SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED DECEMBER 28, 2002

OR

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

FOR THE TRANSITION PERIOD FROM ____________TO____________

COMMISSION FILE NUMBER 1-13292

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

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

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

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

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

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

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

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

30,868,007	OUTSTANDING AT FEBRUARY 7, 2003
Common Shares, voting, no par value	

THE SCOTTS COMPANY AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

THE SCOTTS COMPANY
CONDENSED, CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(IN MILLIONS EXCEPT PER SHARE AMOUNTS)

	THREE MONTHS ENDED DECEMBER 28, 2002	THREE MONTHS ENDED DECEMBER 29, 2001
Net sales	$ 180.8	$ 161.4
Cost of sales	139.1	129.3
Restructuring and other charges	4.5	1.0
Gross profit	37.2	31.1
Gross commission earned from marketing agreement	-.-	-.-
Costs associated with marketing agreement	7.1	5.9
Net expense from marketing agreement	(7.1)	(5.9)
Operating expenses:		
Advertising	8.6	7.1
Selling, general and administrative	67.8	69.5
Selling, general and administrative - lawn service business	10.0	5.8
Restructuring and other charges	1.8	0.8
Amortization of intangibles	2.0	1.8
Other income, net	(1.2)	(2.0)
Loss from operations	(58.9)	(57.8)
Interest expense	16.5	18.5
Loss before income taxes	(75.4)	(76.3)
Income taxes	(28.6)	(29.4)
Loss before cumulative effect of accounting change	(46.8)	(46.9)
Cumulative effect of change in accounting for intangible assets, net of tax	-.-	(18.5)
Net loss	$ (46.8)	$ (65.4)
BASIC LOSS PER COMMON SHARE:		
Weighted-average common shares outstanding during the period	30.2	28.8
Basic loss per common share:		
Before cumulative effect of accounting change	$ (1.55)	$ (1.63)
Cumulative effect of change in accounting for intangible assets, net of tax	-.-	(0.64)
After cumulative effect of accounting change	$ (1.55)	$ (2.27)
DILUTED LOSS PER COMMON SHARE:		
Weighted-average common shares outstanding during the period	30.2	28.8
Diluted loss per common share:		
Before cumulative effect of accounting change	$ (1.55)	$ (1.63)
Cumulative effect of change in accounting for intangible assets, net of tax	-.-	(0.64)
After cumulative effect of accounting change	$ (1.55)	$ (2.27)

See notes to condensed, consolidated financial statements

THE SCOTTS COMPANY
CONDENSED, CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(IN MILLIONS)

	THREE MONTHS ENDED DECEMBER 28, 2002	THREE MONTHS ENDED DECEMBER 29, 2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (46.8)	$ (65.4)
Adjustments to reconcile net loss to net cash used in operating activities:		
Cumulative effect of change in accounting for intangible assets	-.-	29.8
Stock option expense	0.4	-.-
Depreciation	8.8	7.9
Amortization	2.8	2.7
Deferred taxes	5.0	(11.5)
Changes in assets and liabilities, net of acquired businesses:		
Accounts receivable	40.7	24.8
Inventories	(147.9)	(105.3)
Prepaid and other current assets	(2.7)	(5.2)
Accounts payable	50.7	20.3
Accrued taxes and liabilities	(32.1)	(24.5)
Restructuring reserves	(2.3)	(13.0)
Other assets	1.6	0.7
Other liabilities	1.0	(1.1)
Other, net	(5.4)	1.4
Net cash used in operating activities	(126.2)	(138.4)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in property, plant and equipment	(18.6)	(13.0)
Investment in acquired businesses, net of cash acquired	(1.4)	(0.1)
Payments on seller notes	(12.1)	(15.8)
Net cash used in investing activities	(32.1)	(28.9)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings under revolving and bank lines of credit	95.0	162.2
Gross repayments under term loans	(24.5)	(7.6)
Financing and issuance fees	(0.5)	(1.9)
Cash received from the exercise of stock options	4.5	5.6
Net cash provided by financing activities	74.5	158.3
Effect of exchange rate changes on cash	0.5	(0.1)
Net decrease in cash	(83.3)	(9.1)
Cash and cash equivalents at beginning of period	99.7	18.7
Cash and cash equivalents at end of period	$ 16.4	$ 9.6

See notes to condensed, consolidated financial statements

THE SCOTTS COMPANY
CONDENSED, CONSOLIDATED BALANCE SHEETS
(IN MILLIONS)

	UNAUDITED DECEMBER 29, 2002	DECEMBER 28, 2001	SEPTEMBER 30, 2002
ASSETS			
Current assets:			
Cash and cash equivalents	$ 16.4	$ 9.6	$ 99.7
Accounts receivable, less allowances of $21.1, $24.4 and $33.2, respectively	209.1	196.0	249.9
Inventories, net	417.0	473.7	269.1
Current deferred tax asset	73.8	52.3	74.6
Prepaid and other assets	39.5	39.4	36.8
Total current assets	755.8	771.0	730.1
Property, plant and equipment, net	338.4	314.6	329.2
Goodwill and intangible assets, net	802.5	736.8	791.7
Other assets	48.6	77.2	50.4
Total assets	$ 1,945.3	$ 1,899.6	$ 1,901.4
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of debt	$ 62.7	$ 172.7	$ 98.2
Accounts payable	184.6	171.3	134.0
Accrued liabilities	200.4	194.2	206.4
Accrued taxes	(15.0)	(7.9)	13.2
Total current liabilities	432.7	530.3	451.8
Long-term debt	831.6	848.8	731.2
Other liabilities	129.7	74.2	124.5
Total liabilities	1,394.0	1,453.3	1,307.5
Commitments and contingencies (note 9)			
Shareholders' equity:			
Common Shares, no par value per share, $.01 stated value per share 31.3 shares issued for all periods	0.3	0.3	0.3
Capital in excess of par value	399.4	399.4	398.6
Retained earnings	248.0	146.9	294.8
Treasury stock, 1.0, 2.3, and 1.2 shares, respectively, at cost	(37.7)	(65.5)	(41.8)
Accumulated other comprehensive loss	(58.7)	(34.8)	(58.0)
Total shareholders' equity	551.3	446.3	593.9
Total liabilities and shareholders' equity	$ 1,945.3	$ 1,899.6	$ 1,901.4

See notes to condensed, consolidated financial statements

NOTES TO CONDENSED, CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

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

ORGANIZATION

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

BASIS OF PRESENTATION

The condensed, consolidated balance sheets as of December 28, 2002 and December 29, 2001, and the related condensed, consolidated statements of operations and of cash flows for the three month periods then ended, are unaudited; however, in the opinion of management, such financial statements contain all adjustments necessary for the fair presentation of the Company's financial position, results of operations and cash flows. Interim results reflect all normal recurring adjustments and are not necessarily indicative of results for a full year. The interim financial statements and notes are presented as specified by Regulation S-X of the Securities and Exchange Commission, and should be read in conjunction with the financial statements and accompanying notes in The Scotts Company's fiscal 2002 Annual Report on Form 10-K.

REVENUE RECOGNITION

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

PROMOTIONAL ALLOWANCES

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

ADVERTISING

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

Scotts LawnService(R) promotes its service offerings through direct response mail campaigns. The external costs associated with these campaigns are deferred and recognized ratably in proportion to revenues as advertising costs over a period not in excess of one year.

STOCK OPTIONS

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

On November 7, 2002, the Company granted 372,000 stock options to officers and other key employees. The exercise price was determined by the closing price of the Company's shares on the date of grant. The related compensation expense recorded in the three months ended December 28, 2002 was $369,000.

The Black-Scholes value of options granted in fiscal 2001 and fiscal 2002 was $10.0 million and $10.7 million, respectively. The value of all stock-based compensation grants to be awarded in fiscal 2003 is expected to be in the $10-12 million range. Under the Company's prospective adoption of SFAS No. 123, the expensing of awards will commence with awards granted in fiscal 2003. Assuming the company continues to grant awards each year with a value in the $10-12 million range into the future, compensation expense will increase over fiscal 2002 by $3.33 to $4.0 million in fiscal 2003, $6.66 to $8.0 million in fiscal 2004 and $10.0 to $12.0 million in fiscal 2005 and beyond.

Had compensation expense been recognized for the periods ended December 28, 2002 and December 29, 2001 in accordance with the recognition provisions of SFAS No. 123, the Company would have recorded net loss and net loss per share as follows:

	THREE MONTHS ENDED DECEMBER 28, 2002	THREE MONTHS ENDED DECEMBER 29, 2001
	($ MILLIONS EXCEPT PER SHARE DATA)	
Net loss	$ (46.8)	$ (65.4)
Stock-based compensation, net of tax	(1.0)	(1.2)
Net loss as adjusted	$ (47.8)	$ (66.6)
Adjusted net loss per share:		
Basic	$ (1.58)	$ (2.31)
Diluted	$ (1.58)	$ (2.31)

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

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

LONG-LIVED ASSETS

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

Interest is capitalized on capital projects with significant cost and duration. The Company capitalized $639,000 and $319,000 of interest costs during the quarters ending December 28, 2002 and December 29, 2001, respectively.

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

USE OF ESTIMATES

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

RECLASSIFICATIONS

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

2. DETAIL OF CERTAIN FINANCIAL STATEMENT ACCOUNTS

Inventories, net of provisions for slow moving and obsolete inventory of $27.7 million, $25.7 million, and $25.9 million, respectively, consisted of:

	DECEMBER 28, 2002	DECEMBER 29, 2001	SEPTEMBER 30, 2002
		($ MILLIONS)	
INVENTORIES			
Finished goods	$ 326.1	$ 389.4	$ 196.6
Raw materials	90.9	84.3	72.5
Total	417.0	473.7	269.1

	DECEMBER 28, 2002	DECEMBER 29, 2001	SEPTEMBER 30, 2002
		($ MILLIONS)	
PROPERTY, PLANT AND EQUIPMENT, NET:			
Land and improvements	$ 37.3	$ 38.1	$ 38.0
Buildings	121.8	101.9	120.9
Machinery and equipment	288.9	238.3	289.9
Furniture and fixtures	32.8	31.3	33.1
Software	47.1	42.5	47.6
Construction in progress	60.6	86.9	45.7
Less: accumulated depreciation	(250.1)	(224.4)	(246.0)
Total	$ 338.4	$ 314.6	$ 329.2

3. MARKETING AGREEMENT

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

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

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

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

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

The Company's conclusion is not free from challenge and, in fact, would likely be challenged if the Company were to terminate the agreement. If it were determined that, upon termination, the Company must pay any remaining deferred contribution amounts and related per annum charges, the resulting charge to earnings could have a material impact on the Company's results of operations and financial position. At December 28, 2002, contribution payments and related per annum charges of approximately $50.0 million had been deferred under the agreement. This amount is considered a contingent obligation and has not been reflected in the financial statements as of and for the year then ended.

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

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

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

4. RESTRUCTURING AND OTHER CHARGES

FISCAL 2003 CHARGES

During the first quarter of fiscal 2003, the Company recorded $6.3 million of restructuring and other charges.

Costs of $4.3 million associated with exiting certain warehouses in North America, as part of improvements to the North American supply chain and $0.2 million of accelerated depreciation for the Bramford, England facility, were included in cost of sales. Costs of $1.8 million were charged to selling, general and administrative costs for the continued European integration efforts that began in the fourth quarter of fiscal 2002.

FISCAL 2002 CHARGES

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

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

The remaining $4.1 million expensed as restructuring and other costs in fiscal 2002 pertained to personnel and inventory relocation. These relocation charges related to a plan to optimize the North American supply chain that was initiated in the third and fourth quarters of fiscal 2001.

Under accounting principles generally accepted in the United States of America, certain restructuring costs related to relocation of personnel, equipment and inventory are to be expensed in the period the costs are actually incurred.

2001 CHARGES

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

The following is a rollforward of the cash portion of the restructuring and other charges accrued in fiscal 2001, 2002 and thus far in fiscal 2003. The balances remaining at December 28, 2002 are included in accrued liabilities and other liabilities in the condensed, consolidated balance sheets. The portion classified as other long-term liabilities is future lease obligations that extend beyond one year.

DESCRIPTION	TYPE	CLASSIFICATION	BALANCE SEPT. 30, 2002	PAYMENT	OTHER	BALANCE DEC. 28, 2002
			($ MILLIONS)			
Severance.................	Cash	SG&A	$ 6.8	$ (1.5)	$ 0.1	$ 5.4
Facility exit costs.......	Cash	SG&A	3.5	(0.7)		2.8
Other related costs.......	Cash	SG&A	1.7	(0.3)		1.4
Total cash............			$ 12.0	$ (2.5)	$ 0.1	$ 9.6

5. INTANGIBLE ASSETS, NET

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

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

Management assesses the recoverability of goodwill, tradenames and other intangible assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable from its discounted future cash flows. Goodwill and unamortizable intangible assets are reviewed for impairment at least annually. If it is determined that an impairment has occurred, an impairment loss is recognized for the amount by which the carrying of the asset exceeds its estimated fair value. In the first quarter of fiscal 2003, the Company updated its impairment analysis and determined that a charge for impairment was not necessary at this time.

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

		DECEMBER 28, 2002			DECEMBER 29, 2001		
	WEIGHTED AVERAGE LIFE	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	NET CARRYING AMOUNT	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	NET CARRYING AMOUNT
						($ MILLIONS)	
Amortized Intangible Assets:							
Technology....................	21	$ 63.5	$ (19.6)	$ 43.9	$ 60.7	$ (16.4)	$ 44.3
Customer accounts.............	7	35.4	(3.9)	31.5	23.3	(2.6)	20.7
Tradenames....................	16	11.3	(2.5)	8.8	11.3	(1.8)	9.5
Other.........................	36	51.7	(34.9)	16.8	48.5	(32.5)	16.0
Total amortized intangible assets, net....				101.0			90.5
Unamortized Intangible Assets:							
Tradenames....................				314.0			316.9
Other.........................				3.1			3.2
Total intangible assets, net..				418.1			410.6
Goodwill....................				384.4			326.2
Total goodwill and intangible assets, net....				$ 802.5			$ 736.8

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

The changes to the net carrying value of goodwill by segment for the quarter ended December 28, 2002 are as follows (in millions):

	N.A. CONSUMER	SCOTTS LAWNSERVICE(R)	GLOBAL PROFESSIONAL	INTERNATIONAL CONSUMER	TOTAL
Balance as of September 30, 2002	$ 178.3	$ 68.5	$ 52.5	$ 78.2	$ 377.5
Increases due to acquisitions		3.9			3.9
Decreases					-.-
Other (reclassifications and cumulative translation)	(0.2)		0.4	2.8	3.0
Balance as of December 28, 2002	$ 178.1	$ 72.4	$ 52.9	$ 81.0	$ 384.4

Amortization expense for the intangible assets existing as of December 28, 2002 for the remainder of fiscal year ending September 30, 2003 is $6.2 million.

