliate's or Subsidiary's employees;

(v) You disclose confidential and proprietary information relating to the Company's or any Affiliate's or Subsidiary's business affairs ("Trade Secrets"), including technical information, product information and formulae, processes, business and marketing plans, strategies, customer information and other information concerning the Company's or any Affiliate's or Subsidiary's products, promotions, development, financing, expansion plans, business policies and practices, salaries and benefits and other forms of information considered by the Company or any Affiliate or Subsidiary to be proprietary and confidential and in the nature of Trade Secrets;

(vi) You fail to return all property (other than personal property), including keys, notes, memoranda, writings, lists, files, reports, customer lists, correspondence, tapes, disks, cards, surveys, maps, logs, machines, technical data, formulae or any other tangible property or document and any and all copies, duplicates or reproductions that you have produced or received or have otherwise been submitted to you in the course of your employment with the Company or any Affiliate or Subsidiary; or

(vii) You engaged in conduct that the Committee reasonably concludes would have given rise to a Termination for Cause had it been discovered before you Terminated.

(c) **CHANGE IN CONTROL**. Normally, your NSO will vest only in the circumstances described in Sections 2(a) and 4(a) of this Award Agreement. However, if there is a Change in Control, your NSO may vest earlier. You should read the Plan carefully to ensure that you understand how this may happen.

(d) **AMENDMENT AND TERMINATION**. Subject to the terms of the Plan, the Company may amend or terminate this Award Agreement or the Plan at any time.

(e) **RIGHTS BEFORE YOUR NSO IS EXERCISED**. You may not vote, or receive any dividends associated with, the Shares underlying your NSO before your NSO is exercised with respect to such Shares.

(f) **BENEFICIARY DESIGNATION**. You may name a beneficiary or beneficiaries to receive or to exercise the vested portion of your NSO that is unexercised when you die. This may be done only on the attached Beneficiary Designation Form and by following the rules described in that Form. The Beneficiary Designation Form need not be completed now and is not required as a condition of receiving your Award. If you die without completing a Beneficiary Designation Form or if you do not complete that Form correctly, your beneficiary will be your surviving spouse or, if you do not have a surviving spouse, your estate.

(g) **TRANSFERRING YOUR NSO**. Normally your NSO may not be transferred to another person. However, you may complete a Beneficiary Designation Form to name the person who may exercise your NSO if you die before the Expiration Date. Also, the Committee may allow you to place your NSO into a trust established for your benefit or for the benefit of your family. Contact [Third Party Administrator] at [TPA Telephone Number] or at the address given above if you are interested in doing this.

(h) **GOVERNING LAW**. This Award Agreement shall be governed by the laws of the State of Ohio, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

(i) **OTHER AGREEMENTS**. Your NSO will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement.

(j) **ADJUSTMENTS TO YOUR NSO**. Subject to the terms of the Plan, your NSO will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of Shares underlying your NSO and the Exercise Price will be adjusted to reflect a stock split).

(k) **OTHER TERMS AND CONDITIONS**. Your NSO is subject to more rules described in the Plan. You should read the Plan carefully to ensure you fully understand all the terms and conditions of the grant of the NSO made to you under this Award Agreement.

5. YOUR ACKNOWLEDGMENT OF AWARD CONDITIONS

By signing below, you acknowledge and agree that:

(a) A copy of the Plan has been made available to you;

(b) You understand and accept the terms and conditions of your NSO;

(c) You will consent (on your own behalf and on behalf of your beneficiaries and transferees and without any further consideration) to any necessary change to your NSO or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the Code, even if those changes affect the terms of your NSO and reduce its value or potential value; and

(d) You must return a signed copy of this Award Agreement to the address given above before [Date 30 Days After Grant Date].

Mark R. Baker

BY: /s/ Mark R. Baker
Date signed: 10/30/08

THE SCOTTS MIRACLE-GRO COMPANY

BY: /s/ Denise S. Stump
[Name of Company representative]
[Title of Company representative]
Date signed: 10/20/08

THE SCOTTS MIRACLE-GRO COMPANY
AMENDED AND RESTATED
2006 LONG-TERM INCENTIVE PLAN

NONQUALIFIED STOCK OPTION EXERCISE NOTICE
FOR NONQUALIFIED STOCK OPTION GRANTED
TO MARK R. BAKER ON OCTOBER 8, 2008

Additional copies of this Nonqualified Stock Option Exercise Notice ("Exercise Notice") (and any further information you may need about this Exercise Notice or exercising your NSO) are available from [Third Party Administrator] at the address given below.

By completing this Exercise Notice and returning it to [Third Party Administrator] at the address given below, I elect to exercise all or a portion of the NSO and to purchase the Shares described below. Capitalized terms not defined in this Exercise Notice have the same meanings as in the Plan and applicable Award Agreement.

NOTE: You must complete a separate Exercise Notice for each NSO being exercised (e.g., if you are simultaneously exercising an NSO to purchase 200 Shares granted on January 1, 2008 and an NSO to purchase 100 Shares granted on January 1, 2009 under a separate award agreement, you must complete two Exercise Notices, one for each NSO being exercised).

NSO TO BE EXERCISED AND SHARES TO BE PURCHASED: This Exercise Notice relates to the following NSO and number of Shares (*fill in the blanks*):

Grant Date of NSO: October 8, 2008

Number of Shares Being Purchased: _____

EXERCISE PRICE: The aggregate Exercise Price due is $_____.

NOTE: *This amount must equal the product of* ***[Exercise Price]*** *multiplied by the number of Shares being purchased.*

PAYMENT OF EXERCISE PRICE: I have decided to pay the Exercise Price and any related taxes by (*check one)*:

NOTE: *These methods are described in the applicable Award Agreement.*

___ Cashless Exercise and Sell.

___ Combination Exercise.

___ Exercise and Hold.

NOTE:

- If you select the Exercise and Hold method, you must follow the procedures described in the Award Agreement to pay the Exercise Price and the taxes related to this exercise. You should contact [Third Party Administrator] at the address given below to find out the amount of taxes due.
- If you select either the Cashless Exercise and Sell method or the Combination Exercise method, you should contact [Third Party Administrator] at the address given below to be sure you understand how your choice of payment will affect the number of Shares you will receive.

YOUR ACKNOWLEDGMENT

By signing below, you acknowledge and agree that:

- You fully understand the effect (including the investment effect) of exercising your NSO and buying Shares and understand that there is no guarantee that the value of these Shares will appreciate or will not depreciate;
- This Exercise Notice will have no effect if it is not returned to [Third Party Administrator] at the address given below before the NSO expires, as specified in the Award Agreement under which the NSO was granted; and
- The Shares you are buying by completing and returning this Exercise Notice will be issued to you as soon as administratively practicable. You will not have any rights as a shareholder of the Company until the Shares are issued.

Mark R. Baker

_____

(signature)

Date signed: _____

A signed copy of this Exercise Notice must be received at the following address no later than the date the NSO expires, as specified in the Award Agreement under which the NSO was granted:

[Third Party Administrator]
Attention: [TPA Contact's Name]
[TPA Contact's Address]

[TPA Telephone Number]

*****

ACKNOWLEDGEMENT OF RECEIPT

A signed copy of the Nonqualified Stock Option Exercise Notice was received on:

_____.

Mark R. Baker:

___ Has effectively exercised the portion of the NSO described in this Exercise Notice; or

___ Has not effectively exercised the portion of the NSO described in this Exercise Notice because:

_____
describe deficiency

The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee

By: _____

Date: _____

Note: Keep a copy of this Exercise Notice as part of the Plan's permanent records.

THE SCOTTS MIRACLE-GRO COMPANY
AMENDED AND RESTATED
2006 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK AWARD AGREEMENT FOR EMPLOYEES

RESTRICTED STOCK GRANTED
TO [Grantee's Name] ON [Grant Date]

The Scotts Miracle-Gro Company ("Company") believes that its business interests are best served by ensuring that you have an opportunity to share in the Company's business success. To this end, the Company adopted The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan ("Plan") through which key employees, like you, may acquire (or share in the appreciation of) common shares, without par value, of the Company ("Shares"). Capitalized terms that are not defined in this Award Agreement have the same meanings as in the Plan.

This Award Agreement describes the type of Award that you have been granted and the terms and conditions of your Award. To ensure you fully understand these terms and conditions, you should:

- Read the Plan and this Award Agreement carefully; and

- Contact [Title] at [Telephone Number] if you have any questions about your Award. Or, you may send a written inquiry to the address shown below:

The Scotts Miracle-Gro Company
Attention: [Title]
14111 Scottslawn Road
Marysville, Ohio 43041

Also, no later than [Date 30 Days After Grant Date], you must return a signed copy of this Award Agreement to:

[Third Party Administrator]
Attention: [TPA Contact's Name]
[TPA Contact's Address]

[TPA Telephone Number]

The Company intends that this Award not be considered to provide for "deferred compensation" under Section 409A of the Code and that this Award Agreement be so administered and construed. You agree that the Company may modify this Award Agreement, without any further consideration, to fulfill this intent, even if those modifications change the terms of your Award and reduce its value or potential value.

1. DESCRIPTION OF YOUR RESTRICTED STOCK

You have been granted [Number of Common Shares] Shares of Restricted Stock, subject to the terms and conditions of the Plan and this Award Agreement. Until the Period of Restriction (as described below) lapses, your Restricted Stock will be subject to a risk of forfeiture and you may not sell or transfer your Shares of Restricted Stock. Your Restricted Stock will be held in escrow until it is distributed or forfeited, as described below.

2. PERIOD OF RESTRICTION

Subject to the terms of the Plan and this Award Agreement (including Section 3), the restrictions imposed on your Restricted Stock normally will lapse if you are actively employed by the Company or any Subsidiary or Affiliate on [Third Anniversary of Grant Date] (the "Vesting Date"). If all applicable terms and conditions have been satisfied, your Restricted Stock will be released from escrow and distributed to you as soon as administratively practicable, but no later than 60 days, after the Vesting Date.

3. GENERAL TERMS AND CONDITIONS

(a) **YOU MAY FORFEIT YOUR RESTRICTED STOCK IF YOU TERMINATE.** Normally, your Restricted Stock will be settled on the Vesting Date. However, the Shares of Restricted Stock may be forfeited if you Terminate before the Vesting Date. For purposes of this Award Agreement, "Terminate" (or any form thereof) means cessation of the employee-employer relationship between you and the Company and all Affiliates and Subsidiaries for any reason.

(i) If your employment Terminates due to your death or Disability (as defined below), the restrictions imposed on your unvested Shares of Restricted Stock will lapse immediately and such shares of Restricted Stock will be settled as soon as administratively practicable, but no later than 60 days, after your death or your date of Termination, as applicable. For purposes of this Award Agreement, "Disability" means your inability to perform your normal duties for a period of at least six months due to a physical or mental infirmity.

(ii) If your employment Terminates for any reason other than due to your death or Disability before the Vesting Date, your unvested Shares of Restricted Stock will be forfeited.