Estimated future amortization expense for the intangible assets existing as of December 28, 2002 is as follows:

YEAR ENDING SEPTEMBER 30,	$ MILLIONS
2004	$ 7.5

2005	7.4
2006	7.4
2007	7.4
2008	7.4

6. LONG-TERM DEBT

	DECEMBER 28, 2002	DECEMBER 29, 2001	SEPTEMBER 30, 2002
		($ millions)	
Revolving loans under credit facility	$ 94.6	$ 255.4	$ -.-
Term loans under credit facility	355.3	387.8	375.5
Senior subordinated notes	392.2	320.9	391.8
Notes due to sellers	35.2	37.2	43.4
Foreign bank borrowings and term loans	5.7	8.4	7.0
Capital lease obligations and other	11.3	11.8	11.7
	894.3	1,021.5	829.4
Less current portions	62.7	172.7	98.2
	$ 831.6	$ 848.8	$ 731.2

The revolving credit facility under the Credit Agreement ("Credit Agreement") provides for borrowings of up to $575 million, which are available on a revolving basis over a term of 6 1/2 years ending June 30, 2005. A portion of the revolving credit facility not to exceed $100 million is available for the issuance of letters of credit. A portion of the facility not to exceed $360 million is available for borrowings in optional currencies, provided that the outstanding revolving loans in other currencies do not exceed $200 million except for British Pounds Sterling, which cannot exceed $360 million. The outstanding principal amount of all revolving credit loans may not exceed $150 million for at least 30 consecutive days during any calendar year.

Spreads on rates and commitment fees under the Credit Agreement vary according to the Company's leverage ratios and interest rates also vary within tranches. The weighted-average interest rate on the Company's borrowings under the revolving credit facility for the quarters ended December 28, 2002 and December 29, 2001 was 7.30% and 8.22%, respectively. Financial covenants include interest coverage and net leverage ratios. Other covenants include limitations on indebtedness, liens, mergers, consolidations, liquidations and dissolutions, sale of assets, leases, dividends, capital expenditures, and investments. The Scotts Company and all of its domestic subsidiaries pledged substantially all of their personal, real and intellectual property assets as collateral for the borrowings under the Credit Agreement. The Scotts Company and its subsidiaries also pledged the stock in foreign subsidiaries that borrow under the Credit Agreement. At December 28, 2002, the Company is in compliance with all applicable affirmative and negative covenants.

Approximately $17.3 million of financing costs associated with the Credit Agreement have been deferred as of December 28, 2002 and are being amortized over a period which ends June 30, 2005. Through December 28, 2002, approximately $9.4 million of the total had been amortized to expense.

The term loan facilities under the Credit Agreement consist of two tranches. The Tranche A Term Loan Facility consists of three sub-tranches of Euros and British Pounds Sterling in the aggregate principal amount of $265 million which are to be repaid quarterly over a 6 1/2 year period ending June 30, 2005. The Tranche B Term Loan Facility has an aggregate principal amount of $260 million and is to be repaid quarterly over a 6 1/2 year period ending December 31, 2007. At December 28, 2002, the outstanding balances of the Tranche A and Tranche B Term Loan Facilities are $113.9 and $241.4, respectively. Repayments by fiscal years are as follows:

	FOR THE REMAINDER OF FISCAL YEAR ENDING SEPTEMBER 30, 2003	FOR THE FISCAL YEARS ENDING SEPTEMBER 30,				
		2004	2005	2006	2007	2008
				($ MILLIONS)		
Tranche A	$ 34.8	$ 34.8	$ 44.3	$ -	$ -	$ -
Tranche B	0.9	0.9	0.9	0.9	178.4	59.4

These future payments are presented at December 28, 2002 foreign exchange rates.

The term loan facilities have a variable interest rate, which was 4.9% at December 28, 2002

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

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

In conjunction with past acquisitions, notes were issued for certain portions of the total purchase price that are to be paid in future periods. The present value of the remaining note payments is $35.2 million of which $21.9 million pertains to lawn service business acquisitions and $9.7 million pertains to the December 2000 acquisition of the Substral business in Europe. The Company is imputing interest on the notes using the stated interest rate or an interest rate prevalent for similar instruments at the time of acquisition for non-interest bearing notes.

Foreign notes of $6.0 million issued on December 12, 1997, have an 8-year term and bear interest at 1% below LIBOR. The present value of these loans at December 28, 2002 and December 29, 2001 was $0.6 million and $2.7 million, respectively. The loans are denominated in British Pounds Sterling and can be redeemed, on demand, by the note holder. The foreign bank borrowings of $5.1 million at December 28, 2002 and $5.7 million at December 29, 2001 represent lines of credit for foreign operations and are primarily denominated in Euros.

7. LOSS PER COMMON SHARE

The Company did not include 1.7 million and 2.2 million potentially dilutive shares in the diluted loss per share calculation for the three months ended December 28, 2002 and December 29, 2001, respectively, because to do so would have been anti-dilutive.

	THREE MONTHS ENDED DECEMBER 28, 2002	 DECEMBER 29, 2001
	($ MILLIONS, EXCEPT PER SHARE DATA)	
NET LOSS:		
Loss before cumulative effect of accounting change	$ (46.8)	$ (46.9)
Cumulative effect of change in accounting for intangible assets, net of tax	-.-	(18.5)
Net loss	$ (46.8)	$ (65.4)
BASIC LOSS PER COMMON SHARE:		
Weighted-average common shares outstanding during the period	30.2	28.8
Basic loss per common share:		
Before cumulative effect of accounting change	$ (1.55)	$ (1.63)
Cumulative effect of change in accounting for intangible assets, net of tax	-.-	(0.64)
After cumulative effect of accounting change	$ (1.55)	$ (2.27)
DILUTED LOSS PER COMMON SHARE:		
Weighted-average common shares outstanding during the period	30.2	28.8
Diluted loss per common share:		
Before cumulative effect of accounting change	$ (1.55)	$ (1.63)
Cumulative effect of change in accounting for intangible assets, net of tax	-.-	(0.64)
After cumulative effect of accounting change	$ (1.55)	$ (2.27)

8. STATEMENT OF COMPREHENSIVE INCOME

The components of other comprehensive loss and total comprehensive loss for the three months ended December 28, 2002 and December 29, 2001 are as follows:

	THREE MONTHS ENDED DECEMBER 28, 2002	 DECEMBER 29 2001
Net loss	$ (46.8)	$ (65.4)
Other comprehensive income (expense):		
Foreign currency translation adjustments	(0.6)	(0.5)
Change in valuation of derivative instruments	-.-	0.4
Comprehensive loss	$ (47.4)	$ (65.5)

9. CONTINGENCIES

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

ENVIRONMENTAL MATTERS

In June 1997, the Ohio Environmental Protection Agency ("Ohio EPA") initiated an enforcement action against us with respect to alleged surface water violations and inadequate treatment capabilities at our Marysville facility and sought corrective action under the federal Resource Conservation Recovery Act. The action relates to several discontinued on-site disposal areas which date back to the early operations of the

Marysville facility that we had already been assessing voluntarily. Since initiation of the action, the Company met with the Ohio Attorney General and the Ohio EPA, and was ultimately able to negotiate an amicable resolution of these issues. On December 3, 2001, an agreed judicial Consent Order was submitted to the Union County Common Pleas Court and was entered by the court on January 25, 2002. We are continuing our remediation activities with the knowledge and oversight of the Ohio EPA.

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

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

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

At December 28, 2002, $7.2 million is accrued for the environmental matters described herein. The accrual is for future costs for site remediation. The significant portion of the costs accrued as of December 28, 2002 are expected to be paid in fiscal 2003 and 2004; however, payments could be made for a period thereafter.

We believe that the amounts accrued as of December 28, 2002 are adequate to cover known environmental exposures based on current facts and estimates of likely outcome. However, the adequacy of these accruals is based on several significant assumptions:

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

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

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

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

LEGAL PROCEEDINGS

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

Pending material legal proceedings are as follows:

AGREVO ENVIRONMENTAL HEALTH, INC.

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

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

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

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

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

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

CENTRAL GARDEN & PET COMPANY

SCOTTS V. CENTRAL GARDEN, SOUTHERN DISTRICT OF OHIO

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

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

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

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

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

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

On October 31, 2000, Central Garden filed a complaint against Scotts and Pharmacia in the California Superior Court for Contra Costa County. That complaint seeks to assert breach of contract claims and claims under Section 17200 of the California Business and Professions Code. On December 4, 2000, Scotts and Pharmacia jointly filed a motion to stay this action based on the pendency of prior lawsuits that involve the same subject matter. By order dated February 23, 2001, the Superior Court stayed the action pending before it.

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

Scotts believes that Central Garden's remaining claims are without merit and intends to vigorously defend against them. Although Scotts has prevailed consistently and extensively in the litigation with Central Garden, the decisions in Scotts' favor are subject to appeal. If, upon appeal or otherwise, the above actions are determined adversely to Scotts, the result could have a material adverse affect on Scotts' results of operations, financial position and cash flows. Scotts believes that it will continue to prevail in the Central Garden matters and that any potential exposure that Scotts may face cannot be reasonably estimated.

Therefore, no accrual has been established related to the claims brought against Scotts by Central Garden, except for amounts ordered paid to Central Garden in the Ohio action. Scotts believes it has adequate reserves recorded for the amounts it may ultimately be required to pay.

OTHER

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

GUARANTEES

In November 2002, the Financial Accounting Standards Board (FASB) issued Interpretation 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others ("FIN45"). FIN45 elaborates on the existing disclosure requirements for most guarantees, including loan guarantees. For new guarantees provided after December 31, 2002, it requires that at the time a company issues a guarantee, the company must recognize an initial liability for the fair value, or market value, of the obligations it assumes under the guarantee and must disclose that information in its interim and annual financial statements.

The Company guarantees the lease on equipment for a supplier. The value of the guarantee at December 28, 2002 is $1.6 million. The final payment on the lease obligation is due in May, 2007.

The Company also guarantees on behalf of a supplier to acquire a certain level of inventory, based on a production forecast, in the event we terminate our relationship with the supplier. The amount of the guarantee at December 28, 2002 is $1.6 million. The guarantee is ongoing until such time as the relationship with the supplier terminates.

10. NEW ACCOUNTING STANDARDS

In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148 "Accounting for Stock-Based Compensation - Transition and Disclosure - an amendment of FAS 123". This statement amends SFAS No. 123, "Accounting for Stock-Based Compensation", to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation for companies that elect to change to the fair value method after December 15, 2003. In addition, this statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. Because the Company has adopted the recognition provisions of SFAS No. 123, effective October 1, 2002, SFAS No.148 is not applicable. The Company has voluntarily disclosed the effects of award grants as would be required under SFAS No. 148. See Note 1 to Condensed, Consolidated Financial Statements for disclosure of pro forma net loss and pro forma loss per share as if the fair value based accounting method in statement No. 123 had been used for all transactions entered into after December 15, 1995.

11. SEGMENT INFORMATION

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

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

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

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

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

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

	NORTH AMERICAN CONSUMER	SCOTTS LAWNSERVICE(R)	INTERNATIONAL CONSUMER	GLOBAL PROFESSIONAL	OTHER/ CORPORATE	TOTAL
			(IN MILLIONS)			
Net sales:						
Q1 2003.........................	$ 84.8	$ 15.3	$ 43.2	$ 37.5	$ -.-	$ 180.8
Q1 2002.........................	$ 76.2	$ 8.7	$ 40.1	$ 36.4	$ -.-	$ 161.4
Operating income (loss):						
Q1 2003.........................	$ (27.6)	$ (4.8)	$ (1.6)	$ 0.4	$ (22.5)	$ (56.1)
Q1 2002.........................	$ (29.4)	$ (2.1)	$ (6.6)	$ (0.2)	$ (16.8)	$ (55.1)
Operating margin:						
Q1 2003.........................	(32.6%)	(31.4%)	(3.7%)	1.1%	nm	(31.0%)
Q1 2002.........................	(38.6%)	(24.1%)	(16.4%)	(0.6%)	nm	(34.1%)
Goodwill:						
Q1 2003.........................	$ 178.1	$ 72.4	$ 81.0	$ 52.9	$ -.-	$ 384.4
Q1 2002.........................	$ 163.8	$ 26.7	$ 79.6	$ 56.1	$ -.-	$ 326.2
Total assets:						
Q1 2003.........................	$ 1,157.1	$ 93.1	$ 424.4	$ 147.4	$ 123.3	$ 1,945.3
Q1 2002.........................	$ 1,208.8	$ 36.1	$ 398.5	$ 144.1	$ 112.1	$ 1,899.6

nm Not meaningful.

Operating income (loss) from operations reported for Scotts' four operating segments represents earnings before amortization of intangible assets, interest and taxes, since this is the measure of profitability used by management. Accordingly, Corporate operating loss for the three months ended December 28, 2002 and December 29, 2001 includes amortization of certain intangible assets, unallocated corporate general and administrative expenses, and certain "other" income/expense not allocated to the business segments and North America restructuring charges.

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

12. FINANCIAL INFORMATION FOR SUBSIDIARY GUARANTORS AND NON-GUARANTORS

In January 1999, the Company issued $330 million of 8 5/8% Senior Subordinated Notes due 2009 to qualified institutional buyers under the provisions of Rule 144A of the Securities Act of 1933. These Notes were subsequently registered in December 2000. In January 2002, the Company issued an additional $70 million of 8 5/8% Senior Subordinated Notes due 2009 to qualified institutional buyers under the provisions of Rule 144A of the Securities Act of 1933. These notes were subsequently registered in October 2002.

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

The following unaudited information presents consolidating Statements of Operations, Statements of Cash Flows and Balance Sheets for the three-month periods ended December 28, 2002 and December 29, 2001. Separate unaudited financial statements of the individual guarantor subsidiaries have not been provided because management does not believe they would be meaningful to investors.

THE SCOTTS COMPANY
STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED DECEMBER 28, 2002 (IN MILLIONS)
(UNAUDITED)

	PARENT	SUBSIDIARY GUARANTORS	NON-GUARANTORS	ELIMINATIONS	CONSOLIDATED
Net sales......................................	$ 87.2	$ 17.3	$ 76.3	$	$ 180.8
Cost of sales	66.2	24.3	48.6		139.1
Restructuring and other charges.................	4.3		0.2		4.5
Gross profit	16.7	(7.0)	27.5	-.-	37.2
Gross commission earned from agency agreement ..	(0.2)		0.2		-.-
Costs associated with agency agreement	7.1				7.1
Net commission earned from agency agreement...	(7.3)	-.-	0.2	-.-	(7.1)
Operating expenses:					
Advertising and promotion	4.8		3.8		8.6
Selling, general and administrative...........	47.3	(0.2)	30.7		77.8
Restructuring and other charges...............	0.3	0.2	1.3		1.8
Amortization of intangibles	0.1	0.4	1.5		2.0
Equity income in subsidiaries..................	15.2			(15.2)	-.-
Intracompany allocations........................	(9.5)	6.5	3.0		-.-
Other (income) expenses, net	-.-	(0.2)	(1.0)		(1.2)
Income (loss) from operations	(48.8)	(13.7)	(11.6)	15.2	(58.9)
Interest expense	17.3	(3.9)	3.1		16.5
Income (loss) before income taxes..............	(66.1)	(9.8)	(14.7)	15.2	(75.4)
Income taxes	(19.3)	(3.7)	(5.6)		(28.6)
Income (loss) before cumulative effect of accounting change............................	(46.8)	(6.1)	(9.1)	15.2	(46.8)
Cumulative effect of change in accounting for intangible assets, net of tax............				-.-	
Net income (loss)..............................	$ (46.8)	$ (6.1)	$ (9.1)	$ 15.2	$ (46.8)

THE SCOTTS COMPANY
STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED DECEMBER 28, 2002 (IN MILLIONS)
(UNAUDITED)

	PARENT	SUBSIDIARY GUARANTORS	NON-GUARANTORS	ELIMINATIONS	CONSOLIDATED
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income (loss).	$ (46.8)	$ (6.1)	$ (9.1)	$ 15.2	$ (46.8)
Adjustments to reconcile net loss to net cash used in operating activities:					
Cumulative effect of change in accounting for intangible assets					-.-
Stock option expense	0.4				0.4
Depreciation	5.3	2.2	1.3		8.8
Amortization	0.9	0.3	1.6		2.8
Deferred Taxes	5.0				5.0
Equity (income) loss in non-guarantors	15.2			(15.2)	-.-
Net change in certain components of working capital	(46.5)	(12.3)	(34.8)		(93.6)
Net changes in other assets and liabilities and other adjustments	6.5	0.1	(9.4)		(2.8)
Net cash used in operating activities	(60.0)	(15.8)	(50.4)	-.-	(126.2)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in property, plant and equipment	(5.2)	(10.3)	(3.1)		(18.6)
Investment in acquired businesses, net of cash acquired			(1.4)		(1.4)
Payments on seller notes		(1.3)	(10.8)		(12.1)
Net cash used in investing activities	(5.2)	(11.6)	(15.3)	-.-	(32.1)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net borrowings under revolving and bank lines of credit	5.5		89.5		95.0
Gross repayments under term loans	(17.1)		(7.4)		(24.5)
Financing and issuance fees	(0.5)				(0.5)
Cash received from the exercise of stock options	4.5				4.5
Intracompany financing	22.9	27.9	(50.8)		-.-
Net cash provided by financing activities	15.3	27.9	31.3	-.-	74.5
Effect of exchange rate changes on cash	-.-	-.-	0.5	-.-	0.5
Net increase (decrease) in cash	(49.9)	0.5	(33.9)		(83.3)
Cash and cash equivalents, beginning of period	54.7	0.2	44.8		99.7
Cash and cash equivalents, end of period	$ 4.8	$ 0.7	$ 10.9	$ -.-	$ 16.4

THE SCOTTS COMPANY
BALANCE SHEET
AS OF DECEMBER 28, 2002 (IN MILLIONS)
(UNAUDITED)

	PARENT	SUBSIDIARY GUARANTORS	NON-GUARANTORS	ELIMINATIONS	CONSOLIDATED
ASSETS					
Current assets:					
Cash and cash equivalents	$ 4.8	$ 0.7	$ 10.9		$ 16.4
Accounts receivable, net	40.4	69.6	99.1		209.1
Inventories, net	242.7	74.8	99.5		417.0
Current deferred tax asset	73.4	0.4			73.8
Prepaid and other assets	17.3	0.8	21.4		39.5
Total current assets	378.6	146.3	230.9		755.8
Property, plant and equipment, net	212.4	88.5	37.5		338.4
Goodwill and intangible assets, net	26.2	474.3	302.0		802.5
Other assets	48.6	2.2	(2.2)		48.6
Investment in affiliates	981.1			(981.1)	-.-
Intracompany assets		258.0		(258.0)	-.-
Total assets	$ 1,646.9	$ 969.3	$ 568.2	$ (1,239.1)	$ 1,945.3
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current portion of debt	$ 47.1	$ 3.3	$ 12.3	$	$ 62.7
Accounts payable	91.0	25.8	67.8		184.6
Accrued liabilities	104.5	20.0	75.9		200.4
Accrued taxes	(14.2)	1.8	(2.6)		(15.0)
Total current liabilities	228.4	50.9	153.4		432.7
Long-term debt	612.8	2.2	216.6		831.6
Other liabilities	109.4	1.9	18.4		129.7
Intracompany liabilities	119.4		138.6	(258.0)	-.-
Total liabilities	1,070.0	55.0	527.0	(258.0)	1,394.0
Commitments and contingencies					
Shareholders' equity:					
Investment from parent		486.8	61.6	(548.4)	-.-
Common shares, no par value per share, $.01 stated value per share	0.3				0.3
Capital in excess of par value	399.4				399.4
Retained earnings	248.0	429.9	2.8	(432.7)	248.0
Treasury stock, 1.0 shares at cost	(37.7)				(37.7)
Accumulated other comprehensive expense	(33.1)	(2.4)	(23.2)		(58.7)
Total shareholders' equity	576.9	914.3	41.2	(981.1)	551.3
Total liabilities and shareholders' equity	$ 1,646.9	$ 969.3	$ 568.2	$ (1,239.1)	$ 1,945.3

THE SCOTTS COMPANY
STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED DECEMBER 29, 2001 (IN MILLIONS)
(UNAUDITED)

	PARENT	SUBSIDIARY GUARANTORS	NON-GUARANTORS	ELIMINATIONS	CONSOLIDATED
Net sales	$ 50.1	$ 48.3	$ 63.0	$	$ 161.4
Cost of sales	34.6	51.0	43.7		129.3
Restructuring and other charges	1.0	-.-	-.-		1.0
Gross profit	14.5	(2.7)	19.3		31.1
Gross commission earned from agency agreement	-.-	-.-	-.-		-.-
Costs associated with agency agreement	5.9	-.-	-.-		5.9
Net commission earned from agency agreement	(5.9)	-.-	-.-		(5.9)
Operating expenses:					
Advertising and promotion	3.4	0.7	3.0		7.1
Selling, general and administrative	44.0	3.6	27.7		75.3
Restructuring and other charges	0.7	0.1	-.-		0.8
Amortization of intangibles	0.1	0.7	1.0		1.8
Equity income in subsidiaries	43.9	-.-	-.-	(43.9)	-.-
Intracompany allocations	(3.5)	1.9	1.6		-.-
Other (income) expenses, net	(0.3)	(1.0)	(0.7)		(2.0)
Income (loss) from operations	(79.7)	(8.7)	(13.3)	43.9	(57.8)
Interest expense	17.5	(3.6)	4.6		18.5
Income (loss) before income taxes	(97.2)	(5.1)	(17.9)	43.9	(76.3)
Income taxes	(20.5)	(2.0)	(6.9)		(29.4)
Income (loss) before cumulative effect of accounting change	(76.7)	(3.1)	(11.0)	43.9	(46.9)
Cumulative effect of change in accounting for intangible assets, net of tax	11.3	(3.8)	(26.0)		(18.5)
Net income (loss)	$ (65.4)	$ (6.9)	$ (37.0)	$ 43.9	$ (65.4)

THE SCOTTS COMPANY
STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED DECEMBER 29, 2001 (IN MILLIONS)
(UNAUDITED)

	PARENT	SUBSIDIARY GUARANTORS	NON-GUARANTORS	ELIMINATIONS	CONSOLIDATED
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income (loss).	$ (65.4)	$ (6.9)	$ (37.0)	$ 43.9	$ (65.4)
Adjustments to reconcile net loss to net cash used in operating activities:					
Cumulative effect of change in accounting for intangible assets.........................		3.8	26.0		29.8
Stock option expense............................					-.-
Depreciation	4.2	2.4	1.3		7.9
Amortization	1.0	0.7	1.0		2.7
Deferred Taxes.................................	(11.5)				(11.5)
Equity (income) loss in non-guarantors..........	43.9	-.-	-.-	(43.9)	-.-
Net change in certain components of working capital.............................	(42.5)	(37.6)	(22.8)		(102.9)
Net changes in other assets and liabilities and other adjustments..............	(1.8)	6.4	(3.6)		1.0
Net cash used in operating activities............	(72.1)	(31.2)	(35.1)	-.-	(138.4)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in property, plant and equipment.......	(6.6)	(5.2)	(1.2)		(13.0)
Investment in acquired businesses, net of cash acquired............................	-.-	-.-	(0.1)		(0.1)
Payments on seller notes..........................	-.-	(7.4)	(8.4)		(15.8)
Net cash used in investing activities............	(6.6)	(12.6)	(9.7)	-.-	(28.9)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net borrowings under revolving and bank lines of credit........................	86.5	-.-	75.7		162.2
Gross repayments under term loans.................	(0.2)	-.-	(7.4)		(7.6)
Financing and issuance fees.......................	(1.9)				(1.9)
Cash received from the exercise of stock options..	5.6	-.-	-.-		5.6
Intracompany financing...........................	(20.4)	44.1	(23.7)		-.-
Net cash provided by financing activities.........	69.6	44.1	44.6	-.-	158.3
Effect of exchange rate changes on cash...........	-.-	-.-	(0.1)		(0.1)
Net increase (decrease) in cash...................	(9.1)	0.3	(0.3)	-.-	(9.1)
Cash and cash equivalents, beginning of period....	3.4	0.6	14.7		18.7
Cash and cash equivalents, end of period..........	$ (5.7)	$ 0.9	$ 14.4	$ -.-	$ 9.6

THE SCOTTS COMPANY
BALANCE SHEET
AS OF DECEMBER 29, 2001 (IN MILLIONS)
(UNAUDITED)

	PARENT	SUBSIDIARY GUARANTORS	NON-GUARANTORS	ELIMINATIONS	CONSOLIDATED
ASSETS					
Current assets:					
Cash and cash equivalents	$ (5.7)	$ 0.9	$ 14.4		$ 9.6
Accounts receivable, net	44.6	62.5	88.9		196.0
Inventories, net	304.4	81.4	87.9		473.7
Current deferred tax asset	52.3	0.4	(0.4)		52.3
Prepaid and other assets	22.0	2.7	14.7		39.4
Total current assets	417.6	147.9	205.5		771.0
Property, plant and equipment, net	199.3	76.8	38.5		314.6
Goodwill and intangible assets, net	30.2	474.1	232.5		736.8
Other assets	63.4	2.6	11.2		77.2
Investment in affiliates	890.3	-.-	-.-	(890.3)	-.-
Intracompany assets	-.-	166.8	7.2	(174.0)	-.-
Total assets	$ 1,600.8	$ 868.2	$ 494.9	$ (1,064.3)	$ 1,899.6
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Short-term debt	$ 136.9	$ 7.3	$ 28.5	$	$ 172.7
Accounts payable	84.1	25.6	61.6		171.3
Accrued liabilities	124.0	19.1	51.1		194.2
Accrued taxes	(8.4)	2.8	(2.3)		(7.9)
Total current liabilities	336.6	54.8	138.9	-.-	530.3
Long-term debt	540.5	5.1	303.2		848.8
Other liabilities	47.1	1.8	25.3		74.2
Intracompany liabilities	174.0	-.-	-.-	(174.0)	-.-
Total liabilities	1,098.2	61.7	467.4	(174.0)	1,453.3
Commitments and contingencies					
Shareholders' equity:					
Investment from parent	-.-	486.6	68.1	(554.7)	-.-
Common shares, no par value per share, $.01 stated value per share	0.3	-.-	-.-		0.3
Capital in excess of par value	399.4	-.-	-.-		399.4
Retained earnings	176.7	322.4	(16.6)	(335.6)	146.9
Treasury stock, 2.3 shares at cost	(65.5)	-.-	-.-		(65.5)
Accumulated other comprehensive expense	(8.3)	(2.5)	(24.0)		(34.8)
Total shareholders' equity	502.6	806.5	27.5	(890.3)	446.3
Total liabilities and shareholders' equity	$ 1,600.8	$ 868.2	$ 494.9	$ (1,064.3)	$ 1,899.6

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

OVERVIEW

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

In the United States, we operate the second largest residential lawn service business, Scotts LawnService(R). In fiscal 2002, we continued the rapid expansion of this business. Through acquisitions and internal growth, revenues increased from nearly $42 million in fiscal 2001 to over $75 million in fiscal 2002. We expect to make at least $30 million of lawn service acquisitions annually for fiscal 2003 and the foreseeable future.