(b) **YOU WILL FORFEIT YOUR RESTRICTED STOCK IF YOU ENGAGE IN CONDUCT THAT IS HARMFUL TO THE COMPANY (OR ANY AFFILIATE OR SUBSIDIARY).** You will forfeit any outstanding Restricted Stock and must return to the Company all Shares and other amounts you have received through the Plan if, without the Company's written consent, you do any of the following within 180 days before and 730 days after you Terminate:

(i) You serve (or agree to serve) as an officer, director, consultant, manager or employee of any proprietorship, partnership, corporation or other entity or become the

owner of a business or a member of a partnership, limited liability company or other entity that competes with any portion of the Company's (or any Affiliate's or Subsidiary's) business with which you have been involved any time within five years before your Termination or render any service (including, without limitation, advertising or business consulting) to entities that compete with any portion of the Company's (or any Affiliate's or Subsidiary's) business with which you have been involved any time within five years before your Termination;

(ii) You refuse or fail to consult with, supply information to or otherwise cooperate with the Company or any Affiliate or Subsidiary after having been requested to do so;

(iii) You deliberately engage in any action that the Company concludes has caused substantial harm to the interests of the Company or any Affiliate or Subsidiary;

(iv) On your own behalf or on behalf of any other person, partnership, association, corporation, limited liability company or other entity, you solicit or in any manner attempt to influence or induce any employee of the Company or any Affiliate or Subsidiary to leave the Company's or any Affiliate's or Subsidiary's employment or use or disclose to any person, partnership, association, corporation, limited liability company or other entity any information obtained while an employee of the Company or any Affiliate or Subsidiary concerning the names and addresses of the Company's or any Affiliate's or Subsidiary's employees;

(v) You disclose confidential and proprietary information relating to the Company's or any Affiliate's or Subsidiary's business affairs ("Trade Secrets"), including technical information, product information and formulae, processes, business and marketing plans, strategies, customer information and other information concerning the Company's or any Affiliate's or Subsidiary's products, promotions, development, financing, expansion plans, business policies and practices, salaries and benefits and other forms of information considered by the Company or any Affiliate or Subsidiary to be proprietary and confidential and in the nature of Trade Secrets;

(vi) You fail to return all property (other than personal property), including keys, notes, memoranda, writings, lists, files, reports, customer lists, correspondence, tapes, disks, cards, surveys, maps, logs, machines, technical data, formulae or any other tangible property or document and any and all copies, duplicates or reproductions that you have produced or received or have otherwise been submitted to you in the course of your employment with the Company or any Affiliate or Subsidiary; or

(vii) You engaged in conduct that the Committee reasonably concludes would have given rise to a Termination for Cause had it been discovered before you Terminated.

(c) **CHANGE IN CONTROL.** Normally, your Restricted Stock will vest only under the circumstances described in Sections 2 and 3(a)(i) of this Award Agreement. However, if there is a Change in Control, your Restricted Stock may vest earlier. You should read the Plan carefully to ensure that you understand how this may happen.

(d) **AMENDMENT AND TERMINATION.** Subject to the terms of the Plan, the Company may amend or terminate this Award Agreement or the Plan at any time.

(e) **RIGHTS BEFORE YOUR RESTRICTED STOCK VESTS.** During the Period of Restriction (even though your Restricted Stock is held in escrow until it is settled or forfeited):

(i) You may exercise any voting rights associated with the Shares of Restricted Stock while it is held in escrow.

(ii) You will be entitled to receive any dividends paid with respect to the Shares of Restricted Stock, although these dividends will be held in escrow and subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid under this Award Agreement. A reasonable rate of interest, as determined by the Committee in its sole discretion, will be credited to you and held in escrow during the Period of Restriction with respect to any such cash dividends that are declared and paid during the period beginning on [Grant Date] and ending on the Vesting Date. At the end of the Period of Restriction, any such dividends and interest thereon will be distributed to you in accordance with Section 2 or 3 of this Award Agreement, as applicable, or forfeited, depending on whether or not you have met the conditions described in this Award Agreement and the Plan.

(f) **BENEFICIARY DESIGNATION.** You may name a beneficiary or beneficiaries to receive any Restricted Stock that is vested before you die but settled after you die. This may be done only on the attached Beneficiary Designation Form and by following the rules described in that Form. The Beneficiary Designation Form does not need to be completed now and is not required as a condition of receiving your Award. However, if you die without completing a Beneficiary Designation Form or if you do not complete that Form correctly, your beneficiary will be your surviving spouse or, if you do not have a surviving spouse, your estate.

(g) **TRANSFERRING YOUR RESTRICTED STOCK.** Normally your Restricted Stock may not be transferred to another person. However, as described in Section 3(f) of this Award Agreement, you may complete a Beneficiary Designation Form to name the person to receive any Restricted Stock that is vested before you die but settled after you die. Also, the Committee may allow you to place your Restricted Stock into a trust established for your benefit or the benefit of your family. Contact [Third Party Administrator] at [TPA Telephone Number] or at the address given above if you are interested in doing this.

(h) **GOVERNING LAW.** This Award Agreement shall be governed by the laws of the State of Ohio, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

(i) **OTHER AGREEMENTS.** Your Restricted Stock will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement.

(j) **ADJUSTMENTS TO YOUR RESTRICTED STOCK.** Subject to the terms of the Plan, your Restricted Stock will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of Shares underlying your Restricted Stock will be adjusted to reflect a stock split).

(k) **OTHER RULES.** Your Restricted Stock is subject to more rules described in the Plan. You should read the Plan carefully to ensure you fully understand all the terms and conditions of the grant of Restricted Stock under this Award Agreement.

4. YOUR ACKNOWLEDGMENT OF AWARD CONDITIONS

By signing below, you acknowledge and agree that:

(a) A copy of the Plan has been made available to you;

(b) You understand and accept the terms and conditions of your Award;

(c) You will consent (on your own behalf and on behalf of your beneficiaries and transferees and without any further consideration) to any necessary change to your Award or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the Code, even if those changes affect the terms of your Award and reduce its value or potential value; and

(d) You must return a signed copy of this Award Agreement to the address given above before [Date 30 Days After Grant Date].

[Grantee's Name]

By: _____

Date signed: _____

THE SCOTTS MIRACLE-GRO COMPANY

By: _____

[Name of Company Representative]
[Title of Company Representative]
Date signed: _____

THE SCOTTS MIRACLE-GRO COMPANY
AMENDED AND RESTATED
2006 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK AWARD AGREEMENT FOR EMPLOYEES

RESTRICTED STOCK GRANTED
TO DR. MICHAEL KELTY ON OCTOBER 8, 2008

The Scotts Miracle-Gro Company ("Company") believes that its business interests are best served by ensuring that you have an opportunity to share in the Company's business success. To this end, the Company adopted The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan ("Plan") through which key employees, like you, may acquire (or share in the appreciation of) common shares, without par value, of the Company ("Shares"). Capitalized terms that are not defined in this Award Agreement have the same meanings as in the Plan.

This Award Agreement describes the type of Award that you have been granted and the terms and conditions of your Award. To ensure you fully understand these terms and conditions, you should:

- Read the Plan and this Award Agreement carefully; and

- Contact [Title] at [Telephone Number] if you have any questions about your Award. Or, you may send a written inquiry to the address shown below:

The Scotts Miracle-Gro Company
Attention: [Title]
14111 Scottslawn Road
Marysville, Ohio 43041

Also, no later than [Date 30 Days After Grant Date], you must return a signed copy of this Award Agreement to:

[Third Party Administrator]
Attention: [TPA Contact's Name]
[TPA Contact's Address]

[TPA Telephone Number]

The Company intends that this Award not be considered to provide for "deferred compensation" under Section 409A of the Code and that this Award Agreement be so administered and construed. You agree that the Company may modify this Award Agreement, without any further consideration, to fulfill this intent, even if those modifications change the terms of your Award and reduce its value or potential value.

1. DESCRIPTION OF YOUR RESTRICTED STOCK

You have been granted 5,000 Shares of Restricted Stock, subject to the terms and conditions of the Plan and this Award Agreement. Until the Period of Restriction (as described below) lapses, your Restricted Stock will be subject to a risk of forfeiture and you may not sell or transfer your Shares of Restricted Stock. Your Restricted Stock will be held in escrow until it is distributed or forfeited, as described below.

2. PERIOD OF RESTRICTION

Subject to the terms of the Plan and this Award Agreement (including Section 3), the restrictions imposed on your Restricted Stock normally will lapse if you are actively employed by the Company or any Subsidiary or Affiliate on September 30, 2009 (the "Vesting Date"). If all applicable terms and conditions have been satisfied, your Restricted Stock will be released from escrow and distributed to you as soon as administratively practicable, but no later than 60 days, after the Vesting Date.

3. GENERAL TERMS AND CONDITIONS

(a) **YOU MAY FORFEIT YOUR RESTRICTED STOCK IF YOU TERMINATE.** Normally, your Restricted Stock will be settled on the Vesting Date. However, the Shares of Restricted Stock may be forfeited if you Terminate before the Vesting Date. For purposes of this Award Agreement, "Terminate" (or any form thereof) means cessation of the employee-employer relationship between you and the Company and all Affiliates and Subsidiaries for any reason.

(i) If your employment Terminates due to your death or Disability (as defined below), the restrictions imposed on your unvested Shares of Restricted Stock will lapse immediately and such shares of Restricted Stock will be settled as soon as administratively practicable, but no later than 60 days, after your death or your date of Termination, as applicable. For purposes of this Award Agreement, "Disability" means your inability to perform your normal duties for a period of at least six months due to a physical or mental infirmity.

(ii) If your employment Terminates for any reason other than due to your death or Disability before the Vesting Date, your unvested Shares of Restricted Stock will be forfeited.

(b) **YOU WILL FORFEIT YOUR RESTRICTED STOCK IF YOU ENGAGE IN CONDUCT THAT IS HARMFUL TO THE COMPANY (OR ANY AFFILIATE OR SUBSIDIARY).** You will forfeit any outstanding Restricted Stock and must return to the Company all Shares and other amounts you have received through the Plan if, without the Company's written consent, you do any of the following within 180 days before and 730 days after you Terminate:

(i) You serve (or agree to serve) as an officer, director, consultant, manager or employee of any proprietorship, partnership, corporation or other entity or become the

owner of a business or a member of a partnership, limited liability company or other entity that competes with any portion of the Company's (or any Affiliate's or Subsidiary's) business with which you have been involved any time within five years before your Termination or render any service (including, without limitation, advertising or business consulting) to entities that compete with any portion of the Company's (or any Affiliate's or Subsidiary's) business with which you have been involved any time within five years before your Termination;

(ii) You refuse or fail to consult with, supply information to or otherwise cooperate with the Company or any Affiliate or Subsidiary after having been requested to do so;

(iii) You deliberately engage in any action that the Company concludes has caused substantial harm to the interests of the Company or any Affiliate or Subsidiary;

(iv) On your own behalf or on behalf of any other person, partnership, association, corporation, limited liability company or other entity, you solicit or in any manner attempt to influence or induce any employee of the Company or any Affiliate or Subsidiary to leave the Company's or any Affiliate's or Subsidiary's employment or use or disclose to any person, partnership, association, corporation, limited liability company or other entity any information obtained while an employee of the Company or any Affiliate or Subsidiary concerning the names and addresses of the Company's or any Affiliate's or Subsidiary's employees;

(v) You disclose confidential and proprietary information relating to the Company's or any Affiliate's or Subsidiary's business affairs ("Trade Secrets"), including technical information, product information and formulae, processes, business and marketing plans, strategies, customer information and other information concerning the Company's or any Affiliate's or Subsidiary's products, promotions, development, financing, expansion plans, business policies and practices, salaries and benefits and other forms of information considered by the Company or any Affiliate or Subsidiary to be proprietary and confidential and in the nature of Trade Secrets;

(vi) You fail to return all property (other than personal property), including keys, notes, memoranda, writings, lists, files, reports, customer lists, correspondence, tapes, disks, cards, surveys, maps, logs, machines, technical data, formulae or any other tangible property or document and any and all copies, duplicates or reproductions that you have produced or received or have otherwise been submitted to you in the course of your employment with the Company or any Affiliate or Subsidiary; or

(vii) You engaged in conduct that the Committee reasonably concludes would have given rise to a Termination for Cause had it been discovered before you Terminated.