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

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

Our operations are also seasonal in nature. In fiscal 2001, net sales by quarter were 8.7%, 42.1%, 35.2% and 14.0% of total year net sales, respectively. Operating losses were reported in the first and fourth quarters of fiscal 2001 while significant profits were recorded for the second and third quarters. The sales trend in fiscal 2002 followed a somewhat different pattern than our historical experience due to retailer initiatives to reduce their investment in inventory and improve their inventory turns. This caused a sales shift from the second quarter to the third and fourth quarters that coincided more closely to when consumers buy our products. Net sales by quarter were 9.3%, 34.2%, 39.3% and 17.2% in fiscal 2002. The trend of operating losses in the first and fourth quarters and significant operating profits in the second and third quarters continued in fiscal 2002. There was also a slight shift in profitability between the second and third quarters with the third quarter now more profitable than the second. The trend towards more of our sales occurring in the latter half of the fiscal year is expected to continue in fiscal 2003 as retailers maintain emphasis on inventory investment more closely timed to consumer takeaway, and Scotts LawnService's(R) expansion and growth adds revenue in the second half. Also, as Scotts LawnService(R) grows in revenues and profitability, the second half of the fiscal year will show further growth in profitability compared to past trends because our third and fourth fiscal quarters are historically highly profitable periods for the lawn service business.

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

Late in fiscal 2002, we announced a major initiative to improve the operations and profitability of our European-based consumer and professional businesses. Over the next three years we anticipate spending $50 to $60 million on various projects, approximately 25% of which will be capital expenditures. Certain projects will result in the recognition of restructuring and other charges over the duration of this initiative. In the fourth quarter of fiscal 2002, as part of this initiative, we announced the closure of a manufacturing plant in Bramford, England. The closure will occur in late fiscal 2003. The depreciation of fixed assets at the facility will be accelerated so that they are fully depreciated by the closure date. In the fourth quarter of fiscal 2002, approximately $4.0 million of severance and additional pension costs related to the closure were recorded and reported as restructuring and other charges. Additional restructuring and other charges will be incurred in fiscal 2003, 2004 and 2005 as various aspects of the plan are implemented.

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

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

- We have significant investments in property and equipment, intangible assets and goodwill. Whenever changing conditions warrant, we review the realizability of the assets that may be impacted. At least annually we review indefinite-lived intangible assets for impairment. The review for impairment of long-lived assets, intangibles and goodwill takes into account estimates of future cash flows. Our estimates of future cash flows are based upon budgets and longer-range plans. These budgets and plans are used for internal purposes and are also the basis for communication with outside parties (lenders, analysts, etc.) about future business trends. While we believe the assumptions we use to estimate future cash flows are reasonable, there can be no assurance that the expected future cash flows will be realized. As a result, impairment charges that possibly should have been recognized in earlier periods may not be recognized until later periods if actual results deviate unfavorably from earlier estimates.

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

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

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

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

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

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

RESULTS OF OPERATIONS

The following table sets forth net sales by business segment for the three months ended December 28, 2002 and December 29, 2001:

	FOR THE THREE MONTHS ENDED DECEMBER 28, 2002	FOR THE THREE MONTHS ENDED DECEMBER 29, 2001
	($ MILLIONS)	
North American Consumer:		
Lawns	$ 28.3	$ 26.9
Gardening Products	37.8	31.7
Ortho	17.9	16.8
Canada	0.8	0.8
Total	84.8	76.2
Scotts LawnService(R)	15.3	8.7
International Consumer	43.2	40.1
Global Professional	37.5	36.4
Consolidated	$ 180.8	$ 161.4

The following table sets forth the components of income and expense as a percentage of net sales for the three months ended December 28, 2002 and December 29, 2001:

	FOR THE THREE MONTHS ENDED DECEMBER 28, 2002	FOR THE THREE MONTHS ENDED DECEMBER 29, 2001
Net sales	100.0%	100.0%
Cost of sales	76.9	80.1
Restructuring and other charges	2.5	0.6
Gross profit	20.6	19.3
Commission earned from agency agreement, net	(3.9)	(3.6)
Operating expenses:		
Advertising	4.8	4.4
Selling, general and administrative	43.0	46.7
Restructuring and other charges	1.0	0.5
Amortization of intangibles	1.1	1.1
Other expense (income), net	(0.6)	(1.2)
Loss from operations	(32.6)	(35.8)
Interest expense	9.1	11.5
Loss before income taxes	(41.7)	(47.3)
Income taxes	(15.8)	(18.2)
Loss before cumulative effect of accounting change	(25.9)	(29.1)
Cumulative effect of change in accounting for intangible assets, net of tax	-.-	(11.4)
Net loss	(25.9)%	(40.5)%

THREE MONTHS ENDED DECEMBER 28, 2002 COMPARED TO THREE MONTHS ENDED DECEMBER 29, 2001

Net sales for the three months ended December 28, 2002 were $180.8 million, an increase of 12.0% from net sales for the three months ended December 29, 2001 of $161.4 million. The U.S. dollar has weakened against the Euro and the British Pound over the latter half of calendar 2002. The average exchange rates for both currencies for the first quarter of fiscal 2003 changed over 10% from the first quarter of fiscal 2002. Excluding the effect of exchange rates, sales for the first quarter of fiscal 2003 were $174.2 million or 7.9% above the first quarter of fiscal 2002. As mentioned previously, net sales in the first quarter of the fiscal year represent about 10% of the expected net sales for the full year and thus may not be representative of results for the full year. Price increases are not material to the discussion of net sales in total or by business segment for either fiscal period presented.

North American Consumer segment net sales were $84.8 million in the first quarter of fiscal 2003, an increase of 11.3% over net sales for the first quarter of fiscal 2002 of $76.2 million. Our major business groups in the United States each showed a net sales increase in the quarter, led by our Gardening Products group with strong sales growth in valued added potting soils and water soluble fertilizers. The Lawns group also had a strong finish to the fall season with increased sales of its Winterizer(R) Turfbuilder(R) product and grass seed.

Scotts LawnService(R) revenues increased 75.9% from $8.7 million in the first quarter of fiscal 2002 to $15.3 million in the first quarter of fiscal 2003. The growth in revenue reflects the growth in the business from acquisitions completed in fiscal 2002, new branch openings in fiscal 2002 and the growth in customers from our spring and fall 2002 marketing campaigns.

Net sales for the International Consumer segment were $43.2 million in the first quarter of fiscal 2003, which were $3.1 million, or 7.7%, higher than net sales for the first quarter of fiscal 2002. Excluding the effect of exchange rates, net sales declined by $1.6 million. The decline in net sales reflects customer initiatives to take delivery of products closer to seasonal consumer takeaway.

Net sales for the Global Professional segment were $37.5 million in the first quarter of fiscal 2003, which were $1.1 million, or 3.0%, higher than net sales for the first quarter of fiscal 2002. Excluding the effect of exchange rates, net sales declined $0.7 million.

Gross profit was $37.2 million in the first quarter of fiscal 2003, an increase of $6.1 million from gross profit of $31.1 million in the first quarter of fiscal 2002. As a percentage of net sales, gross profit was 20.6% of sales in the first quarter of fiscal 2003 compared to 19.3% in the first quarter of fiscal 2002. Excluding the effect of favorable exchange rates and excluding restructuring and other charges, gross profit was 22.5% of sales in the first quarter of fiscal 2003 compared to 19.9% in the first quarter of fiscal 2002 led by supply chain improvements.

The net commission earned from agency agreement in the first quarter of fiscal 2003 represents net expense of $7.1 million compared to net expense of $5.9 million in the first quarter of fiscal 2002. The increase in expense is due to the increase in the contribution payment due to Monsanto to $25 million in fiscal 2003 from $20 million in fiscal 2003. We do not recognize commission income under the agency agreement until minimum earnings thresholds in the agreement are achieved, which is usually late in our second fiscal quarter or early in the third fiscal quarter.

Advertising expenses in the first quarter of fiscal 2003 were $8.6 million, an increase of 21.1% over the $7.1 million in the first quarter of fiscal 2002. As a percentage of net sales, advertising expense was 4.8% in the first quarter of fiscal 2003 compared to 4.4% in the first quarter of fiscal 2002. The increase in spending as a percent of net sales reflects the Company's intention to spend more aggressively on advertising in fiscal 2003.

Selling, general and administrative expenses ("S, G&A") in the first quarter of fiscal 2003 were $79.6 million compared to $76.1 million for the first quarter of fiscal 2002. S, G&A in the Scotts LawnService(R) business increased from $5.8 million in the first quarter of fiscal 2002 to $10.0 million in the first quarter of fiscal 2003 reflecting the increased number of locations added over the past year from acquisitions and branch openings and expansions. S, G&A related to restructuring activities increased from $0.8 million in fiscal 2002's first quarter to $1.8 million in fiscal 2003's first quarter due to the costs associated with the ongoing European integration initiatives which kicked off late in the fourth quarter of fiscal 2002. S, G&A for the other segments declined to $67.8 million in the first quarter of fiscal 2003 from $69.5 million in the first quarter of fiscal 2002.

Other income was $1.2 million for the first quarter of fiscal 2003, compared to other income of $2.0 million in the first quarter of fiscal 2002. The decrease is due to the gain on sale of an idled growing media plant in Florida which occurred in the first quarter of fiscal 2002.

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

- North American Consumer loss from operations declined from $29.4 million in fiscal 2002 to $27.6 million in fiscal 2003 due to higher sales in the fiscal 2003 period ($84.8 million compared to $76.2 million) and lower spending on S, G&A and lower bad debt costs;

- Scotts LawnService(R) reported higher net sales ($15.3 million compared to $8.7 million) but a larger loss from operations. As this highly seasonal business grows it will have larger losses in the first and second quarters of the fiscal year due to seasonally low revenues and high fixed overhead costs. Conversely, the second half of the fiscal year will provide higher revenues, margins and operating income;

- International Consumer's operating loss declined to $1.6 million from $6.6 million on improved supply chain results;

- The Global Professional business showed a profit of $0.4 million in fiscal 2003 compared to a loss of $0.2 million in fiscal 2002 due to improved supply chain results.

Interest expense for the first quarter of fiscal 2003 was $16.5 million, a decrease of $2.0 million from interest expense for the first quarter of fiscal 2002 of $18.5 million. The decrease in interest expense was primarily due to a reduction in average borrowings for the quarter as compared to the prior year as a result of fiscal 2002's record cash flows and an ending cash balance at September 30, 2002 of nearly $100 million. The weighted average interest rate on our variable rate debt outstanding for the three months ended December 28, 2002 was 7.30% compared to 8.22% for the three months ended December 29, 2001.

Income tax benefit for the first quarter of fiscal 2003 was $28.6 million, compared with an income tax benefit for the first quarter of fiscal 2002 of $29.4 million. The decrease in the tax benefit from the prior year is primarily the result of the lower estimated income tax rate for the first quarter of fiscal 2003 of 38.0% compared to 38.5% for the first quarter of fiscal 2002.

The Company reported a loss before cumulative effect of accounting changes of $46.8 million for the first three months of fiscal 2003, compared to $46.9 million for the first three months of fiscal 2002. After the charge of $29.8 million ($18.5 million, net of tax) for the impairment of tradenames in our German, French and United Kingdom businesses, net loss for the first three months of fiscal 2002 was $65.4 million, or $2.27 per share, compared to a net loss of $46.8 million or $1.55 per share for the first three months of fiscal 2003. Average shares outstanding increased from 28.8 million at December 29, 2001 to 30.2 million at December 28, 2002 due to shares issued for option and warrant exercises. Common stock equivalents are not included in the shares used for earnings per share calculations due to their anti-dilutive effect in periods with net losses.

LIQUIDITY AND CAPITAL RESOURCES

Cash used in operating activities was $126.2 million for the three months ended December 28, 2002 compared to a use of cash of $138.4 million for the three months ended December 29, 2001. The seasonal nature of our operations generally requires cash to fund significant increases in working capital (primarily inventory) during the first quarter. Cash used in operations was lower in the first quarter of fiscal 2003 due to continued improvement in accounts receivable management and lower restructuring payments.

Cash used in investing activities was $32.1 million for the first three months of fiscal 2003 compared to $28.9 million in the prior year period. Capital expenditures increased from $13.0 million in fiscal 2002 to $18.6 million in fiscal 2003 in line with higher projected spending on plant equipment and technology systems in fiscal 2003. Scotts LawnService(R) completed 4 acquisitions costing $4.6 million in the first quarter of fiscal 2003 compared to 2 acquisitions costing $0.9 million in the first quarter of fiscal 2002. The timing of actual payments for acquisitions and on seller notes reflect the terms and conditions of the various acquisition agreements.

Financing activities provided cash of $74.5 million for the first three months of fiscal 2003 compared to providing $158.3 million in the prior year. The decrease in cash from financing activities was primarily due to a decrease in borrowings under our revolving credit facility to fund operations due to improved cash flows from operations as noted above and the nearly $100.0 million cash balance at the start of fiscal 2003 compared to nearly $19.0 million at the start of fiscal 2002. In the first quarter of fiscal 2003, a mandatory prepayment of $24.4 million was made on the term loans under our revolving credit facility as required by the level of excess cash flow, as defined in the credit agreement, we achieved in fiscal 2002.

Our primary sources of liquidity are funds generated by operations and borrowings under our Credit Agreement. The Credit Agreement provided for borrowings in the aggregate principal amount of $1.1 billion consisting of term loan facilities in the aggregate amount of $525 million and a revolving credit facility in the amount of $575 million. Due to paydowns on our term loans, the amount available under the term loan facilities has been reduced to approximately $355 million as of December 28, 2002. Also, as of December 28, 2002, approximately $16 million of the $575 million revolving credit facility is committed for letters of credit; the balance of approximately $559 million is available for use against which $94.6 million was outstanding at December 28, 2002.

Total debt was $894.3 million as of December 28, 2002, a decrease of $127.2 million compared with total debt at December 29, 2001 of $1,021.5 million. The decrease in debt compared to the prior year was primarily due to scheduled debt repayments on our term loans during fiscal 2002 and lower borrowings on our revolving credit facility as of December 28, 2002 due to improved cash flow from operations in fiscal 2002 and thus far in fiscal 2003.

At December 28, 2002, we were in compliance with all debt covenants. The Credit Agreement contains covenants on interest coverage and leverage. The Credit Agreement and the Subordinated Note indenture also contain numerous negative covenants which we are also in compliance with thus far in fiscal 2003. There are no rating triggers in our Credit Agreement or the Subordinated Note indenture.

Total cash was $16.4 million at December 28, 2002, an increase of $6.8 million from December 29, 2001 and a decline of $83.3 million from September 30, 2002 reflecting seasonal needs.