(c) **CHANGE IN CONTROL.** Normally, your Restricted Stock will vest only under the circumstances described in Sections 2 and 3(a)(i) of this Award Agreement. However, if there is a Change in Control, your Restricted Stock may vest earlier. You should read the Plan carefully to ensure that you understand how this may happen.

(d) **AMENDMENT AND TERMINATION.** Subject to the terms of the Plan, the Company may amend or terminate this Award Agreement or the Plan at any time.

(e) **RIGHTS BEFORE YOUR RESTRICTED STOCK VESTS.** During the Period of Restriction (even though your Restricted Stock is held in escrow until it is settled or forfeited):

(i) You may exercise any voting rights associated with the Shares of Restricted Stock while it is held in escrow.

(ii) You will be entitled to receive any dividends paid with respect to the Shares of Restricted Stock, although these dividends will be held in escrow and subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid under this Award Agreement. A reasonable rate of interest, as determined by the Committee in its sole discretion, will be credited to you and held in escrow during the Period of Restriction with respect to any such cash dividends that are declared and paid during the period beginning on October 8, 2008 and ending on the Vesting Date. At the end of the Period of Restriction, any such dividends and interest thereon will be distributed to you in accordance with Section 2 or 3 of this Award Agreement, as applicable, or forfeited, depending on whether or not you have met the conditions described in this Award Agreement and the Plan.

(f) **BENEFICIARY DESIGNATION.** You may name a beneficiary or beneficiaries to receive any Restricted Stock that is vested before you die but settled after you die. This may be done only on the attached Beneficiary Designation Form and by following the rules described in that Form. The Beneficiary Designation Form does not need to be completed now and is not required as a condition of receiving your Award. However, if you die without completing a Beneficiary Designation Form or if you do not complete that Form correctly, your beneficiary will be your surviving spouse or, if you do not have a surviving spouse, your estate.

(g) **TRANSFERRING YOUR RESTRICTED STOCK.** Normally your Restricted Stock may not be transferred to another person. However, as described in Section 3(f) of this Award Agreement, you may complete a Beneficiary Designation Form to name the person to receive any Restricted Stock that is vested before you die but settled after you die. Also, the Committee may allow you to place your Restricted Stock into a trust established for your benefit or the benefit of your family. Contact [Third Party Administrator] at [TPA Telephone Number] or at the address given above if you are interested in doing this.

(h) **GOVERNING LAW.** This Award Agreement shall be governed by the laws of the State of Ohio, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

(i) **OTHER AGREEMENTS.** Your Restricted Stock will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement.

(j) **ADJUSTMENTS TO YOUR RESTRICTED STOCK.** Subject to the terms of the Plan, your Restricted Stock will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of Shares underlying your Restricted Stock will be adjusted to reflect a stock split).

(k) **OTHER RULES.** Your Restricted Stock is subject to more rules described in the Plan. You should read the Plan carefully to ensure you fully understand all the terms and conditions of the grant of Restricted Stock under this Award Agreement.

4. YOUR ACKNOWLEDGMENT OF AWARD CONDITIONS

By signing below, you acknowledge and agree that:

(a) A copy of the Plan has been made available to you;

(b) You understand and accept the terms and conditions of your Award;

(c) You will consent (on your own behalf and on behalf of your beneficiaries and transferees and without any further consideration) to any necessary change to your Award or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the Code, even if those changes affect the terms of your Award and reduce its value or potential value; and

(d) You must return a signed copy of this Award Agreement to the address given above before [Date 30 Days After Grant Date].

DR. MICHAEL KELTY

By: /s/ Michael Kelty

Date signed: 11/21/08

THE SCOTTS MIRACLE-GRO COMPANY

By: /s/ Denise S. Stump

[Name of Company Representative]
[Title of Company Representative]
Date signed: 10/20/08

THE SCOTTS MIRACLE-GRO COMPANY
AMENDED AND RESTATED
2006 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK AWARD AGREEMENT FOR EMPLOYEES

RESTRICTED STOCK GRANTED
TO MARK R. BAKER ON OCTOBER 1, 2008

The Scotts Miracle-Gro Company ("Company") believes that its business interests are best served by ensuring that you have an opportunity to share in the Company's business success. To this end, the Company adopted The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan ("Plan") through which key employees, like you, may acquire (or share in the appreciation of) common shares, without par value, of the Company ("Shares"). Capitalized terms that are not defined in this Award Agreement have the same meanings as in the Plan.

This Award Agreement describes the type of Award that you have been granted and the terms and conditions of your Award. To ensure you fully understand these terms and conditions, you should:

- Read the Plan and this Award Agreement carefully; and

- Contact [Title] at [Telephone Number] if you have any questions about your Award. Or, you may send a written inquiry to the address shown below:

The Scotts Miracle-Gro Company
Attention: [Title]
14111 Scottslawn Road
Marysville, Ohio 43041

Also, no later than October 31, 2008, you must return a signed copy of this Award Agreement to:

[Third Party Administrator]
Attention: [TPA Contact's Name]
[TPA Contact's Address]

[TPA Telephone Number]

The Company intends that this Award not be considered to provide for "deferred compensation" under Section 409A of the Code and that this Award Agreement be so administered and construed. You agree that the Company may modify this Award Agreement, without any further consideration, to fulfill this intent, even if those modifications change the terms of your Award and reduce its value or potential value.

1. DESCRIPTION OF YOUR RESTRICTED STOCK

You have been granted 36,000 Shares of Restricted Stock, subject to the terms and conditions of the Plan and this Award Agreement. Until the Period of Restriction (as described below) lapses, your Restricted Stock will be subject to a risk of forfeiture and you may not sell or transfer your Shares of Restricted Stock. Your Restricted Stock will be held in escrow until it is distributed or forfeited, as described below.

2. PERIOD OF RESTRICTION

Subject to the terms of the Plan and this Award Agreement (including Section 3), the restrictions imposed on your Restricted Stock normally will lapse and the Restricted Stock will vest with respect to:

(a) 12,000 Shares if you are actively employed by the Company or any Subsidiary or Affiliate on September 30, 2009;

(b) 12,000 Shares if you are actively employed by the Company or any Subsidiary or Affiliate on September 30, 2010; and

(c) 12,000 Shares if you are actively employed by the Company or any Subsidiary or Affiliate on September 30, 2011.

If all applicable terms and conditions have been satisfied, your Restricted Stock will be released from escrow and distributed to you as soon as administratively practicable, but no later than 60 days, after the applicable vesting date (as described above).

3. GENERAL TERMS AND CONDITIONS

(a) **YOU MAY FORFEIT YOUR RESTRICTED STOCK IF YOU TERMINATE.** Normally, your Restricted Stock will be settled on the applicable vesting date described in Section 2 of this Award Agreement. However, all or a portion of the Shares of Restricted Stock may be forfeited if you Terminate before September 30, 2011. For purposes of this Award Agreement, "Terminate" (or any form thereof) means cessation of the employee-employer relationship between you and the Company and all Affiliates and Subsidiaries for any reason.

(i) If you die or Terminate due to your Disability (as defined in the Employment Agreement, effective as of October 1, 2008, by and between you and The Scotts Company LLC (the "Employment Agreement")) before September 30, 2011, the restrictions imposed on your unvested Shares of Restricted Stock will lapse immediately and such Shares of Restricted Stock will be settled as soon as administratively practicable, but no later than 60 days, after your death or your date of Termination, as applicable; or

(ii) If your employment is Terminated without Cause (as defined in the Employment Agreement) or by you for Good Reason (as defined in the Employment Agreement), in each case, before September 30, 2011, the restrictions imposed on your

unvested Shares of Restricted Stock will lapse immediately and such Shares of Restricted Stock will be settled as soon as administratively practicable, but no later than 60 days, after your date of Termination; or

(iii) If your employment Terminates for any reason not described in subsection (i) or (ii) of this Section 3.3(a) before September 30, 2011, your unvested Shares of Restricted Stock will be forfeited.

(b) **YOU MAY FORFEIT YOUR RESTRICTED STOCK IF YOU ENGAGE IN CONDUCT THAT IS HARMFUL TO THE COMPANY (OR ANY AFFILIATE OR SUBSIDIARY).** You will forfeit any outstanding Restricted Stock and must return to the Company all Shares and other amounts you have received through the Plan if, without the Company's written consent, you do any of the following within 180 days before and 730 days after you Terminate:

(i) You serve (or agree to serve) as an officer, director, consultant, manager or employee of any proprietorship, partnership, corporation or other entity or become the owner of a business or a member of a partnership, limited liability company or other entity that competes with any portion of the Company's (or any Affiliate's or Subsidiary's) business with which you have been involved any time within five years before your Termination or render any service (including, without limitation, advertising or business consulting) to entities that compete with any portion of the Company's (or any Affiliate's or Subsidiary's) business with which you have been involved any time within five years before your Termination;

(ii) You refuse or fail to consult with, supply information to or otherwise cooperate with the Company or any Affiliate or Subsidiary after having been requested to do so;

(iii) You deliberately engage in any action that the Company concludes has caused substantial harm to the interests of the Company or any Affiliate or Subsidiary;

(iv) On your own behalf or on behalf of any other person, partnership, association, corporation, limited liability company or other entity, you solicit or in any manner attempt to influence or induce any employee of the Company or any Affiliate or Subsidiary to leave the Company's or any Affiliate's or Subsidiary's employment or use or disclose to any person, partnership, association, corporation, limited liability company or other entity any information obtained while an employee of the Company or any Affiliate or Subsidiary concerning the names and addresses of the Company's or any Affiliate's or Subsidiary's employees;

(v) You disclose confidential and proprietary information relating to the Company's or any Affiliate's or Subsidiary's business affairs ("Trade Secrets"), including technical information, product information and formulae, processes, business and marketing plans, strategies, customer information and other information concerning the Company's or any Affiliate's or Subsidiary's products, promotions, development, financing, expansion plans, business policies and practices, salaries and benefits and

other forms of information considered by the Company or any Affiliate or Subsidiary to be proprietary and confidential and in the nature of Trade Secrets;

(vi) You fail to return all property (other than personal property), including keys, notes, memoranda, writings, lists, files, reports, customer lists, correspondence, tapes, disks, cards, surveys, maps, logs, machines, technical data, formulae or any other tangible property or document and any and all copies, duplicates or reproductions that you have produced or received or have otherwise been submitted to you in the course of your employment with the Company or any Affiliate or Subsidiary; or

(vii) You engaged in conduct that the Committee reasonably concludes would have given rise to a Termination for Cause had it been discovered before you Terminated.

(c) **CHANGE IN CONTROL.** Normally, your Restricted Stock will vest only under the circumstances described in Sections 2, 3.3(a)(i) and 3.3(a)(ii) of this Award Agreement. However, if there is a Change in Control, your Restricted Stock will vest as described in Section 17.1(c) of the Plan. The parties agree that the Committee shall not consider or apply the terms and conditions set forth in Section 17.2 of the Plan to your Restricted Stock.

(d) **AMENDMENT AND TERMINATION.** Subject to the terms of the Plan, the Company may amend or terminate this Award Agreement or the Plan at any time.

(e) **RIGHTS BEFORE YOUR RESTRICTED STOCK VESTS.** During the Period of Restriction (even though your Restricted Stock is held in escrow until it is settled or forfeited):

(i) You may exercise any voting rights associated with the Shares of Restricted Stock while it is held in escrow.

(ii) You will be entitled to receive any dividends paid with respect to the Shares of Restricted Stock, although these dividends will be held in escrow and subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid under this Award Agreement. A reasonable rate of interest, as determined by the Committee in its sole discretion, will be credited to you and held in escrow during the Period of Restriction with respect to any such cash dividends that are declared and paid during the period beginning on October 1, 2008 and ending on the applicable vesting date of the Shares of Restricted Stock with respect to which they were paid under this Award Agreement. At the end of the Period of Restriction, any such dividends and interest thereon will be distributed to you in accordance with Section 2 or 3 of this Award Agreement, as applicable, or forfeited, depending on whether or not you have met the conditions described in this Award Agreement and the Plan.

(f) **BENEFICIARY DESIGNATION.** You may name a beneficiary or beneficiaries to receive any Restricted Stock that is vested before you die but settled after you die. This may be done only on the attached Beneficiary Designation Form and by following the rules described in that Form. The Beneficiary Designation Form does not need to be completed now and is not required as a condition of receiving your Award. However, if you die without completing a Beneficiary Designation Form or if you do not complete that Form correctly, your

beneficiary will be your surviving spouse or, if you do not have a surviving spouse, your estate.

(g) **TRANSFERRING YOUR RESTRICTED STOCK.** Normally your Restricted Stock may not be transferred to another person. However, as described in Section 3(f), you may complete a Beneficiary Designation Form to name the person to receive any Restricted Stock that is vested before you die but settled after you die. Also, the Committee may allow you to place your Restricted Stock into a trust established for your benefit or the benefit of your family. Contact [Third Party Administrator] at [TPA Telephone Number] or at the address given above if you are interested in doing this.

(h) **GOVERNING LAW.** This Award Agreement shall be governed by the laws of the State of Ohio, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

(i) **OTHER AGREEMENTS.** Your Restricted Stock will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement.

(j) **ADJUSTMENTS TO YOUR RESTRICTED STOCK.** Subject to the terms of the Plan, your Restricted Stock will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of Shares underlying your Restricted Stock will be adjusted to reflect a stock split).

(k) **OTHER RULES.** Your Restricted Stock is subject to more rules described in the Plan. You should read the Plan carefully to ensure you fully understand all the terms and conditions of the grant of Restricted Stock under this Award Agreement.

4. YOUR ACKNOWLEDGMENT OF AWARD CONDITIONS

By signing below, you acknowledge and agree that:

(a) A copy of the Plan has been made available to you;

(b) You understand and accept the terms and conditions of your Award;

(c) You will consent (on your own behalf and on behalf of your beneficiaries and transferees and without any further consideration) to any necessary change to your Award or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the Code, even if those changes affect the terms of your Award and reduce its value or potential value; and

(d) You must return a signed copy of this Award Agreement to the address given above by October 31, 2008.

Mark R. Baker

By: /s/ Mark R. Baker

Date signed: 10/30/08

THE SCOTTS MIRACLE-GRO COMPANY

By: /s/ Denise S. Stump

[Name of Company Representative]
[Title of Company Representative]
Date signed: 10/20/08

AMENDMENT TO
THE SCOTTS MIRACLE-GRO COMPANY
DISCOUNTED STOCK PURCHASE PLAN

WHEREAS, The Scotts Miracle-Gro Company, an Ohio corporation (the "Company"), maintains The Scotts Miracle-Gro Company Discounted Stock Purchase Plan (the "Plan"), as amended and restated effective January 26, 2006;

WHEREAS, subject to certain limitations, Section 9.01 of the Plan provides that the Company's Board of Directors (the "Board") may amend the Plan at any time;

WHEREAS, the Board desires to amend the Plan to make certain administrative changes thereto; and

WHEREAS, the Board desires to amend the Plan to provide that, in addition to the Board, the Compensation and Organization Committee of the Board, to whom the Board has delegated responsibility for administering the Plan in the former's capacity as the "Committee" as that term is defined in Section 2.00 of the Plan, has the authority to terminate, suspend or amend the Plan at any time, subject to the same limitations as currently apply to the Board under Section 9.01 of the Plan.

NOW, THEREFORE, the Plan is hereby amended, effective as of November 6 2008, as follows:

1. The title of Section 6.03 of the Plan is hereby amended by deleting in its entirety the phrase "Delivery of Shares" and replacing such phrase with "Issuance and Transfer of Shares".

2. Section 6.03[1] is hereby deleted and replaced in its entirety with the following:

[1] At or as promptly as practicable after the end of each Offering Period, the Company will issue or transfer the shares of Stock purchased by a Participant during that Offering Period to the custodian for transfer into that Participant's Custodial Account.

3. Subsections [2] through [3] of Section 7.02 are hereby deleted and replaced in their entirety with the following:

[2] Shares of Stock held in Custodial Accounts that are to be distributed to a former Participant will be distributed **[a]** in one or more certificates for whole shares issued in the name of and delivered to the Participant or **[b]** pursuant to such other method(s) permitted by applicable laws, rules and regulations, as determined by the Committee in its sole discretion.

[3] Custodial Accounts that are to be transferred to a broker-dealer or financial institution that maintains an account for the Participant will be

transferred in one or more certificates for whole shares or by such other method(s) permitted by applicable laws, rules and regulations, as determined by the Committee in its sole discretion, and cash in lieu of fractional shares will be paid directly to the former Participant as determined under Section 7.02[1].

4. Section 9.01 is hereby deleted and replaced in its entirety with the following:

9.01 Amendment, Modification, Termination of Plan. The Plan will automatically terminate after all available shares of Stock have been sold. Also, the Board or the Committee (provided that the Committee is comprised solely of members of the Board) may terminate, suspend or amend the Plan at any time without shareholder approval except to the extent that shareholder approval is required to satisfy applicable requirements imposed by **[1]** Rule 16b-3 under the Act, or any successor rule or regulation, **[2]** applicable requirements of the Code or **[3]** any securities exchange, market or other quotation system on or through which the Company's securities are listed or traded. Also, no Plan amendment may **[4]** result in the loss of a Committee member's status as a "non-employee director" 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, **[5]** cause the Plan to fail to meet requirements imposed by Rule 16b-3 under the Act or **[6]** without the consent of the affected Participant, adversely affect any Purchase Right issued before the amendment. However, nothing in this Section 9.01 will restrict the Committee's right to exercise the discretion retained in Section 4.00.

5. The third sentence of Section 10.08 is hereby amended by adding the phrase ", if any," after the phrase "Certificates for shares of Stock delivered under the Plan".

6. Capitalized terms that are not defined in this Amendment have the same meanings as in the Plan.

THE SCOTTS MIRACLE-GRO COMPANY

By: /s/ Denise S. Stump
Name: Denise S. Stump
Title: Executive Vice President, Global Human Resources

EXHIBIT 10.17

Execution Copy

Employment Agreement for
Mark R. Baker

The Scotts Company LLC

Contents

The Scotts Company LLC
Employment Agreement for

This EMPLOYMENT AGREEMENT is made, entered into, and is effective as of this first day of October 2008 (herein referred to as the "Effective Date"), by and between The Scotts Company LLC ("Company"), an Ohio limited liability company, and Mark R. Baker ("Executive").

WHEREAS, the Company and the Executive intend that the Executive shall serve Scotts and the Company as President and Chief Operating Officer.

WHEREAS, the Executive possesses considerable experience and an intimate knowledge of the business, and, as such, the Executive has demonstrated unique qualifications to act in an executive capacity for the Company, Scotts or any of their affiliates.

WHEREAS, the Company is desirous of assuring the employment of the Executive in the above stated capacity, and the Executive is desirous of such assurance.

WHEREAS, the Company and Executive desire to enter into an agreement embodying the terms of such employment.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements of the parties set forth in this Agreement, and of other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

Article 1. Term of Employment

Subject to the Executive completing and passing the Company's standard prehire screening process, including a background check and drug and nicotine screen, the Company hereby agrees to employ the Executive and the Executive agrees to serve the Company, Scotts and their affiliates in accordance with the terms and conditions set forth herein, for an initial period of three (3) years commencing as of the Effective Date; subject, however, to earlier termination as expressly provided herein. If the Executive does not complete and pass the Company's standard prehire screening process and commence employment with the Company on the Effective Date, this Agreement shall become null and void.

The initial three (3) year period of employment shall be extended for one (1) additional year at the end of the initial three (3) year term and then again after each successive year thereafter. However, either party may terminate this Agreement at the end of the initial three (3) year term, or at the end of any successive one (1) year term thereafter, by delivering to the other party written notice of its intent not to renew at least by the first day of April prior to the end of such initial three (3) year term or successive one year term.

In the event such notice of intent not to renew is properly delivered, this Agreement automatically shall expire at the end of the initial three (3) year term or successive term then in progress.

Notwithstanding the foregoing, if at any time during the initial three (3) year term of the Agreement or any successive term, a Change in Control occurs, then the term of this Agreement shall be the later of the remainder of the initial three (3) year term or two years beyond the month in which the effective date of such Change in Control occurs.

Article 2. Definitions

2.1 **"Agreement"** means this Employment Agreement for Mark R. Baker.

2.2 **"Annual Bonus Award"** means the annual bonus to be paid to the Executive in accordance with the terms of the annual bonus program(s) maintained by the Company, Scotts or any of their affiliates in which the Executive is a participant.

2.3 **"Award Period"** means the performance period applicable to Long-Term Incentive Awards granted under the relevant Company long-term incentive plan.

2.4 **"Base Salary"** means the salary of record paid to the Executive as annual salary, pursuant to Section 5.1, excluding all other amounts received, including under incentive or other bonus plans, whether or not deferred.

2.5 **"Beneficiary"** means the individuals or entities designated or deemed designated by the Executive pursuant to Section 11.6 herein.

2.6 **"Board"** or **"Board of Directors"** means the Board of Directors of Scotts.

2.7 **"Cause"** means the Executive's:

(a) Continued failure to substantially perform his duties with the Company, Scotts or any of their affiliates after a written demand for substantial performance is delivered to the Executive that specifically identifies the manner in which the Company believes that the Executive has failed to substantially perform his duties, and after the Executive has failed to resume substantial performance of his duties on a continuous basis within thirty (30) calendar days of receiving such demand; or

(b) Conviction of a felony; or

(c) Engagement in illegal conduct, a material act of dishonesty, a material violation of Scotts' policies or other similar conduct, that in the Company's sole discretion, which shall be exercised in good faith, is injurious to the Company, Scotts or any of their affiliates; or

(d) Material breach of any provision of this Agreement; provided, however, that the Executive's willful and material breach of Article 4 shall not constitute "Cause" unless the Executive has first been provided with written notice detailing such breach and a thirty (30) calendar day period to cure such breach; or

(e) Material breach of Scotts' code of business conduct or ethics as determined in good faith by the Company; or

(f) Violation of Scotts' insider-trading policies as determined in good faith by the Company; or

(g) Material breach of his fiduciary duties to the Company, Scotts or any of their affiliates as determined in good faith by the Company.

For purposes of determining Cause, no act or omission by the Executive shall be considered "willful" unless it is done or omitted in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act or failure to act based upon: (i) authority given pursuant to a resolution duly adopted by the Board; or (ii) advice of counsel for the Company, shall be conclusively presumed to be done or omitted to be done by the Executive in good faith and in the best interests of the Company.