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

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

In July 2002, the Company's Board of Directors approved a plan designed to significantly improve the profitability of the International Consumer and Professional businesses. The plan includes implementation of an SAP platform throughout Europe, as well as efforts to optimize operations in the United Kingdom, France and Germany, including the creation of a global supply chain. We estimate that there will be a cash outlay of $50-$60 million, of which approximately 25% will be capital expenditures, to implement this plan fully by the end of fiscal 2005.

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

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

ENVIRONMENTAL MATTERS

We are subject to local, state, federal and foreign environmental protection laws and regulations with respect to our business operations and believe we are operating in substantial compliance with, or taking action aimed at ensuring compliance with, such laws and regulations. We are involved in several legal actions with various governmental agencies related to environmental matters. While it is difficult to quantify the potential financial impact of actions involving environmental matters, particularly remediation costs at waste disposal sites and future capital expenditures for environmental control equipment, in the opinion of management, the ultimate liability arising from such environmental matters, taking into account established reserves, should not have a material adverse effect on our financial position; however, there can be no assurance that the resolution of these matters will not materially affect future quarterly or annual operating results. Additional information on environmental matters affecting us is provided in Note 9 of the Notes to Condensed, Consolidated Financial Statements (unaudited) as of and for the three months ended December 28, 2002 and in the fiscal 2002 Annual Report on Form 10-K under the "ITEM 1. BUSINESS - ENVIRONMENTAL AND REGULATORY CONSIDERATIONS" and "ITEM 3. LEGAL PROCEEDINGS" sections.

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

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

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

- - RESTRICTIVE COVENANTS MAY ADVERSELY AFFECT US.

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

- - ADVERSE WEATHER CONDITIONS COULD ADVERSELY IMPACT FINANCIAL RESULTS.

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

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

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

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

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

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

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

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

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

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

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

Please see Note 9 of the Notes to Condensed, Consolidated Financial Statements (unaudited) of the Company as of and for the three months ended December 28, 2002 and Part II, Item 1 "Legal Proceedings" of this Form 10-Q for information concerning certain significant lawsuits and claims involving the Company.

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

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

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

Kmart, one of our top customers, filed for bankruptcy relief under Chapter 11 of the bankruptcy code on January 22, 2002. Following such filing, and their successful obtaining of debtor-in-possession financing, we recommenced shipping products to Kmart, and we intend to continue shipping products to Kmart for the foreseeable future. If Kmart does not successfully emerge from its bankruptcy reorganization, our business could be adversely affected.

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

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

- - IF MONSANTO WERE TO TERMINATE THE MARKETING AGREEMENT FOR CONSUMER ROUNDUP(R) PRODUCTS WITHOUT BEING REQUIRED TO PAY ANY TERMINATION FEE, WE WOULD LOSE A SUBSTANTIAL SOURCE OF FUTURE EARNINGS.

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

- over a cumulative three fiscal year period; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- fluctuations in currency exchange rates;
- limitations on the conversion of foreign currencies into U.S. dollars;
- limitations on the remittance of dividends and other payments by foreign subsidiaries;
- additional costs of compliance with local regulations; and
- historically, higher rates of inflation than in the United States.

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

ITEM 4. CONTROLS AND PROCEDURES

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

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

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

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

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

SCOTTS V. UNITED INDUSTRIES AND PURSELL INDUSTRIES, SOUTHERN DISTRICT OF FLORIDA

On April 15, 2002, Scotts and OMS Investments, Inc., a subsidiary of Scotts that holds various Scotts intellectual property assets, filed a six count complaint against United Industries Corp. and Pursell Industries, Inc. for acts of (1) federal trademark and trade dress infringement; (2) federal unfair competition; (3) federal dilution; (4) common law trademark and trade dress infringement in violation of Florida law and other applicable law; (5) common law unfair competition in violation of Florida law and other applicable law; and (6) dilution in violation of Florida law and other applicable law. Scotts also filed its motion for preliminary injunction, which motion seeks an injunction enjoining United Industries, pending trial, from manufacturing, producing, shipping, distributing, advertising, promoting, displaying, selling or offering for sale products in the current packaging for its Spectracide(R) No Odor Fire Ant Killer Ready-to-Use Dust product and from otherwise using any trademarks, trade dress, packaging, promotional materials or other items which incorporate or are confusingly similar to the trademarks and trade dress featured in Scotts' Ortho(R) Orthene(R) Fire Ant Killer product packaging.

The claims in the complaint center upon United Industries' and Pursell's use of trade dress on the packaging of their lawn care, garden care and insecticide/herbicide products that closely mimic Scotts' unique, proprietary and famous trademarks and trade dress. The complaint seeks an injunction enjoining United Industries and Pursell from using any trademarks, trade dress, packaging, promotional materials or other items which incorporate, which are confusingly similar to or which dilute the trademarks and trade dress encompassed in and featured in Scotts' Miracle-Gro(R) line, Ortho(R) line or Turf Builder(R) line. The complaint also seeks compensatory damages, treble damages, costs and attorney's fees.

United Industries subsequently filed its answer and counterclaim. Its counterclaim seeks to cancel Scotts' Miracle-Gro(R) and Design trademark registration and Scotts' pending Ortho(R) Orthene(R) Fire Ant Killer And Design trademark application. We believe that this counterclaim is completely without merit.

The court held a hearing on July 24 and 25, 2002, on Scotts' motion for preliminary injunction and denied the motion on August 23, 2002. We have appealed this court's denial of our motion for preliminary injunction. Scotts filed an amended complaint on December 13, 2002 alleging additional facts to support the existing claims.

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

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

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

In this suit, Scotts seeks to ensure that it is able to exercise its right to receive a bona fide offer to acquire TechPac, and Scotts seeks to recover compensatory and punitive damages in an amount as yet undetermined for Aventis' and Starlink's interference with Scotts' right to receive such an offer. On October 4, 2002, Starlink filed a motion to dismiss the complaint on jurisdictional grounds. On December 17, 2002, Aventis filed a similar motion.

Scotts intends to vigorously oppose these motions and to vigorously prosecute its claims against Aventis and Starlink. Discovery on jurisdictional issues is underway. A trial date has not been set.

OTHER

During the first quarter of fiscal 2003, a fork lift accident occurred at Scotts' plant in Chino, California. The accident resulted in the death of a Scotts' associate. Scotts believes that workers' compensation insurance coverage is the family's exclusive remedy against Scotts and therefore does not currently anticipate any action by the family against Scotts. There is some risk, however, that claims will be made by the employee's family against third parties, in which case Scotts may become involved in the litigation. Scotts believes it has defenses to any attempt to add Scotts as a defendant, but there can be no guarantees at this point that the defense would be successful. As of January 31, 2003, we are not aware of any complaint that has been filed relating to the accident or any other action by the employee's family.

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

FOR ADDITIONAL INFORMATION ON MATERIAL LITIGATION, PLEASE SEE NOTE 9 OF THE NOTES TO THE COMPANY'S CONDENSED, CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) AS OF AND FOR THE THREE MONTHS ENDED DECEMBER 28, 2002.

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

The Annual Meeting of Shareholders of the Company (the "Annual Meeting") was held in Marysville, Ohio on January 30, 2003.

The result of the vote of the shareholders for the matter of the election of four directors, for terms of three years each, is as follows:

NOMINEE	VOTES FOR	VOTES WITHHELD
Arnold W. Donald..............	26,864,791	272,877
Lynn J. Beasley...............	26,881,302	256,366
John M. Sullivan..............	26,850,613	287,055
L. Jack Van Fossen............	26,912,922	224,746

Each of the nominees was elected. The other directors whose terms of office continue after the Annual Meeting are Joseph P. Flannery, Albert E. Harris, Katherine Hagedorn Littlefield, Patrick J. Norton, Stephanie M. Shern (who was appointed by the Company's Board of Directors to fill the vacancy created by the retirement of Charles M. Berger on January 30, 2003), James Hagedorn, Karen G. Mills and John Walker, Ph.D.

The Scotts Company 2003 Stock Option and Incentive Equity Plan was approved.

The result of the vote was:

VOTES FOR	VOTES AGAINST	ABSTENTIONS
21,852,397	3,162,723	39,341

Amendments to The Scotts Company 1996 Stock Option Plan were ratified and approved. The result of the vote was:

VOTES FOR	VOTES AGAINST	ABSTENTIONS
25,393,225	1,699,070	45,373

Amendments to The Scotts Company 1992 Long Term Incentive Plan were ratified and approved. The result of the vote was:

VOTES FOR	VOTES AGAINST	ABSTENTIONS
25,413,419	1,683,488	40,761

The shareholder resolution regarding genetic engineering was not adopted. The result of the vote was:

VOTES FOR	VOTES AGAINST	ABSTENTIONS	BROKER NON-VOTES
649,058	23,199,752	1,207,651	2,081,207

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

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

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

SIGNATURES

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

THE SCOTTS COMPANY

/s/ CHRISTOPHER L. NAGEL

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

Date: February 11, 2003

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, James Hagedorn, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: February 11, 2003 /s/ James Hagedorn

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

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Christopher L. Nagel, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: February 11, 2003

/s/ Christopher L. Nagel

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

THE SCOTTS COMPANY
ANNUAL REPORT ON FORM 10-Q
FOR THE FISCAL QUARTER ENDED DECEMBER 28, 2002

INDEX TO EXHIBITS

EXHIBIT NO.	DESCRIPTION	LOCATION
10(b)(i)	The Scotts Company 1992 Long Term Incentive Plan (2002 Amendment)	*
10(d)(i)	The Scotts Company 1996 Stock Option Plan (2002 Amendment)	*
10(w)	The Scotts Company 2003 Stock Option and Incentive Equity Plan	*
99.1	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	*

* Filed herewith.

Exhibit 10(b)(i)

The Scotts Company 1992 Long Term Incentive Plan
(2002 Amendment)

THE SCOTTS COMPANY

1992 LONG TERM INCENTIVE PLAN

2002 AMENDMENT

WHEREAS, the shareholders of The Scotts Company ("Company") previously approved adoption of the 1992 Long Term Incentive Plan ("Plan");

WHEREAS, the Plan provides that the Company's Board of Directors ("Board") or the Company's Compensation and Organization Committee ("Committee") may amend the Plan at any time;

NOW, THEREFORE, the Board and the Committee have amended the Plan effective on (and subject to) approval by the Company's shareholders:

1. Section 2.1(e) is amended and restated to read, in its entirety, as follows:

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

(i) the members of the Board ("Incumbent Directors") cease for any reason other than death to constitute at least a majority of the members of the Board, provided that any director whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the then Incumbent Directors also will be treated as an Incumbent Director; or

(ii) any "person," including a "group" [as such terms are used in Sections 13(d) and 14(d)(2) of the Act, but excluding the Company, any of its Subsidiaries, any employee benefit plan of the Company or any of its Subsidiaries or Hagedorn Partnership, L.P. or any party related to Hagedorn Partnership, L.P. as determined by the Committee] is or becomes the "beneficial owner" [as defined in Rule 13d-3 under the Act], directly or indirectly, of securities of the Company representing more than 30 percent of the combined voting power of the Company's then outstanding securities; or

(iii) the adoption or authorization by the shareholders of the Company of a definitive agreement or a series of related agreements (1) for the merger or other business combination of the Company with or into another entity in which the shareholders of the Company immediately before the effective date of such merger or other business combination own less than 50 percent of the voting power in such entity or (2) for the sale or other disposition of all or substantially all of the assets of the Company;

(iv) the adoption by the shareholders of the Company of a plan relating to the liquidation or dissolution of the Company; or

(v) for any reason, Hagedorn Partnership, L. P. or any party related to Hagedorn Partnership, L.P. as determined by the Committee, becomes the "beneficial owner" [as defined in Rule 13d-3 under the Act], directly or indirectly, of securities of the Company representing more than 49 percent of the combined voting power of the Company's then outstanding securities.

2. Section 2.1(f) is amended and restated to read, in its entirety, as follows:

(b) "Change in Control Price" means the highest price per share of Stock offered in conjunction with any transaction resulting in a Change in Control (as determined in good faith by the Committee if any part of the price offered is payable other than in cash) or, in the case of a Change in Control occurring solely by reason of events not related to a transfer of Stock, the highest Fair Market Value of a share of Stock on any of the 30 consecutive trading days ending on the last trading day before the Change in Control occurs.

3. Section 2.1(t) is amended and restated to read, in its entirety, as follows:

(t) "Retirement" means, unless the Committee specifies otherwise, the date:

(i) a Participant terminates employment on or after the earlier of (1) reaching age 62 or, (2) with the Committee's approval, reaching age 55 and completing at least 10 years of service as an Employee; or

(ii) an Eligible Director terminates service as a Board member after having been a Board member for at least one full term.

4. New Section 6.8 is added to the Plan to read, in its entirety, as follows:

6.8 Restriction on Repricing. Regardless of any other provision of this Plan, neither the Company nor the Committee may "reprice" (as defined under rules issued by the exchange on which the Stock then is traded) any Option without the prior approval of the shareholders.

5. Section 9.1 is amended and restated to read, in its entirety, as follows:

9.1 Accelerate Vesting and Payment. Subject to the provisions of Section 9.2 below, in the event of a Change in Control, each Option (excluding any Director Option) shall be cancelled in exchange for (a)(i) a payment in cash of an amount equal to the excess of the Change in Control Price over the exercise price for such Option or (ii) at the Committee's discretion, whole shares of Stock with a Fair Market Value equal to the excess of the Change in Control Price over the exercise price of the Option and the Fair Market Value of any fractional share of Stock will be distributed in cash and (b) all Performance Shares shall become non-forfeitable and be immediately payable in cash, notwithstanding the form of payment previously elected by the Participant. However, the Committee, in its sole discretion, may offer the holders of the Options to be cancelled a reasonable opportunity (not longer than 15 days beginning on the date of the Change in

Control) to exercise all their outstanding Options (whether or not otherwise then exercisable) by following the exercise procedures described in Section 6.