2.8 "Change in Control" means the occurrence of any of the following events after the Effective Date of this Agreement:

(a) Any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) other than Scotts, subsidiaries of Scotts, an employee benefit plan sponsored by Scotts, or Hagedorn Partnership, L.P. or its successor or any party related to Hagedorn Partnership, L.P. (as determined by the Board of Directors) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than thirty percent (30%) of the combined voting stock of Scotts;

(b) The shareholders of Scotts adopt or approve a definitive agreement or series of related agreements for the merger or other business consolidation with another person, the agreement(s) become effective and, immediately after giving effect to the merger or consolidation, (i) less than fifty percent (50%) of the total voting power of the outstanding voting stock of the surviving or resulting person is then "beneficially owned" (within the meaning of Rule l3d-3 under the Exchange Act) in the aggregate by (x) the shareholders of Scotts immediately prior to such merger or consolidation, or (y) if a record date has been set to determine the shareholders of Scotts entitled to vote with respect to such merger or consolidation, the shareholders of Scotts as of such record date and (ii) any "person" or "group" (as defined in Section 13(d)(3) and 14(d)(2) of the Exchange Act) has become the direct or indirect "beneficial owner" (as defined in Rule l3d-3 under the Exchange Act) of more than fifty percent (50%) of the voting power of the voting stock of the surviving or resulting person;

(c) Scotts, either individually or in conjunction with one or more of its subsidiaries, sells, assigns, conveys, transfers, leases or otherwise disposes of, or the subsidiaries sell, assign, convey, transfer, lease or otherwise dispose of, all or substantially all of the properties and assets of Scotts and the subsidiaries, taken as a whole (either in one transaction or a series of related transactions), to any person (other than Scotts or a wholly owned subsidiary);

(d) For any reason, Hagedorn Partnership, L.P. or its successor or any party related to Hagedorn Partnership, L.P. (as determined by the Board of Directors) becomes the beneficial owner, as defined above, directly or indirectly, of securities of Scotts representing more than forty-nine percent (49%) of the combined voting power of Scotts' then-outstanding voting securities; or

(e) The adoption or authorization by the shareholders of Scotts of a plan providing for the liquidation or dissolution of Scotts.

2.9 **"Code"** means the U.S. Internal Revenue Code of 1986, as amended from time to time. For purposes of this Agreement, references to sections of the Code shall be deemed to include references to any applicable regulations thereunder and any successor or similar provision.

2.10 **"Committee"** means the Compensation and Organization Committee of the Board or a subcommittee thereof, or any other committee designated by the Board to take any actions referenced in this Agreement. The members of the Committee shall be appointed from time to time by and shall serve at the discretion of the Board. If the Committee does not exist or cannot function for any reason, the Board may take any action under this Agreement that would otherwise be the responsibility of the Committee.

2.11 **"Company"** means The Scotts Company LLC, an Ohio corporation, or any successor company thereto as provided in Section 8.1 herein.

2.12 **"Director"** means any individual who is a member of the Board of Directors of Scotts.

2.13 **"Disability"** or **"Disabled"** means for all purposes of this Agreement, a consecutive period of ninety (90) calendar days during which the Executive is unable to perform his duties.

2.14 **"Effective Date"** means October 1, 2008.

2.15 **"Effective Date of Termination"** means the date on which a termination of the Executive's employment occurs. For purposes of this Agreement, references to a "termination of employment" or any form thereof shall mean a "separation from service" as defined under Section 409A of the Code.

2.16 **"Executive"** means Mark R. Baker.

2.17 **"Good Reason"** means, without the Executive's consent, the existence of one or more of the following conditions:

(a) A material diminution in the Executive's Base Salary;

(b) A material diminution in the Executive's authority, duties, or responsibilities;

(c) A material diminution in the authority, duties, or responsibilities of the supervisor to whom the Executive is required to report;

(d) A material diminution in the budget over which the Executive retains authority;

(e) A material change in the geographic location at which the Executive must perform services; or

(f) Any other action or inaction that constitutes a material breach by the Company of this Agreement (including under Section 8.1).

Notwithstanding the foregoing, (i) an event described in this Section 2.17 shall constitute Good Reason only if the Company fails to cure such event within thirty (30) days after receipt from the Executive of written notice of the event which constitutes Good Reason and (ii) Good Reason shall cease to exist for an event on the ninetieth (90th) day following the later of its occurrence or the Executive's knowledge thereof, unless the Executive has given the Company written notice of such event prior to such date.

2.18 "Long-Term Incentive Award" means the Long-Term Incentive Award to be paid to the Executive in accordance with the Company's long-term incentive plan as described in Section 5.3 herein.

2.19 "Notice of Termination" means a written notice which shall indicate the specific termination provision in this Agreement relied upon, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provisions so indicated.

2.20 "Prorated Annual Bonus Award" means, for any fiscal year, the Annual Bonus Award that the Executive would have received had the Executive remained employed for the entire fiscal year/performance period, but prorated based on the actual Base Salary paid to the Executive during such fiscal year for services rendered through the Effective Date of Termination.

2.21 "Prorated Target Annual Bonus Award" means, for any fiscal year, the amount of money determined by multiplying the Executive's bonus target percentage with respect to his Annual Bonus Award by the actual Base Salary paid to the Executive during such fiscal year for services rendered through the Effective Date of Termination. For example, if the Executive's Base Salary is $100,000.00, but only $40,000.00 of the Base Salary was earned for services rendered during the fiscal year through the Effective Date of Termination, and the Executive's bonus target percentage with respect to his Annual Bonus Award is 25%, then the Executive's Prorated Target Annual Bonus Award is $10,000.00.

2.22 "Scotts" means The Scotts Miracle-Gro Company, an Ohio corporation.

2.23 "Specified Executive" means a "specified employee" within the meaning of Treasury Regulation §1.409A-1(i) and as determined under the Company's policy for determining specified employees.

2.24 "Target Annual Bonus Award" means, for any fiscal year, the amount of money determined by multiplying the Executive's bonus target percentage with respect to his Annual Bonus Award by the Executive's then Base Salary. For example, if the

Executive's Base Salary is $100,000.00 and the Executive's bonus target percentage with respect to his Annual Bonus Award is 25%, then the Executive's Target Annual Bonus Award is $25,000.00.

Article 3. Position and Responsibilities

During the term of this Agreement, the Executive agrees to serve as President and Chief Operating Officer of the Company and Scotts. In this capacity, the Executive shall report directly either to the Chief Executive Officer of the Company and Scotts, or, in the event that the Chief Executive Officer is unable to direct the Executive's employment due to incapacity,employment suspension or employment separation, then the Executive shall report to the Board, and shall perform the duties and responsibilities normally associated with such positions and such other duties and responsibilities as the Chief Executive Officer or the Board may assign him during the term of this Agreement.

Article 4. Standard of Care

During the term of this Agreement, the Executive agrees to devote his full time, attention, and energies to the Company's business and shall not be engaged in any other business activity, whether or not such business activity is pursued for gain, profit, or other pecuniary advantage unless such business activity is approved in writing by the Board or Committee, provided, however, that board positions with nonprofit or philanthropic organizations which do not interfere with the Executive's performance of his duties and responsibilities shall not require Board or Committee approval. The Executive covenants, warrants, and represents that he shall:

(a) Devote his full and best efforts to the fulfillment of his employment obligations; and

(b) Adhere to Scotts' code of business conduct or ethics as determined by the Board, the Committee or the Company and exercise the highest standards of conduct in the performance of his duties.

Article 5. Compensation

As remuneration for all services to be rendered by the Executive during the term of this Agreement, and as consideration for complying with the covenants herein, the Company shall pay and provide to the Executive the following.

5.1 Base Salary. The Company shall pay the Executive a Base Salary in the amount of $900,000 per year. This Base Salary shall be paid to the Executive in equal installments throughout the year, consistent with the normal payroll practices of the Company. The Base Salary shall be reviewed at least annually following the Effective Date of this Agreement, while this Agreement is in force, to ascertain whether, in the judgment of the Committee, such Base Salary should be modified. If modified, the Base Salary as stated above shall, likewise, be modified for all purposes of this Agreement.

5.2 Annual Bonus. The Executive shall be eligible to receive, in addition to his Base Salary, an Annual Bonus Award. The amount of the Annual Bonus Award, if any, with respect to any fiscal year shall be based upon performance targets and award levels determined by the Committee in its sole discretion, in accordance with the applicable annual bonus program(s) as in effect from time to

time. Notwithstanding the foregoing, for the initial three-year term of this Agreement, the amount of the Target Annual Bonus Award shall not be less than 75% of Base Salary.

5.3 Long-Term Incentives. The Executive shall be eligible to receive, in addition to his Base Salary and Annual Bonus Award, a Long-Term Incentive Award for services rendered during an Award Period established by the Committee. The amount of the Long-Term Incentive Award, if any, with respect to any Award Period shall be based upon award levels determined by the Committee in its sole discretion, in accordance with the Company's or Scotts' long-term incentive compensation plan, as the case may be, as in effect for executives from time to time. Notwithstanding the foregoing, the target value for the aggregate Long Term Incentive Awards granted during the initial three-year term of this Agreement shall not be less than approximately seven million two hundred thousand dollars ($7,200,000). The first award shall be granted during the first year of the Executive's employment and shall have a target value on the date of grant of approximately one million two hundred thousand dollars ($1,200,000). This first award shall vest prior to the expiration of the initial three term of this Agreement. The second award shall be granted during the second year of the Executive's employment and shall have a target value on the date of grant of approximately two million seven hundred thousand dollars ($2,700,000). The third award shall be granted during the third year of the Executive's employment with a target value on the date of grant of approximately three million three hundred thousand dollars ($3,300,000). Such long term incentive awards shall be granted and shall vest in accordance with the grant and vesting schedule established for awards to senior executives of the Company. The values set forth in this paragraph 5.3 shall be based upon the valuation methodology approved by the Committee for awards to senior executives of the Company. For purposes of determining retirement eligibility under the long term incentive plans, the Executive's years of service on the Board shall be counted together with his years of service as an employee of the Company or Scotts toward any service requirement related to retirement eligibility.

5.4 Retirement Benefits. During the term of this Agreement, and as otherwise provided within the provisions of each of the respective plans, the Company shall provide to the Executive all retirement benefits to which other executives and employees of the Company are entitled to receive, subject to the eligibility requirements and other provisions of such arrangements as applicable to executives of the Company generally.

5.5 Employee Benefits. During the term of this Agreement, and as otherwise provided within the provisions of each of the respective plans, the Company shall provide to the Executive all benefits to which other executives and employees of the Company are entitled to receive, subject to the eligibility requirements and other provisions of such arrangements as applicable to executives of the Company generally. Such benefits shall include, but shall not be limited to, life insurance, comprehensive health and major medical insurance, dental insurance, prescription drug insurance, vision insurance, and short-term and long-term disability. The Executive shall likewise participate in any additional benefit as may be established during the term of this Agreement, by standard written policy of the Company.

5.6 Perquisites. The Company shall provide to the Executive on an annual basis an automobile allowance of fourteen thousand dollars ($14,000.00). This allowance shall be paid to the Executive in equal installments throughout the year, consistent with the normal payroll practices of the Company. Additionally, the Company shall provide to the Executive on an annual basis either (a) a four thousand dollar ($4,000.00) amount to be used in lieu of the provision of personal financial planning, or (b) personal financial planning up to a cost or value of such amount. The value of such

services or such amount will be added to the Executive's taxable income. The Company shall further provide to the Executive on an annual basis a reimbursement of up to six thousand dollar ($6,000) expended by the Executive to defray the cost of an executive physical examination at a Mayo Clinic location or comparable medical facility. The value of such reimbursement will be added to the Executive's taxable income. Some or all of such value or amount of the benefits described in this Section 5.6 may be tax deductible by the Executive, but the Company makes no tax representation relating thereto.

5.7 Personal Use of Company Aircraft. During the initial year of the three year term of this Agreement, the Executive shall be permitted to purchase the use of the Company's aircraft for personal use for up to 50 hours (including both occupied and ferry hours incurred as a direct result of the Executive's request) at a price equal to the Company's direct operating cost per hour for the aircraft used, subject to the policies and practices of the Company as in effect from time to time regarding use of Company's aircraft. After the initial year of this Agreement, the Committee shall review this arrangement and it shall have sole discretion to approve or reject this arrangement or any arrangement for the Executive to purchase the use of the Company's aircraft. Notwithstanding the foregoing, the Executive shall be permitted reasonable use of the Company's aircraft from October 1, 2008 through April 1, 2009 not to exceed one round trip for the Executive per week, for purposes of travel between the Executive's personal residence in either White Bear Lake, Minnesota or West Palm Beach, Florida and a work location of the Company or Scotts and such usage shall not reduce the number of hours of airplane usage permitted under the first sentence of this Section 5.7.

5.8 Transition Bonus and Restricted Stock Award. Provided that the Executive commences employment on the Effective Date, (a) as soon as reasonably practicable following the Effective Date, and no later than October 30, 2008, the Company shall make a cash payment to the Executive in the amount of eight hundred fifty thousand dollars ($850,000), less applicable taxes and (b) on October 1, 2008, the Company shall grant an award of thirty-six thousand (36,000) restricted common shares of Scotts to the Executive. Such restricted common shares shall be subject to and governed by the terms and conditions of the relevant award agreement and the applicable long term incentive plan. The restricted common shares shall be granted in an award agreement substantially similar to the agreement attached hereto as Exhibit B.

5.9 Relocation Allowance. Provided that the Executive commences employment on the Effective Date, and in lieu of the Company's standard relocation package, and to neutralize the financial impact on the Executive of relocating the Executive's personal residence from White Bear Lake, Minnesota to the vicinity of Marysville, Ohio, including the actual or potential costs associated with moving costs, real estate commissions, loss on the sale of the Executive's personal residence and other related economic costs to the Executive, the Company shall pay to the Executive a lump sum payment of five hundred thousand dollars ($500,000), minus applicable federal, state and local taxes, as soon as reasonably practicable following the Effective Date. The Company shall make no additional payments of any sort to neutralize the financial impact on the Executive of relocating.

Article 6. Expenses

Upon presentation of appropriate documentation, the Company shall pay, or reimburse the Executive, for all ordinary and necessary expenses, in a reasonable amount, which the Executive incurs in performing his duties under this Agreement including, but not limited to, travel, entertainment, professional dues and subscriptions, and all dues, fees, and expenses associated with

membership in various professional, business, and civic associations and societies in which the Executive's participation is in the best interest of the Company, in accordance with Company policy.

Article 7. Employment Terminations

7.1 Termination Due to Death. In the event of the Executive's death during the term of this Agreement, this Agreement shall terminate effective immediately and the Company's obligations under this Agreement shall immediately expire.

Notwithstanding the foregoing, the Company shall be obligated to pay to the Executive the following:

(a) Base Salary through the Effective Date of Termination within thirty (30) days following such Effective Date of Termination;

(b) Subject to the Executive's estate signing and not revoking a release of claims satisfactory to the Company (a "Release") within sixty (60) days following the Effective Date of Termination, the Prorated Target Annual Bonus Award. Such amount shall be paid no later than seventy (70) days following the Effective Date of Termination; and

(c) All other rights and benefits the Executive is vested in, pursuant to other plans and programs of the Company. Such rights and benefits shall be paid or provided, as applicable, in accordance with the terms of the applicable plan or program.

The Company and the Executive thereafter shall have no further obligations under this Agreement.

7.2 Termination Due to Disability. Subject to any applicable legal requirement, in the event that the Executive becomes Disabled during the term of this Agreement, the Company shall have the right to terminate the Executive's active employment by giving the Executive notice of such termination. Upon the Effective Date of Termination, the Company's obligations under this Agreement shall immediately expire.

Notwithstanding the foregoing, the Company shall be obligated to pay to the Executive the following:

(a) Base Salary through the Effective Date of Termination (subject to an offset for any disability payments that the Executive receives during this period) within thirty (30) days following such Effective Date of Termination;

(b) Subject to the Executive signing and not revoking a Release within sixty (60) days following the Effective Date of Termination, the Prorated Target Annual Bonus Award. Such amount shall be paid no later than seventy (70) days following the Effective Date of Termination; and

(c) All other rights and benefits the Executive is vested in, pursuant to other plans and programs of the Company. Such rights and benefits shall be paid or provided, as applicable, in accordance with the terms of the applicable plan or program.

With the exception of the covenants referenced in Article 10 (which survive the termination of the Executive's employment), after the payments and execution of the Release, the Company and the Executive shall have no further obligations under this Agreement.

7.3 Voluntary Termination by the Executive. The Executive may terminate this Agreement at any time by giving the Company written notice of his intent to terminate, delivered at least sixty (60) calendar days prior to the Effective Date of Termination; provided, however, that the Company may waive all or a portion of such sixty (60) day notice period. If the Company waives all or a portion of such sixty (60) day notice period, this Agreement shall not continue for the full sixty (60) day notice period but shall terminate upon the Executive's "separation from service" as defined under Section 409A of the Code, which date shall be the Effective Date of Termination.

Upon the Effective Date of Termination, the Company shall pay the Executive (a) his accrued and unpaid Base Salary at the rate then in effect, through the Effective Date of Termination within thirty (30) days following such Effective Date of Termination, plus (b) all other benefits to which the Executive has a vested right as of the Effective Date of Termination pursuant to the terms and conditions of the applicable plans and programs of the Company. With the exception of the covenants referenced in Article 10 (which survive the termination of the Executive's employment), the Company and the Executive shall have no further obligations under this Agreement.

7.4 Termination by the Company without Cause or by the Executive with Good Reason unrelated to a Change in Control. At all times during the term of this Agreement, the Company may terminate the Executive's employment for reasons other than death, Disability, or for Cause, by providing to the Executive a Notice of Termination, at least sixty (60) calendar days prior to the Effective Date of Termination. Such Notice of Termination shall be irrevocable absent express written, mutual consent of the parties. Additionally, the Executive may terminate employment with the Company for Good Reason by providing the Company with a Notice of Termination for Good Reason. The Notice of Termination must set forth in reasonable detail the facts and circumstances claimed to provide a basis for such Good Reason termination.

Upon the Effective Date of Termination, the Executive shall be entitled to:

(a) An amount equal to the Executive's accrued and unpaid Base Salary through the Effective Date of Termination within thirty (30) days following such Effective Date of Termination.

Subject to the Executive signing and not revoking a Release within sixty (60) days following the Effective Date of Termination:

(i) A lump sum payment equal to three (3) times the sum of the Executive's Base Salary, at the rate in effect on the Effective Date of Termination, and the average actual Annual Bonus Award(s) paid to the Executive for the last three completed fiscal years prior to the Effective Date of Termination (or, if less, the number of completed fiscal years prior to the Effective Date of Termination). If the Effective Date of Termination occurs prior to October 1, 2009, the bonus amount shall equal six hundred seventy-five thousand dollars ($675,000) for purposes of this Section 7.4(b)(i);

(ii) A lump sum payment equal to the Prorated Annual Bonus Award; and

(iii) A lump sum payment equal to the product of (A) the then current cost of one (1) month's premiums for COBRA continuation coverage under the medical and dental insurance plans in which the Executive and his dependents were participating on the Effective Date of Termination (assuming the same coverage level as in effect as of the Effective Date of Termination), and (B) twelve (12).

Except as otherwise required by Section 7.8, the lump sum payments described in this Section 7.4(b) (i) and (iii) shall be made by the Company no later than seventy (70) days following the Effective Date of Termination and the lump sum payment described in this Section 7.4(b) (ii) shall be made no later than the fifteenth (15th) day of the third (3rd) month following the end of the fiscal year in which the Effective Date of Termination occurs. The Company shall provide the Release to the Executive on or shortly after the Effective Date of Termination, and the Executive shall execute the Release during the time period permitted by applicable law.

(c) All other benefits to which the Executive has a vested right as of the Effective Date of Termination, according to the provisions of the governing plan or program. Such rights and benefits shall be paid or provided, as applicable, in accordance with the terms of the applicable plan or program.

With the exception of the covenants referenced in Article 10 (which survive the termination of the Executive's employment), after the payments and execution of the Release, the Company and the Executive shall have no further obligations under this Agreement. The parties agree that no additional severance (including the vesting and/or settlement of equity-based compensation awards) will be negotiated in connection with the Executive's termination of employment under this Agreement.

7.5 Termination for Cause. Nothing in this Agreement shall be construed to prevent the Company from terminating the Executive's employment under this Agreement for Cause.

In the event this Agreement is terminated by the Company for Cause, the Company shall pay the Executive his Base Salary through the Effective Date of Termination within thirty (30) days following such Effective Date of Termination, and the Executive shall immediately thereafter forfeit all rights and benefits (other than vested benefits) he would otherwise have been entitled to receive under this Agreement. With the exception of the covenants referenced in Article 10 (which survive the termination of the Executive's employment), the Company and the Executive shall have no further obligations under this Agreement.

7.6 Subsequent to a Change in Control, Termination by the Company without Cause or by the Executive with Good Reason. If within two (2) years following a Change in Control, the Company terminates the Executive's employment for any reason other than death, Disability, or Cause or the Executive terminates employment for Good Reason, the Company shall pay and provide to the Executive:

(a) An amount equal to the Executive's accrued and unpaid Base Salary through the Effective Date of Termination within thirty (30) days following such Effective Date of Termination.

(b) Subject to the Executive signing and not revoking a Release within sixty (60) days following the Effective Date of Termination:

(i) A lump sum payment equal to two (2) times the Executive's Base Salary at the rate in effect on the Effective Date of Termination;

(ii) A lump sum payment equal to two (2) times the Target Annual Bonus Award;

(iii) A lump sum payment that is equal to the Prorated Target Annual Bonus Award; and

(iv) A lump sum payment equal to the product of (A) the then current cost of one (1) month's premiums for COBRA continuation coverage under the medical and dental insurance plans in which the Executive and his dependents were participating on the Effective Date of Termination (assuming the same coverage level as in effect as of the Effective Date of Termination), and (B) eighteen (18).

Except as otherwise required by Section 7.7, the lump sum payments described in this Section 7.6(b) shall be made by the Company within seventy (70) days following the Effective Date of Termination. The Company shall provide the Release to the Executive on or shortly after the Effective Date of Termination, and the Executive shall execute the Release during the time period permitted by applicable law.

(c) All other benefits (including any outstanding equity based compensation awards) to which the Executive has a vested right as of the Effective Date of Termination, according to the provisions of the governing plan or program. Such rights and benefits shall be paid or provided, as applicable, in accordance with the terms of the applicable plan or program.

With the exception of the covenants referenced in Article 10 (which survive the termination of the Executive's employment), after the payments and execution of the Release, the Company and the Executive shall have no further obligations under this Agreement. The parties agree that no additional severance (including the vesting and/or settlement of equity-based compensation awards) will be negotiated in connection with the Executive's termination of employment under this Agreement.

Notwithstanding any provision of this Agreement or any other agreement between the Executive and the Company or Scotts, in the event that the Executive is otherwise entitled to receive one or more amounts that are "parachute payments" within the meaning of section 280G of the Code (hereinafter "Parachute Amounts") under this Agreement or another arrangement with the Company or Scotts, such Parachute Amounts shall be reduced but only to the extent such reduction in Parachute Amounts increases the after-tax economic value of compensation realized by the Executive (taking into account all federal state and local taxes, including any excise taxes under section 4999 of the Code). Any reduction in amounts payable to the Executive pursuant to this paragraph shall be made such that the economic loss to the Executive as a result of such reduction is minimized. In applying this principle, the reduction shall be made in a manner consistent with the requirements of section 409A of the Code and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis

but not below zero. Calculation of Parachute Amount reductions pursuant to this paragraph, if any, shall be as determined by the Company's outside accountants.