6. Section 9.2 is amended and restated to read, in its entirety, as follows:

9.2 Alternative Awards. Notwithstanding Section 9.1, no cancellation, acceleration of exercisability or vesting or cash settlement or other payment or exercise shall occur under the circumstances described in Section 9.1 with respect to any Award or any class of Awards if the Committee reasonably determines in good faith prior to the occurrence of a Change in Control that such Award or Awards shall be honored or assumed, or new rights substituted therefor (such honored, assumed or substituted award hereinafter called an "Alternative Award"), by a Participant's employer (or the parent or a subsidiary of such employer) immediately following the Change in Control, provided that any such Alternative Award must:

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

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

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

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

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

7. Section 9.3 is amended and restated to read, in its entirety, as follows:

9.3 Director Options. Upon a Change in Control, each Director Option granted to an Eligible Director shall be cancelled in exchange for (a) a payment in cash or (b) in the Committee's discretion, whole shares of Stock with a Fair Market Value equal to the excess of the Change in Control Price over the exercise price associated with the cancelled Director Option and the Fair Market Value of any fractional share of Stock will be distributed in cash. Alternatively, the Committee, in its sole discretion, may offer the holders of the Director Options to be cancelled a reasonable opportunity (not longer than 15 days beginning on the date of the Change in Control) to exercise all their outstanding Director Options (whether or not otherwise then exercisable) by following the exercise procedures described in Section 6. The amount of cash (or the Fair Market Value of shares of Stock plus the cash to be distributed in lieu of a fractional share of Stock) exchanged for each Director Option shall be the excess of the Change in Control Price over the exercise price for such Director Option unless (i) the Stock remains traded on an established securities market following the Change in Control and (ii) such Eligible Director remains on the Board following the Change in Control.

8. Section 7.4 is deleted in its entirety.

9. Section 11.1 is amended and restated to read, in its entirety, as follows:

11.1. Assignability of Nonstatutory Stock Options, Performance Shares and Director Options.

(a) With the permission of the Committee, a Participant or a specified group of Participants who has or have been granted a Nonstatutory Stock Option or Performance Share under the Plan may transfer it to a revocable inter vivos trust as to which the Participant is the settlor or may transfer it to a "Permissible Transferee." A Permissible Transferee shall be defined as any member of the immediate family of the Participant; any trust, whether revocable or irrevocable, solely for the benefit of members of the Participant's immediate family; any partnership or limited liability company whose only partners or members are members of the Participant's immediate family; or an organization described in Section 501(c)(3) of the Code. Any such transferee shall remain subject to all of the terms and conditions applicable to such Nonstatutory Stock Option or Performance Share and subject to the rules and regulations prescribed by the Committee. A Permissible Transferee [other than an organization described in Section 501(c)(3) of the Code] may not retransfer a Nonstatutory Stock Option or Performance Share except by will or the laws of descent and distribution and then only to another Permissible Transferee. Other than as described above, a Nonstatutory Stock Option or Performance Share granted under the Plan may not be transferred except by will or the laws of descent and distribution and, during the lifetime of the Participant to whom granted, may be exercised only by the Participant or the Participant's guardian or legal representative.

(b) Subject to rules, procedures and limitations adopted by the Committee, a Participant who is an Employee on the exercise date [but not a designated beneficiary or a Permissible Transferee as defined in Section 11.1(a)] may elect to defer the gain associated with the exercise of an Award (other than an Incentive Stock Option) into and subject to the terms of any nonqualified deferred compensation program (i) maintained by the Company or any Subsidiary and (ii) designated by the Committee. Any gain attributable to a Nonstatutory Stock Option to be deferred under this section will be credited to a Stock fund established under the nonqualified deferred compensation plan, will subsequently be valued solely with reference to the Fair Market Value of Stock and will be distributed in the form of Stock. Any gain attributable to an Award (other than a Nonstatutory Stock Option) to be deferred under this section will be credited to an investment fund established under the nonqualified deferred compensation plan as directed by the deferring Participant and will be distributed in any form permitted by that nonqualified deferred compensation plan.

(c) With the permission of the Committee, an Eligible Director who has been granted a Director Option under the Plan may transfer such Director Option to a revocable inter vivos trust as to which the Eligible Director is the settlor or may transfer such Director Option to a "Permissible Transferee." A Permissible Transferee shall be defined as any member of the immediate family of the Eligible Director; any trust, whether revocable or irrevocable, solely for the benefit of members of the Eligible Director's immediate family; any partnership or limited liability company whose only partners or members are members of the Eligible Director's immediate family; or an organization described in Section 501(c)(3) of the Code. Any such transferee shall remain subject to all of the terms and conditions applicable to such Director Option and subject to the rules and regulations prescribed by the Committee. A Permissible Transferee [other than an organization described in Section 501(c)(3) of the Code] may not retransfer a Director Option except by will or the laws of descent and distribution and then only to another Permissible Transferee. Other than as described above, a Director Option granted under the Plan may not be transferred except by will or the laws of descent and distribution and, during the lifetime of the Eligible Director to whom granted, may be exercised only by the Eligible Director or the Eligible Director's guardian or legal representative.

Exhibit 10(d)(i)

The Scotts Company 1996 Stock Option Plan
(2002 Amendment)

THE SCOTTS COMPANY

1996 STOCK OPTION PLAN

2002 AMENDMENT

WHEREAS, the shareholders of The Scotts Company ("Company") previously approved adoption of the 1996 Stock Option Plan ("Plan");

WHEREAS, the Plan provides that the Company's Board of Directors ("Board") or the Company's Compensation and Organization Committee ("Committee") may amend the Plan at any time;

NOW, THEREFORE, the Board and the Committee have amended the Plan effective on (and subject to) approval by the Company's shareholders

1. Section 2.1(g) is amended and restated to read, in its entirety, as follows:

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

    (i) the members of the Board ("Incumbent Directors") cease for any reason other than death to constitute at least a majority of the members of the Board, provided that any director whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the then Incumbent Directors also will be treated as an Incumbent Director; or

    (ii) any "person," including a "group" [as such terms are used in Sections 13(d) and 14(d)(2) of the Act, but excluding the Company, any of its Subsidiaries, any employee benefit plan of the Company or any of its Subsidiaries or Hagedorn Partnership, L.P. or any party related to Hagedorn Partnership, L.P. as determined by the Committee] is or becomes the "beneficial owner" [as defined in Rule 13d-3 under the Act], directly or indirectly, of securities of the Company representing more than 30 percent of the combined voting power of the Company's then outstanding securities; or

    (iii) the adoption or authorization by the shareholders of the Company of a definitive agreement or a series of related agreements (1) for the merger or other business combination of the Company with or into another entity in which the shareholders of the Company immediately before the effective date of such merger or other business combination own less than 50 percent of the voting power in such entity or (2) for the sale or other disposition of all or substantially all of the assets of the Company;

    (iv) the adoption by the shareholders of the Company of a plan relating to the liquidation or dissolution of the Company; or

(v) for any reason, Hagedorn Partnership, L. P. or any party related to Hagedorn Partnership, L.P. as determined by the Committee, becomes the "beneficial owner" [as defined in Rule 13d-3 under the Act], directly or indirectly, of securities of the Company representing more than 49 percent of the combined voting power of the Company's then outstanding securities.

2. Section 2.1(h) is amended and restated to read, in its entirety, as follows:

(h) "Change in Control Price" means the highest price per share of Stock offered in conjunction with any transaction resulting in a Change in Control (as determined in good faith by the Committee if any part of the price offered is payable other than in cash) or, in the case of a Change in Control occurring solely by reason of events not related to a transfer of Stock, the highest Fair Market Value of a share of Stock on any of the 30 consecutive trading days ending on the last trading day before the Change in Control occurs.

3. Section 2.1(t) is amended and restated to read, in its entirety, as follows:

(t) "Retirement" means, unless the Committee specifies otherwise, the date:

(i) a Participant terminates employment on or after the earlier of (1) reaching age 62 or, (2) with the Committee's approval, reaching age 55 and completing at least 10 years of service as an Employee; or

(ii) an Eligible Director terminates service as a Board member after having been a Board member for at least one full term.

4. Section 6.6 is amended and restated to read, in its entirety, as follows:

6.6 Director Options. Notwithstanding anything else contained herein to the contrary, on the first business day following the date of each annual meeting of shareholders during the term of the Plan, each Eligible Director shall receive a Director Option to purchase 5,000 shares of Stock at an exercise price per share equal to the Fair Market Value of the Stock on the date of grant. An Eligible Director who is a member of one or more Board committees, shall receive an additional grant covering 500 shares of Stock for each committee of which the Eligible Director is a member. An Eligible Director who chairs one or more Board committees shall receive (over and above that additional grant covering 500 shares for each committee membership) an additional grant covering 1,000 shares of Stock for each committee the Eligible Director chairs. Each Director Option shall be exercisable six months after the date of grant and shall remain exercisable until the earlier to occur of (a) the tenth anniversary of the date of grant or (b) the first anniversary of the date the Eligible Director ceases to be a member of the Board, except that (i) if the Eligible Director ceases to be a member of the Board after having been convicted of, or pled guilty or nolo contendere to, a felony, the Eligible Director's Director Options shall be canceled on the date the Eligible Director ceases to be a director, or (ii) if the Eligible Director ceases to be a member of the Board due to

Retirement, any Director Options granted to such Eligible Director which are then outstanding (whether or not exercisable prior to the date of such Retirement), may be exercised at any time prior to the expiration of the term of the Director Options or within five years following the Retirement, whichever period is shorter. An Eligible Director may exercise a Director Option in the manner described in Section 6.4.

5. NEW SECTION 6.8 IS ADDED TO THE PLAN TO READ, IN ITS ENTIRETY, AS FOLLOWS:

6.8 Restriction on Repricing. Regardless of any other provision of this Plan, neither the Company nor the Committee may "reprice" (as defined under rules issued by the exchange on which the Stock then is traded) any Option without the prior approval of the shareholders.

6. SECTION 8.1 IS AMENDED AND RESTATED TO READ, IN ITS ENTIRETY, AS FOLLOWS:

8.1 Accelerated Vesting and Payment. Subject to the provisions of Section 8.2 below, in the event of a Change in Control, each Participant shall be permitted, in the Participant's discretion, to surrender any Option (excluding any Director Option) or portion thereof in exchange for (a) a payment in cash of an amount equal to the excess of the Change in Control Price over the exercise price of the Option or (b) at the Committee's discretion, whole shares of Stock with a Fair Market Value equal to the excess of the Change in Control Price over the exercise price of the Option and the Fair Market Value of any fractional share of Stock will be distributed in cash. However, the Committee, in its sole discretion, may offer the holders of the Options to be surrendered a reasonable opportunity (not longer than 15 days beginning on the date of the Change in Control) to exercise all their outstanding Options (whether or not otherwise then exercisable) by following the exercise procedures described in Section 6. Such right to surrender an Option in exchange for a payment in cash or, if appropriate, in shares of Stock (or to exercise an Option) as provided in the two preceding sentences shall remain in effect only during the fifteen-day period commencing with the day following the date of a Change in Control. Thereafter, the Option shall only be exercisable in accordance with the terms and conditions of the Stock Option Agreement and the provisions of the Plan.

7. SECTION 8.2 IS AMENDED AND RESTATED TO READ, IN ITS ENTIRETY, AS FOLLOWS:

8.2 Alternative Awards. Notwithstanding Section 8.l, no cancellation or cash settlement or other payment or exercise shall occur under the circumstances described in Section 8.1 with respect to any Option or any class of Options if the Committee reasonably determines in good faith prior to the occurrence of a Change in Control that such Option or Options shall be honored or assumed, or new rights substituted therefor (such honored, assumed or substituted award hereinafter called an "Alternative Award"), by a Participant's employer (or the parent or a subsidiary of such employer) immediately following the Change in Control, provided that any such Alternative Award must:

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

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

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

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

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

8. SECTION 8.3 IS AMENDED AND RESTATED TO READ, IN ITS ENTIRETY, AS FOLLOWS:

8.3 Director Options and Stock Units. Upon a Change in Control, each Director Option granted to an Eligible Director and all Stock Units credited to an Eligible Director shall be canceled in exchange for (a) a payment in cash or, (b) in the case of Director Options and at the Committee's discretion, whole shares of Stock with a Fair Market Value equal to the excess of the Change in Control Price over the exercise price associated with the cancelled Director Options and the Fair Market Value of any fractional share of Stock will be distributed in cash. Alternatively, the Committee, in its sole discretion, may offer the holders of the Director Options to be cancelled a reasonable opportunity (not longer than 15 days beginning on the date of the Change in Control) to exercise all their outstanding Director Options (whether or not otherwise then exercisable) by following the exercise procedures described in Section 6. The amount of cash (or the Fair Market Value of shares of Stock plus the cash distributed in lieu of a fractional share of Stock) exchanged for each Director Option shall be the excess of the Change in Control Price over the exercise price for such Director Option unless (a) the Stock remains traded on an established securities market following the Change in Control and (b) such Eligible Director remains on the Board following the Change in Control. The amount of cash exchanged for each Stock Unit shall be the Change in Control Price.

9. Section 10.1 is amended and restated to read, in its entirety, as follows:

10.1. Assignability.

(a) With the permission of the Committee, a Participant or a specified group of Participants who has or have been granted an NSO under the Plan may transfer it to a revocable inter vivos trust as to which the Participant is the settlor or may transfer it to a "Permissible Transferee." A Permissible Transferee shall be defined as any member of the immediate family of the Participant; any trust, whether revocable or irrevocable, solely for the benefit of members of the Participant's immediate family; any partnership or limited liability company whose only partners or members are members of the Participant's immediate family; or an organization described in Section 501(c)(3) of the Code. Any such transferee shall remain subject to all of the terms and conditions applicable to such NSO and subject to the rules and regulations prescribed by the Committee. A Permissible Transferee [other than an organization described in Section 501(c)(3) of the Code] may not retransfer an NSO except by will or the laws of descent and distribution and then only to another Permissible Transferee. Other than as described above, an NSO granted under the Plan may not be transferred except by will or the laws of descent and distribution and, during the lifetime of the Participant to whom granted, may be exercised only by the Participant or the Participant's guardian or legal representative.

(b) Subject to rules, procedures and limitations adopted by the Committee, a Participant who is an Employee on the exercise date [but not a designated beneficiary or a Permissible Transferee as defined in Section 10.1(a)] may elect to defer the gain associated with the exercise of an Award (other than an Incentive Stock Option) into and subject to the terms of any nonqualified deferred compensation program (i) maintained by the Company or any Subsidiary and (ii) designated by the Committee. Any gain attributable to an NSO to be deferred under this section will be credited to a Stock fund established under the nonqualified deferred compensation plan, will subsequently be valued solely with reference to the Fair Market Value of Stock and will be distributed in the form of Stock. Any gain attributable to an Award (other than an NSO) to be deferred under this section will be credited to an investment fund established under the nonqualified deferred compensation plan as directed by the deferring Participant and will be distributed in any form permitted by that nonqualified deferred compensation plan.

(c) With the permission of the Committee, an Eligible Director who has been granted a Director Option or has received a Stock Unit under the Plan may transfer such Director Option or Stock Unit to a revocable inter vivos trust as to which the Eligible Director is the settlor or may transfer such Director Option or Stock Unit to a "Permissible Transferee." A Permissible Transferee shall be defined as any member of the immediate family of the Eligible Director; any trust, whether revocable or irrevocable, solely for the benefit of members of the Eligible Director's immediate family; any partnership or limited liability company whose only partners or members are members of the Eligible Director's immediate family; or an organization described in Section 501(c)(3) of the Code. Any such transferee shall remain subject to all of the terms and conditions applicable to such Director Option or Stock Unit and subject to the rules and regulations prescribed by the Committee. A Permissible Transferee [other than an organization described in Section 501(c)(3) of the Code] may not retransfer a Director Option or Stock Unit except by will or the laws of descent and distribution and then only to another Permissible Transferee. Other than as described above, a Director Option granted or Stock Unit received under the Plan may not be transferred except by will or the laws of descent and distribution and, during the lifetime of the Eligible Director to whom granted or by whom received, may be exercised only by the Eligible Director or the Eligible Director's guardian or legal representative.

Exhibit 10(w)

The Scotts Company 2003 Stock Option and Incentive Equity Plan

THE SCOTTS COMPANY
2003 STOCK OPTION AND INCENTIVE EQUITY PLAN

1.00 PURPOSE

This Plan is intended to foster and promote the long-term financial success of the Company and to materially increase shareholder value [1] by providing Key Employees and Eligible Directors an opportunity to acquire an ownership interest in the Company, and [2] enabling the Company to attract and retain the services of outstanding Employees and Eligible Directors upon whose judgment, interest and special efforts the successful conduct of the Company's business is largely dependent.

2.00 DEFINITIONS

When used in this Plan, the following terms have the meanings given to them in this section unless another meaning is expressly provided elsewhere in this document or clearly required by the context. When applying these definitions, the form of any term or word will include any of its other forms.

2.01 ACT. The Securities Exchange Act of 1934, as amended.

2.02 AFFILIATED SAR. An SAR that is granted in conjunction with an Option and which is always deemed to have been exercised at the same time that the related Option is exercised. The deemed exercise of an Affiliated SAR will not reduce the number of shares of Stock subject to the related Option, except to the extent of the exercise of the related Option.

2.03 ANNUAL MEETING. The annual meeting of the Company's shareholders.

2.04 ANNUAL RETAINER. The annual cash retainer and any other fees paid to each Eligible Director for service as a member of the Board and as a member of any Board committees.

2.05 ANNUAL RETAINER DEFERRAL FORM. The form each Eligible Director must complete to defer all or a portion of his or her Annual Retainer.

2.06 AWARD. Any Incentive Stock Option, Nonstatutory Stock Option, Performance Share, Performance Unit, Restricted Stock, Stock Appreciation Right and Stock Unit issued under the Plan. During any single Plan Year, no Participant may be granted SARs affecting more than 150,000 shares of Stock (adjusted as provided in Section 5.03) and Options affecting more than 150,000 shares of Stock (adjusted as provided in Section 5.03), including Options and SARs that are cancelled [or deemed to have been cancelled under Treas. Reg. Section 1.162-27(e)(2)(vi)(B)] during the Plan Year issued.

2.07 AWARD AGREEMENT. The written agreement between the Company and each Participant that describes the terms and conditions of each Award.

2.08 BENEFICIARY. The person a Member designates to receive (or exercise) any Plan benefits (or rights) that are unpaid (or unexercised) when he or she dies. A Beneficiary may be designated only by following the procedures described in Section 14.02; neither the Company nor the Committee is required to infer a Beneficiary from any other source.

2.09 BOARD. The Company's Board of Directors.

2.10 CAUSE. Unless the Committee specifies otherwise in the Award Agreement, with respect to any Participant:

[1] Willful failure to substantially perform his or her duties as an Employee (for reasons other than physical or mental illness) or director after reasonable notice to the Participant of that failure;

[2] Misconduct that materially injures the Company or any Subsidiary;

[3] Conviction of, or entering into a plea of nolo contendere to, a felony; or

[4] Breach of any written covenant or agreement with the Company or any Subsidiary.

2.11 CHANGE IN CONTROL. The occurrence of any of the following events:

[1] The members of the Board on the Effective Date ("Incumbent Directors") cease for any reason other than death to constitute at least a majority of the members of the Board, provided that any director whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the then Incumbent Directors also will be treated as an Incumbent Director; or

[2] Any "person," including a "group" [as such terms are used in Act Sections 13(d) and 14(d)(2), but excluding the Company, any of its Subsidiaries, any employee benefit plan of the Company or any of its Subsidiaries or Hagedorn Partnership, L.P. or any party related to Hagedorn Partnership, L.P. as determined by the Committee] is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing more than 30 percent of the combined voting power of the Company's then outstanding securities; or

[3] The adoption or authorization by the shareholders of the Company of a definitive agreement or a series of related agreements [a] for the merger or other business combination of the Company with or into another entity in which the shareholders of the Company immediately before the effective date of such merger or other business combination own less than 50 percent of the voting power in such entity; or [b] for the sale or other disposition of all or substantially all of the assets of the Company; or

[4] The adoption by the shareholders of the Company of a plan relating to the liquidation or dissolution of the Company; or

[5] For any reason, Hagedorn Partnership, L. P. or any party related to Hagedorn Partnership, L.P. as determined by the Committee becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing more than 49 percent of the combined voting power of the Company's then outstanding securities.

2.12 CHANGE IN CONTROL PRICE. The highest price per share of Stock offered in conjunction with any transaction resulting in a Change in Control (as determined in good faith by the Committee if any part of the offered price is payable other than in cash) or, in the case of a Change in Control occurring solely by reason of events not related to a transfer of Stock, the highest Fair Market Value of a share of Stock on any of the 30 consecutive trading days ending on the last trading day before the Change in Control occurs.

2.13 CODE. The Internal Revenue Code of 1986, as amended, and any regulations issued under the Code and any applicable regulations or rulings issued under the Code.

2.14 COMMITTEE. The Board's Compensation and Organization Committee which also constitutes a "compensation committee" within the meaning of Treas. Reg. Section 1.162-27(c)(4). The Committee will be comprised of at least three persons [a] each of whom is [i] an outside director, as defined in Treas. Reg. Section 1.162-27(e)(3)(i) and [ii] a "non-employee" director within the meaning of Rule 16b-3 under the Act and [b] none of whom may receive remuneration from the Company or any Subsidiary in any capacity other than as a director, except as permitted under Treas. Reg. Section 1.162-27(e)(3)(ii).

2.15 COMPANY. The Scotts Company, an Ohio corporation, and any and all successors to it.

2.16 DIRECTOR'S OPTION. A Nonstatutory Stock Option granted to an Eligible Director under Section 6.05.

2.17 DISABILITY. Unless the Committee specifies otherwise in the Award Agreement:

[1] With respect to any Award other than an Incentive Stock Option, the Participant's inability to perform his or her normal duties for a period of at least six months due to a physical or mental infirmity; or

[2] With respect to an Incentive Stock Option, as defined in Code Section 22(e)(3).

2.18 EFFECTIVE DATE. The date this Plan is approved by the Board or, if later, the first day of the 12-month period ending on the date the Plan is approved by the Company's shareholders.

2.19 ELIGIBLE DIRECTOR. A person who, on an applicable Grant Date [1] is an elected member of the Board (or has been appointed to the Board to fill an unexpired term and will continue to serve at the expiration of that term only if elected by shareholders) and [2] is not an Employee. For purposes of applying this definition, an Eligible Director's status will be determined as of the Grant Date applicable to each affected Award.

2.20 EMPLOYEE. Any person who, on an applicable Grant Date, is a common law employee of the Company or any Subsidiary. A worker who is classified as other than a common law employee but who is subsequently reclassified as a common law employee of the Company for any reason and on any basis will be treated as a common law employee only from the date of that determination and will not retroactively be reclassified as an Employee for any purpose of this Plan.

2.21 EXERCISE PRICE. The price at which a Member may exercise an Award.

2.22 FAIR MARKET VALUE. The value of one share of Stock on any relevant date, determined under the following rules:

[1] If the Stock is traded on an exchange, the reported "closing price" on the relevant date, if it is a trading day, otherwise on the next trading day;

[2] If the Stock is traded over-the-counter with no reported closing price, the mean between the lowest bid and the highest asked prices on that quotation system on the relevant date if it is a trading day, otherwise on the next trading day; or

[3] If neither Section 2.22[1] nor Section 2.22[2] applies, the fair market value as determined by the Committee in good faith.

2.23 FREESTANDING SAR. An SAR that is not associated with an Option and is granted under Section 10.00.

2.24 GRANT DATE. The date an Award is granted to a Participant.

2.25 KEY EMPLOYEE. Any Employee who, on any applicable Grant Date, is performing services the Committee concludes are essential to the Company's business success and to whom the Committee has granted an Award.

2.26 MEMBER. Each Participant and Terminated Participant to whom an Award has been granted and which has not expired under the terms of the Award Agreement or as provided in Section 11.00.

2.27 NONSTATUTORY STOCK OPTION. Any Option granted under Section 6.00 that is not an Incentive Stock Option.

2.28 OPTION. The right granted under the Plan to purchase a share of Stock at a stated price for a specified period of time. An Option may be either [1] an Incentive Stock Option or [2] a Nonstatutory Stock Option.

2.29 PARTICIPANT. Any Key Employee or Eligible Director who has not Terminated.

2.30 PERFORMANCE GOAL. The conditions that must be met before a Key Employee will earn a Performance Share or Performance Unit.

2.31 PERFORMANCE PERIOD. The period over which the Committee will determine if applicable Performance Goals have been met.

2.32 PERFORMANCE SHARE. An Award granted under Section 9.00.

2.33 PERFORMANCE UNIT. An Award granted under Section 9.00.

2.34 PLAN. The Scotts Company 2003 Stock Option and Incentive Equity Plan.

2.35 PLAN YEAR. The Company's fiscal year.

2.36 RESTRICTED STOCK. An Award granted under Section 8.00.

2.37 RESTRICTION PERIOD. The period over which the Committee will determine if a Key Employee has met conditions placed on Restricted Stock; provided such period will be at least three years.

2.38 RETIREMENT. Unless, the Committee specifies otherwise in the Award Agreement, the date:

[1] A Key Employee Terminates on or after the earlier of [a] reaching age 62 or [b] with the Committee's approval, reaching age 55 and completing at least 10 years of service as an Employee; or

[2] An Eligible Director Terminates as a Board member after having been a Board member for at least one full term.

For purposes of applying this definition, a Participant's status will be determined as of the Grant Date applicable to each affected Award.

2.39 STOCK. A common share, without par value, issued by the Company.

2.40 STOCK APPRECIATION RIGHT (OR "SAR"). An Award granted under Section 10.00 that is a Tandem SAR, an Affiliated SAR or a Freestanding SAR.

2.41 STOCK UNIT. A right to receive payment of the Fair Market Value of a share of Stock as provided in Section 7.00.

2.42 SUBSIDIARY. Any corporation, partnership or other form of unincorporated entity of which the Company owns, directly or indirectly, 50 percent or more of the total combined voting power of all classes of stock, if the entity is a corporation; or of the capital or profits interest, if the entity is a partnership or another form of unincorporated entity.

2.43 TANDEM SAR. An SAR that is associated with an Option and which expires when that Option expires or is exercised, as described in Section 10.00.

2.44 TERMINATION OR TERMINATED. Unless the Committee specifies otherwise in the Award Agreement, [1] cessation of the employee-employer relationship between a Key

Employee and the Company and all Subsidiaries for any reason or [2] cessation of an Eligible Director's service on the Board for any reason.

3.00 PARTICIPATION

3.01 KEY EMPLOYEES.

[1] Consistent with the terms of the Plan and subject to Section 3.02, the Committee will:

[a] Decide which Key Employees may become Participants;

[b] Decide which Key Employees will be granted Awards; and

[c] Specify the type of Award to be granted and the terms upon which an Award will be granted.

[2] The Committee may establish different terms and conditions:

[a] For each type of Award;

[b] For each Key Employee receiving the same type of Award; and

[c] For the same Key Employees for each Award the Key Employee receives, whether or not those Awards are granted at different times.

3.02 ELIGIBLE DIRECTORS. Each Eligible Director will [1] become a Participant on the date he or she becomes an Eligible Director and [2] receive the Awards described in Sections 6.05 and 7.00 without any further action by the Committee. However, as of the date an Award is made, the Committee will complete and deliver an Award Agreement to each affected Eligible Director describing the terms of the Award.

3.03 CONDITIONS OF PARTICIPATION. Each Participant receiving an Award agrees:

[1] To sign an Award Agreement;

[2] To be bound by the terms of the Award Agreement and the Plan; and

[3] To comply with other conditions imposed by the Committee.

4.00 ADMINISTRATION

4.01 COMMITTEE DUTIES. The Committee is responsible for administering the Plan and has all powers appropriate and necessary to that purpose. Consistent with the Plan's objectives, the Committee may adopt, amend and rescind rules and regulations relating to the Plan, to the extent appropriate to protect the Company's interests and has complete discretion to make all other decisions (including whether a Participant has incurred a Disability) necessary or advisable for the administration and interpretation of the Plan.

Any action by the Committee will be final, binding and conclusive for all purposes and upon all persons.

4.02 DELEGATION OF MINISTERIAL DUTIES. In its sole discretion, the Committee may delegate any ministerial duties associated with the Plan to any person (including employees) that it deems appropriate.

4.03 AWARD AGREEMENT. At the time any Award is made, the Committee will prepare and deliver an Award Agreement to each affected Participant. The Award Agreement:

[1] Will describe:

  [a] The type of Award and when and how it may be exercised;

  [b] The effect of exercising the Award; and

  [c] Any Exercise Price associated with each Award.

[2] To the extent different from the terms of the Plan, will describe:

  [a] Any conditions that must be met before the Award may be exercised;

  [b] Any objective restrictions placed on Restricted Stock, Performance Shares and Performance Units and any performance related conditions and Performance Goals that must be met before those restrictions will be released;

  [c] When and how an Award may be exercised; and

  [d] Any other applicable terms and conditions affecting the Award.