7.7 **Required Postponement for Specified Executives.** If the Executive is considered a Specified Executive and payment of any amounts under this Agreement is required to be delayed for a period of six months after a separation from service pursuant to Section 409A of the Code, payment of such amounts shall be delayed as required by Section 409A of the Code, and the accumulated postponed amounts shall be paid in a lump sum payment within five (5) days after the end of the six (6) month period. If the Executive dies during the postponement period prior to the payment of such amounts, the amounts postponed on account of Section 409A of the Code shall be paid to the Executive's Beneficiary within sixty (60) days after the date of the Executive's death.

Article 8. Assignment

8.1 Assignment by the Company. This Agreement may and shall be assigned or transferred to, and shall be binding upon and shall inure to the benefit of any successor company. For the purposes of this Section 8.1, a "successor" shall include a purchaser of all of the equity of the Company or all or substantially all of the assets or business of the Company. Any such successor company shall be deemed substituted for all purposes of the "Company" under the terms of this Agreement.

Failure of the Company to obtain the agreement of any successor company to be bound by the terms of this Agreement prior to the effectiveness of any such succession shall be a material breach of this Agreement, and an event constituting Good Reason (as described in Section 2.17). Except as herein provided, this Agreement may not otherwise be assigned by the Company.

8.2 Assignment by the Executive. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If the Executive dies during the term of this Agreement, the Company's obligations to make payments or provide benefits are described entirely in Sections 7.1 and 7.7 and all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's Beneficiary.

Article 9. Notice

Any notices, requests, demands, or other communications provided by this Agreement shall be sufficient if in writing and if sent by registered or certified mail to the Executive at the last address he has filed in writing with the Company or, in the case of the Company, at its principal offices.

Article 10. Confidentiality, Noncompetition, and Nonsolicitation

This Agreement shall not supersede or nullify in any way the Employee Confidentiality, Noncompetition, Nonsolicitation Agreement to be executed by the Executive prior to Employment and, if applicable, on subsequent dates. The Employee Confidentiality, Noncompetition, Nonsolicitation Agreement shall remain in full force and effect and any requirements of such agreement shall be incorporated by reference into this Agreement. The provisions of this Article 10 shall survive the termination of this Agreement and the termination of the Executive's employment.

Article 11. Miscellaneous

11.1 Entire Agreement. Unless otherwise specified herein, this Agreement supersedes any prior agreements or understandings, oral or written, between the parties hereto or between the

Executive and the Company, with respect to the subject matter hereof and constitutes the entire agreement of the parties with respect thereto. Nothing in this Section 11.1 shall be construed, however, to supersede any prior award agreements between the parties under Scotts' equity-based incentive compensation plans.

11.2 Amendment or Modification. This Agreement shall not be varied, altered, modified, canceled, changed, or in any way amended except by mutual agreement of the parties in a written instrument executed by the parties hereto or their legal representatives. Notwithstanding the foregoing, the Company may amend the Agreement, with the written consent of the Executive which shall not be unreasonably withheld, to take effect retroactively or otherwise, as deemed necessary or advisable for the purpose of conforming the Agreement to any present or future law relating to agreements of this or similar nature (including, but not limited to, Section 409A of the Code), and to the administrative regulations and rulings promulgated thereunder. No provision of this Agreement shall be construed as a promise or commitment by the Company, Scotts or any of their respective affiliates to indemnify the Executive for a failure to comply with Section 409A of the Code.

11.3 Severability. In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect.

11.4 Counterparts. This Agreement may be executed in one (1) or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

11.5 Tax Withholding. The Company may withhold from any benefits payable under this Agreement all federal, state, city, or other taxes as may be required pursuant to any law or governmental regulation or ruling.

11.6 Beneficiaries. For the purposes of any payments or benefits due under Sections 7.1 and 7.7 of this Agreement, the Executive may designate one or more individuals or entities as the primary and/or contingent Beneficiaries of any amounts to be received. Such designation must be in the form of a signed writing acceptable to the Company. The Executive may make or change such designation at any time. An acceptable form is attached hereto as Exhibit A. If no Beneficiary is validly designated, then the benefits payable under this Agreement shall be paid to the Executive's surviving spouse or, if there is no surviving spouse, the Executive's estate.

11.7 Payment Obligation Absolute. All amounts payable by the Company hereunder shall be paid without notice or demand. Subject to the covenants set forth in Article 10 and the terms of any bonus, long-term incentive or other such plan or program, each and every payment made hereunder by the Company shall be final, and the Company shall not seek to recover all or any part of such payment from the Executive or from whomsoever may be entitled thereto, for any reasons whatsoever.

The restrictive covenants referenced in Article 10 are independent of any other contractual obligations in this Agreement or otherwise owed by the Company to the Executive. Except as provided in this Section 11.7, the existence of any claim or cause of action by the Executive against the Company, whether based on this Agreement or otherwise, shall not create a defense to the enforcement by the Company of any restrictive covenant contained herein.

11.8 Contractual Rights to Benefits. Subject to approval by the Company, this Agreement establishes and vests in the Executive a contractual right to the benefits to which he is entitled hereunder. However, nothing herein contained shall require or be deemed to require, or prohibit or be deemed to prohibit, the Company to segregate, earmark, or otherwise set aside any funds or other assets, in trust or otherwise, to provide for any payments to be made or required hereunder.

11.9 Specific Performance. The Executive acknowledges that the obligations undertaken by him pursuant to this Agreement are unique and that the Company will likely have no adequate remedy at law if the Executive shall fail to perform any of his obligations hereunder. The Executive therefore confirms that the Company's right to specific performance of the terms of this Agreement is essential to protect the rights and interests of the Company. Accordingly, in addition to any other remedies that the Company may have at law or in equity, the Company shall have the right to have all obligations, covenants, agreements, and other provisions of this Agreement specifically performed by the Executive and the Company shall have the right to obtain preliminary injunctive relief to secure specific performance and to prevent a breach or contemplated breach of this Agreement by the Executive.

11.10 Compliance with Section 409A. Notwithstanding any provision of this Agreement, this Agreement shall be construed and interpreted to comply with Section 409A of the Code and if necessary, any provision shall be held null and void to the extent such provision (or part thereof) fails to comply with Section 409A of the Code or regulations thereunder. For purposes of the limitations on nonqualified deferred compensation under Section 409A of the Code, each payment of compensation under the Agreement shall be treated as a separate payment of compensation for purposes of applying the Section 409A of the Code deferral election rules and the exclusion from Section 409A of the Code for certain short-term deferral amounts. Any amounts payable solely on account of an involuntary separation from service within the meaning of Section 409A of the Code shall be excludible from the requirements of Section 409A of the Code, either as involuntary separation pay or as short-term deferral amounts (*e.g.*, amounts payable under the schedule prior to March 15 of the calendar year following the calendar year of involuntary separation) to the maximum possible extent. Further, any reimbursements or in-kind benefits provided under the Agreement shall be made or provided in accordance with the requirements of Section 409A of the Code, including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during the period of time specified in the Agreement, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year, (iii) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred, and (iv) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

Article 12. Governing Law

To the extent not preempted by federal law, the provisions of this Agreement shall be construed and enforced in accordance with the laws of the state of Ohio, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Agreement to the substantive law of another jurisdiction.

Article 13. Indemnification

The Company hereby covenants and agrees to indemnify and hold harmless the Executive against and in respect to any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses, losses, and damages resulting from the Executive's performance of his duties and obligations under the terms of this Agreement; provided however, the Executive acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company

or its shareholders, and with respect to a criminal action or proceeding, the Executive had no reasonable cause to believe his conduct was unlawful.

Executive
/s/ Mark R. Baker
Mark R. Baker

Date: 9/9/08

The Scotts Company LLC
/s/ James Hagedorn
James Hagedorn, Chief Executive Officer

Date: 10 Sep 08

EXHIBIT A

THE SCOTTS COMPANY LLC

BENEFICIARY DESIGNATION FORM
RELATING TO CONTINGENT PAYMENTS UNDER THE EMPLOYMENT AGREEMENT
ENTERED INTO BETWEEN BY AND BETWEEN MARK R. BAKER
AND THE SCOTTS COMPANY LLC

1.00 INSTRUCTIONS FOR COMPLETING THIS BENEFICIARY DESIGNATION FORM

You may use this Beneficiary Designation Form to (1) name the person you want to receive any amount due under the Employment Agreement, effective October 1, , 2008, by and between you and The Scotts Company LLC ("Agreement") after your death or (2) change the person who will receive these benefits.

There are several things you should know before you complete this Beneficiary Designation Form.

FIRST, if you do not elect a beneficiary, any amount due to you under the Agreement when you die will be paid to your surviving spouse or, if you have no surviving spouse, to your estate.

SECOND, your election will not be effective (and will not be implemented) unless you complete all applicable portions of this Beneficiary Designation Form and return it with a signed copy of the Agreement to the legal department.

THIRD, all elections will remain in effect until they are changed (or until all death benefits are paid).

FOURTH, this beneficiary designation supersedes and revokes all other beneficiary designations with respect to payments under the Agreement.

2.00 DESIGNATION OF BENEFICIARY

2.01 PRIMARY BENEFICIARY:

I designate the following person as my Primary Beneficiary to receive any amount due after my death under the Agreement:

_____

(Name) (Relationship)

Address: _____

2.02 CONTINGENT BENEFICIARY

If my Primary Beneficiary dies before I die, I direct that any amount due after my death under the terms of the Agreement be distributed to:

_____

(Name) (Relationship)

Address: _____

Elections made on this Beneficiary Designation Form will be effective only after this Form is received by the legal department and only if it is fully and properly completed and signed.

NAME

Address:

Sign and attach this Beneficiary Designation Form to the Agreement.

Date _____ Signature _____

To be Completed by the Company:

Received on: _____

By: _____

EXHIBIT 10.18(b)

March 28, 2008

Monsanto Company
800 N. Lindbergh Blvd.
St. Louis, MO 63167
Attn: Carl M. Casale

Re: Renewal of EU Term of the Amended and Restated Exclusive Agency and Marketing Agreement dated as of September 30, 1998 between The Scotts Company LLC and Monsanto Company ("Agreement").

Dear Mr. Casale:

The second EU Term described in Section 10.2(a)(2) of the Agreement expires on September 30, 2008.

The parties have agreed to modify and amend the terms of the Agreement to extend the EU Term by three (3) years (plus up to two additional automatic renewal periods of two (2) years each) rather than the seven (7) years contemplated by Section 10.2(a)(2) of the Agreement.

Accordingly, the parties agree that Section 10.2(a)(2) of the Agreement is hereby amended and restated to read as follows:

"(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 three (3) years, unless otherwise prohibited herein; provided, that, in the event that the EU Term is mutually renewed for an additional three (3) years as contemplated by this Section 10.2(a)(2), then subsequent to such three (3) year period, the EU Term shall be automatically renewed for up to two additional two (2) year periods unless, (i) in the case of the first such automatic two (2) year renewal period, Monsanto has provided the Agent with notice not later than six (6) months preceding the date on which the three (3) year renewal period terminates, that there has been a Regional Performance Default in the UK and France occurring after September 30, 2008 (provided that for purposes of calculating the time period for a Regional Performance Default, the three or two Program Year period as set forth in Section 10.4(b)(5) may begin prior to September 30, 2008), or (ii) in the case of the second such automatic two (2) year renewal period, Monsanto has provided the Agent with notice not later than six (6) months preceding the date on which such initial additional two (2) year period terminates, that there has been a Regional Performance Default in the UK and France

occurring after September 30, 2011 (provided that for purposes of calculating the time period for a Regional Performance Default, the three or two Program Year period as set forth in Section 10.4(b)(5) may begin prior to September 30, 2011); and"

In consideration of the foregoing amendment to the Agreement, Scotts and Monsanto agree that the Business Unit responsible for the EU Countries and the Global Support Team shall develop a multi-year strategic plan (with appropriate balance of focus on the next program year vs. subsequent years) for the EU Countries, which plan should include an evaluation of reducing undesirable selling, general and administrative ("SG&A") costs, while also considering the potential mutual benefits of maintaining or increasing desirable SG&A costs. The applicable Business Unit and the Global Support Team will provide such plans to the appropriate members of senior management of Monsanto and Scotts, and the two parties will collectively work to review and refine such plans by June 30, 2008 for final approval in connection with the Annual Business Plan for the 2009 Program Year.

Pursuant to Section 10.2(a)(2), as amended hereby, Scotts and Monsanto hereby mutually agree to renew the EU Term for the three (3) years contemplated by Section 10.2(a)(2), as amended.

Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Agreement. Except as expressly set forth above, nothing herein shall limit or modify either the Agent's or Monsanto's rights under the Agreement, including without limitation Monsanto's right to terminate the Agreement pursuant to Section 10.4.

Please execute this letter agreement in the space provided below and return this letter agreement to me by overnight delivery to my attention and by fax to (937) 644-7136.

Sincerely,

THE SCOTTS COMPANY LLC

By: /s/ James Hagedorn
James Hagedorn
President and Chief Executive Officer

ACKNOWLEDGED AND AGREED

MONSANTO COMPANY

By: /s/ Carl M. Casale
Name: Carl M. Casale
Title: EVP, Strategy & Operations

cc: Ag Counsel
Ronald A. Robins, Jr.

EXHIBIT 21

SUBSIDIARIES OF THE SCOTTS MIRACLE-GRO COMPANY

Gutwein & Co., Inc., an Indiana corporation
Scotts Global Investments, Inc.
  Scotts Switzerland Holdings, SA
SMG Brands, Inc., a Delaware corporation
SMG Growing Media, Inc., an Ohio corporation
  Rod McLellan Company, a California corporation
SMGM LLC, an Ohio limited liability company
The Scotts Company LLC, an Ohio limited liability company
  EG Systems, Inc., dba Scotts LawnService, an Indiana corporation
  Hyponex Corporation, a Delaware corporation
  OMS Investments, Inc., a Delaware corporation
    Scotts Temecula Operations, LLC, a Delaware limited liability company
  Sanford Scientific, Inc., a New York corporation
  Scotts Global Services, Inc., an Ohio corporation
  Scotts Manufacturing Company, a Delaware corporation
    Miracle-Gro Lawn Products, Inc., a New York corporation
  Scotts Products Co., an Ohio corporation
    Scotts Servicios, S.A. de C.V. (Mexico)[1]
  Scotts Professional Products Co., an Ohio corporation
    Scotts Servicios, S.A. de C.V. (Mexico)[2]
  Scotts-Sierra Horticultural Products Company, a California corporation
    Scotts-Sierra Crop Protection Company, a California corporation
    Scotts-Sierra Investments, Inc., a Delaware corporation
      ASEF BV (Netherlands)
      Scotts Australia Pty Ltd. (Australia)
      Scotts Benelux BVBA (Belgium)[3]
      Scotts Canada Ltd. (Canada)
      Scotts Czech s.r.o. (Czech Republic)
      Scotts de Mexico SA de CV (Mexico)
      Scotts France Holdings SARL (France)
        Scotts France SARL (France)[4]
        Scotts France SAS (France)[5]
      Scotts Holding GmbH (Germany)
        Scotts Celaflor GmbH & Co. KG (Germany)
        Scotts Celaflor HGmbH (Austria)
      Scotts Holdings Limited (United Kingdom)
        Levington Group Ltd. (United Kingdom)
          The Scotts Company (UK) Ltd. (United Kingdom)

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1 Not wholly-owned, Scotts Professional Products Co. owns 50%

2 Not wholly-owned, Scotts Products Co. owns 50%

3 Not wholly-owned, OMS Investments, Inc. owns .01%

4 Not wholly-owned, Scotts Holdings Ltd. owns .01%

5 Not wholly-owned, Scotts France SARL owns .01%

The Scotts Company (Manufacturing) Ltd. (United Kingdom)
OM Scott International Investments Ltd. (United Kingdom)
Scotts International B.V. (Netherlands)
Scotts Deutschland GmbH (Germany)
Scott O.M. España, S.A. (Spain)
Scotts Italia S.r.l. (Italy)[6]
Scotts Horticulture Ltd. (Ireland)
Scotts Hungary KFT (Hungary)[7]
Scotts PBG Malaysia Sdn. Bhd. (Malaysia)
Scotts Poland Sp.z.o.o. (Poland)
Scotts Sweden AB (Sweden)
The Scotts Company (Nordic) A/S (Denmark)
The Scotts Company Italia S.r.l. (Italy)
The Scotts Company Kenya Ltd. (Kenya)
Turf-Seed Europe (Ireland)[8]
Smith & Hawken, Ltd., a Delaware corporation
Swiss Farms Products, Inc., a Delaware corporation

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6 Not wholly-owned, James Hagedorn owns .05%

7 Not wholly-owned, OMS Investments, Inc. owns 3%

8 Not wholly-owned, Owned 51% by Tempoverde, Srl.

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement No. 333-98239 on Form S-3 and Registration Statement Nos. 033-47073, 333-06061, 333-27561, 333-72715, 333-76697, 333-104490, 333-124503, 333-131466, 333-147397, 333-153925 and 333-154363 on Form S-8 of our reports dated November 25, 2008, relating to the financial statements and financial statement schedules of The Scotts Miracle—Gro Company (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the Company's adoption of Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* on September 30, 2007), and the effectiveness of The Scotts Miracle-Gro Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of The Scotts Miracle-Gro Company for the year ended September 30, 2008.

/s/ Deloitte & Touche LLP

Columbus, Ohio
November 25, 2008.

EXHIBIT 24

POWER OF ATTORNEY

The undersigned director of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2008, hereby constitutes and appoints James Hagedorn, David C. Evans and Vincent C. Brockman, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 5th day of November, 2008.

/s/ Mark R. Baker
Mark R. Baker

POWER OF ATTORNEY

The undersigned director of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2008, hereby constitutes and appoints James Hagedorn, David C. Evans and Vincent C. Brockman, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 5th day of November, 2008.

/s/ Arnold W. Donald
Arnold W. Donald

POWER OF ATTORNEY

The undersigned officer of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2008, hereby constitutes and appoints James Hagedorn and Vincent C. Brockman, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as he could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 18th day of November, 2008.

/s/ David C. Evans
David C. Evans

POWER OF ATTORNEY

The undersigned director of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2008, hereby constitutes and appoints James Hagedorn, David C. Evans and Vincent C. Brockman, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 5th day of November, 2008.

/s/ Joseph P. Flannery
Joseph P. Flannery

POWER OF ATTORNEY

The undersigned officer and director of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2008, hereby constitutes and appoints David C. Evans and Vincent C. Brockman, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 5th day of November, 2008.

/s/ James Hagedorn
James Hagedorn

POWER OF ATTORNEY

The undersigned director of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2008, hereby constitutes and appoints James Hagedorn, David C. Evans and Vincent C. Brockman, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 5th day of November, 2008.

/s/ Thomas N. Kelly Jr.
Thomas N. Kelly Jr.

POWER OF ATTORNEY

The undersigned director of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2008, hereby constitutes and appoints James Hagedorn, David C. Evans and Vincent C. Brockman, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 6th day of November, 2008.

/s/ Carl F. Kohrt, Ph.D.
Carl F. Kohrt, Ph.D.

POWER OF ATTORNEY

The undersigned director of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2008, hereby constitutes and appoints James Hagedorn, David C. Evans and Vincent C. Brockman, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 5th day of November, 2008.

/s/ Katherine Hagedorn Littlefield
Katherine Hagedorn Littlefield

POWER OF ATTORNEY

The undersigned director of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2008, hereby constitutes and appoints James Hagedorn, David C. Evans and Vincent C. Brockman, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 5th day of November, 2008.

/s/ Karen G. Mills
Karen G. Mills

POWER OF ATTORNEY

The undersigned director of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2008, hereby constitutes and appoints James Hagedorn, David C. Evans and Vincent C. Brockman, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 5th day of November, 2008.

/s/ Nancy G. Mistretta

Nancy G. Mistretta

POWER OF ATTORNEY

The undersigned director of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2008, hereby constitutes and appoints James Hagedorn, David C. Evans and Vincent C. Brockman, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 5th day of November, 2008.

/s/ Patrick J. Norton

Patrick J. Norton

POWER OF ATTORNEY

The undersigned director of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2008, hereby constitutes and appoints James Hagedorn, David C. Evans and Vincent C. Brockman, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 5th day of November, 2008.

/s/ Stephanie M. Shern

Stephanie M. Shern

POWER OF ATTORNEY

The undersigned director of The Scotts Miracle-Gro Company, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended September 30, 2008, hereby constitutes and appoints James Hagedorn, David C. Evans and Vincent C. Brockman, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for the undersigned, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, each in such form as they or any one of them may approve, and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, and grants unto each said attorney-in-fact and agent full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as the undersigned could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 5th day of November, 2008.

/s/ John S. Shiely

John S. Shiely

Rule 13a-14(a)/15d-14(a) Certification
(Principal Executive Officer)

I, James Hagedorn, certify that:

1. I have reviewed this Annual Report on Form 10-K of The Scotts Miracle-Gro Company for the fiscal year ended September 30, 2008;

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 25, 2008

By: /s/ James Hagedorn
Printed Name: James Hagedorn
Title: Chief Executive Officer and Chairman of the Board

Exhibit 31(b)

Rule 13a-14(a)/15d-14(a) Certification
(Principal Financial Officer)

I, David C. Evans, certify that:

1. I have reviewed this Annual Report on Form 10-K of The Scotts Miracle-Gro Company for the fiscal year ended September 30, 2008;

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 25, 2008

By: /s/ David C. Evans
Printed Name: David C. Evans
Title: Executive Vice President and Chief Financial Officer

Exhibit 32

SECTION 1350 CERTIFICATION*

In connection with the Annual Report of The Scotts Miracle-Gro Company (the "Company") on Form 10-K for the fiscal year ended September 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned James Hagedorn, Chief Executive Officer and Chairman of the Board of the Company, and David C. Evans, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of their knowledge:

1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and

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

/s/ James Hagedorn
James Hagedorn
Chief Executive Officer
and Chairman of the Board

November 25, 2008

/s/ David C. Evans
David C. Evans
Executive Vice President
and Chief Financial Officer

November 25, 2008

* THIS CERTIFICATION IS BEING FURNISHED AS REQUIRED BY RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "EXCHANGE ACT"), AND SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE, AND SHALL NOT BE DEEMED "FILED" FOR PURPOSES OF SECTION 18 OF THE EXCHANGE ACT OR OTHERWISE SUBJECT TO THE LIABILITY OF THAT SECTION. THIS CERTIFICATION SHALL NOT BE DEEMED TO BE INCORPORATED BY REFERENCE INTO ANY FILING UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE EXCHANGE ACT, EXCEPT TO THE EXTENT THAT THE COMPANY SPECIFICALLY INCORPORATES THIS CERTIFICATION BY REFERENCE.