4.04 RESTRICTION ON REPRICING. Regardless of any other provision of this Plan, neither the Company nor the Committee may "reprice" (as defined under rules issued by the exchange on which the Stock then is traded) any Option without the prior approval of the shareholders.

5.00 STOCK SUBJECT TO PLAN

5.01 NUMBER OF SHARES OF STOCK. Subject to Section 5.03, the number of shares of Stock subject to Awards under the Plan may not be larger than 1,800,000 of which up to 300,000 may be issued as Restricted Stock. The shares of Stock to be delivered under the Plan may consist, in whole or in part, of treasury Stock or authorized but unissued Stock not reserved for any other purpose.

5.02 CANCELLED, TERMINATED OR FORFEITED AWARDS. Any Stock subject to an Award that, for any reason, is cancelled, terminated or otherwise settled without the issuance of any Stock or cash may again be granted under the Plan. Any Performance Share or share of Restricted Stock that has been issued to a Participant under the Plan and is subsequently forfeited pursuant to the terms of the Plan or the applicable Award Agreement will be forfeited to and acquired by the Company as treasury Stock and may again be granted under the terms of the Plan.

5.03 ADJUSTMENT IN CAPITALIZATION. If, after the Effective Date, there is a Stock dividend or Stock split, recapitalization (including payment of an extraordinary dividend), merger, consolidation, combination, spin-off, distribution of assets to shareholders, exchange of shares, or other similar corporate change affecting Stock, the Committee will appropriately adjust [1] the number of Awards that may or will be issued to Participants during a Plan Year, [2] the aggregate number of shares of Stock available for Awards under Section 5.01 or subject to outstanding Awards (as well as any share-based limits imposed under this Plan), [3] the respective Exercise Price, number of shares and other limitations applicable to outstanding or subsequently issued Awards and [4] any other factors, limits or terms affecting any outstanding or subsequently issued Awards.

6.00 OPTIONS

6.01 GRANT OF OPTIONS. The Committee may grant Options to Key Employees at any time during the term of this Plan. Options may be either [1] Incentive Stock Options or [2] Nonstatutory Stock Options.

6.02 OPTION PRICE. Each Option will bear the Exercise Price the Committee specifies in the Award Agreement. However, in the case of an Incentive Stock Option, the Exercise Price [1] will not be less than the Fair Market Value of a share of Stock on the Grant Date and [2] will be at least 110 percent of the Fair Market Value of a share of Stock on the Grant Date with respect to any Incentive Stock Options issued to a Key Employee who, on the Grant Date, owns [as defined in Code Section 424(d)] Stock possessing more than 10 percent of the total combined voting power of all classes of Stock.

6.03 EXERCISE OF OPTIONS. Subject to Section 11.00 and any other restrictions and conditions specified in the Award Agreement and unless the Committee specifies otherwise in the Award Agreement, Options will be exercisable according to the following schedule:

NUMBER OF FULL YEARS BEGINNING AFTER GRANT DATE	CUMULATIVE PERCENTAGE VESTED
Less than 3	0 percent
3 or more	100 percent

However:

[1] Any Option to purchase a fraction of a share of Stock will be liquidated as of the date it arises and the Participant will be given cash equal to Fair Market Value multiplied by the fractional share.

[2] Unless the Committee specifies otherwise in the Award Agreement, no Key Employee may exercise Options for fewer than the smaller of:

[a] 100 shares of Stock; or

[b] The full number of shares of Stock for which Options are then exercisable.

[3] No Option may be exercised more than ten years after it is granted (five years in respect of an Incentive Stock Option, if the Key Employee owns [as defined in Code Section 424(d)] Stock possessing more than 10 percent of total combined voting power of all classes of Stock on the Grant Date).

6.04 INCENTIVE STOCK OPTIONS. Notwithstanding anything in the Plan to the contrary:

[1] No provision of this Plan relating to Incentive Stock Options will be interpreted, amended or altered, nor will any discretion or authority granted under the Plan be exercised, in a manner that is inconsistent with Code Section 422 or, without the consent of any affected Member, to cause any Incentive Stock Option to fail to qualify for the federal income tax treatment afforded under Code Section 421;

[2] The aggregate Fair Market Value of the Stock (determined as of the Grant Date) with respect to which Incentive Stock Options are exercisable for the first time by any Member during any calendar year (under all option plans of the Company and all Subsidiaries of the Company) will not exceed $100,000 [or other amount specified in Code Section 422(d)]; and

[3] No Incentive Stock Option will be granted to any person who is not a Key Employee on the Grant Date.

6.05 DIRECTOR OPTIONS.

[1] On the first business day after each Annual Meeting, each Eligible Director will be issued Director Options to purchase [a] 5,000 shares of Stock plus [b] 500 shares of Stock, multiplied by the number of Board committees of which he or she is then a member, plus [c] 1,000 shares of Stock, multiplied by the number of Board committees of which he or she is then chairperson. The Director Options issued under this section will be reduced (but not below zero) by any options issued for the same purpose under any other Company equity plan or program.

[2] Subject to Section 6.05[3], each Director Option may be exercised [a] no earlier than six months after the Grant Date and [b] no later than the earlier of

[i] ten years after the Grant Date, or [ii] one year after the Eligible Director Terminates (five years if Termination is because of Retirement).

[3] However:

[a] Any Director Option to purchase a fraction of a share of Stock will be liquidated as of the date it arises and the Participant will be given cash equal to Fair Market Value multiplied by the fractional share;

[b] Unless the Committee specifies otherwise in the Award Agreement, no Eligible Director may exercise Director Options for fewer than the smaller of:

[i] 100 shares of Stock; or

[ii] The full number of shares of Stock for which Director Options are then exercisable.

6.06 PAYMENT FOR OPTIONS. Unless the Committee specifies otherwise in the Award Agreement, the Exercise Price associated with each Option must be paid in cash. However, the Committee may, in its discretion, develop, and extend to some or all Members, procedures through which Members may pay an Option's Exercise Price, including allowing a Member to tender Stock he or she already has owned for at least six months before the exercise date, either by actual delivery of the previously owned Stock or by attestation, valued at its Fair Market Value on the exercise date, as partial or full payment of the Exercise Price.

6.07 TRANSFERABILITY OF STOCK. Unless the Committee specifies otherwise in the Award Agreement, Stock acquired through an Option will be transferable, subject to applicable federal securities laws, the requirements of any national securities exchange or system on which shares of Stock are then listed or traded or any blue sky or state securities laws.

7.00 STOCK UNITS

7.01 GRANTING STOCK UNITS. Each Eligible Director may elect to receive all or a portion of his or her Annual Retainer in cash or Stock Units by returning to the Committee an Annual Retainer Deferral Form specifying:

[1] The portion (stated in 25 percent increments) of the Annual Retainer to be converted to Stock Units;

[2] The date Stock Units are to be settled;

[3] Whether Stock Units are to be settled in cash or Stock; and

[4] The period (which may not be longer than 10 years) over which the value of Stock Units is to be distributed.

If a completed Annual Retainer Deferral Form is not received at least two weeks before the Annual Meeting for which the Annual Retainer is to be paid, the Eligible Director's Annual Retainer will be paid in cash through the Company's regular procedures for paying Annual Retainers. Each Eligible Director that has effectively elected to receive Stock Units in lieu of all or a portion of his or her Annual Retainer will receive a number of Stock Units calculated by dividing the dollar amount of Annual Retainer to be received in Stock Units by the Fair Market Value of a share of Stock on the first trading day following the date of the Annual Meeting for which the deferred value of the Annual Retainer otherwise would have been paid and rounded to the next highest whole share of Stock.

7.02 SETTLING STOCK UNITS.

[1] All Stock Units will be settled as of:

[a] The date the Eligible Director ceases to be a member of the Board; or

[b] The date the Eligible Director specifies on an Annual Retainer Deferral Form.

[2] If Stock Units are to be settled in cash, the amount distributed will be calculated by multiplying the number of Stock Units to be settled in cash by Fair Market Value.

[3] If Stock Units are to be settled in shares of Stock, the number of shares distributed will equal the whole number of Stock Units to be settled in Stock, with the Fair Market Value of any fractional share of Stock distributed in cash.

[4] If an Eligible Director dies before all of his or her Stock Units have been settled, the value of any unpaid Stock Units will be paid in a lump sum in cash to his or her Beneficiary.

7.03 CHANGE TO ELECTION. Once filed, elections made on an Annual Retainer Deferral Form will remain in effect until changed. Any change to an earlier election must be made by completing and returning another completed Annual Retainer Deferral Form to the Committee:

[1] If the change relates to the portion of the Annual Retainer to be deferred, no later than two weeks before the date of the Annual Meeting for which the affected Annual Retainer otherwise would be paid;

[2] If the change relates to the time Stock Units are to be settled, no later than 12 months before the previously established settlement date relating to the affected Stock Units; or

[3] If the change relates to the form in which Stock Units are to be settled, no later than 12 months before the settlement date relating to the affected Stock Units.

8.00 RESTRICTED STOCK

8.01 RESTRICTED STOCK GRANTS. The Committee may grant Restricted Stock to Key Employees at any time during the term of this Plan.

8.02 TRANSFERABILITY. Shares of Restricted Stock may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated until the end of the applicable Restriction Period. Restricted Stock normally will be held by the Company as escrow agent during the Restriction Period and will be distributed as described in Section 8.03. However, at any time during the Restriction Period, the Committee may, in its sole discretion, issue the Restricted Stock to the Key Employee in the form of certificates containing a legend describing restrictions imposed on the Restricted Stock.

8.03 REMOVAL OF RESTRICTIONS. Shares of Restricted Stock will be:

[1] Forfeited, if all restrictions have not been met at the end of the Restriction Period, and again become available to be granted under the Plan; or

[2] Released from escrow and distributed to the affected Key Employee (or any restrictions imposed on the distributed certificate removed) as soon as practicable after the last day of the Restriction Period, if all restrictions have then been met.

8.04 RIGHTS ASSOCIATED WITH RESTRICTED STOCK. During the Restriction Period:

[1] Key Employees may exercise full voting rights associated with their Restricted Stock; and

[2] All dividends and other distributions paid with respect to any Restricted Stock will be held by the Company as escrow agent during the Restriction Period. At the end of the Restriction Period, these dividends will be distributed to the Key Employee or forfeited as provided in Section 8.03. No interest or other accretion will be credited with respect to any dividends held in this escrow account. If any dividends or other distributions are paid in shares of Stock, those shares will be subject to the same restrictions on transferability and forfeitability as the shares of Restricted Stock with respect to which they were issued.

9.00. PERFORMANCE SHARES AND PERFORMANCE UNITS

9.01 PERFORMANCE SHARES AND PERFORMANCE UNIT GRANTS. The Committee may grant Performance Shares or Performance Units to Key Employees at any time during the term of this Plan.

9.02 PERFORMANCE CRITERIA.

[1] For each Performance Period, the Committee will establish the Performance Goal that will be applied to determine the Performance Shares or Performance Units that will be distributed at the end of the Performance Period.

[2] In establishing each Participant's Performance Goal, the Committee will consider the relevance of each Participant's assigned duties and responsibilities to factors that preserve and increase the Company's value. These factors will include:

[a] Increasing sales;

[b] Developing new products and lines of revenue;

[c] Reducing operating expenses;

[d] Increasing customer satisfaction;

[e] Developing new markets and increasing the Company's share of existing markets;

[f] Meeting completion schedules;

[g] Increasing standardized pricing;

[h] Developing and managing relationships with regulatory and other governmental agencies;

[i] Managing cash;

[j] Managing claims against the Company, including litigation;

[k] Identifying and completing strategic acquisitions; and

[l] Increasing the Company's book value.

[3] The Committee will make appropriate adjustments to reflect:

[a] The effect on any Performance Goal of any Stock dividend or Stock split, recapitalization (including, without limitation, the payment of an extraordinary dividend), merger, consolidation, combination, spin-off, distribution of assets to shareholders, exchange of shares or similar corporate change. This adjustment to the Performance Goal will be made [i] to the extent the Performance Goal is based on Stock, [ii] as of the effective date of the event and [iii] for the Performance Period in which the event occurs. Also, the Committee will make a similar adjustment to any portion of a Performance Goal that is not based on Stock but which is affected by an event having an effect similar to those just described.

[b] A substantive change in a Participant's job description or assigned duties and responsibilities.

[4] Performance Goals will be established and communicated to each affected Participant in an Award Agreement no later than the earlier of:

[a] 90 days after the beginning of the applicable Performance Period; or

[b] The expiration of 25 percent of the applicable Performance Period.

9.03 EARNING PERFORMANCE SHARES AND PERFORMANCE UNITS. As of the end of each Performance Period, the Committee will certify to the Board the extent to which each Participant has or has not met his or her Performance Goal. Performance Shares or Performance Units will be:

[1] Forfeited, to the extent that Performance Goals have not been met at the end of the Performance Period, and again become available to be granted under the Plan; or

[2] Valued and distributed, in a single lump sum, to Key Employees, in the form of cash, Stock or a combination of both (as determined by the Committee) as soon as practicable after the last day of the Performance Period, to the extent that related Performance Goals have been met.

9.04 RIGHTS ASSOCIATED WITH PERFORMANCE SHARES AND PERFORMANCE UNITS. During the Performance Period, and unless the Award Agreement provides otherwise:

[1] Key Employees may exercise full voting rights associated with their Performance Shares or Performance Units; and

[2] All dividends and other distributions paid with respect to any Performance Shares or Performance Units will be held by the Company as escrow agent during the Performance Period. At the end of the Performance Period, these dividends will be distributed to the Key Employee or forfeited as provided in Section 9.03. No interest or other accretion will be credited with respect to any dividends held in this escrow account. If any dividends or other distributions are paid in shares of Stock, those shares will be subject to the same restrictions on transferability and forfeitability as the shares of Restricted Stock with respect to which they were issued.

10.00 STOCK APPRECIATION RIGHTS

10.01 SAR GRANTS, Subject to the terms of the Plan, the Committee may grant Affiliated SARs, Freestanding SARs and Tandem SARs (or a combination of each) to Key Employees at any time during the term of this Plan.

10.02 EXERCISE PRICE. Unless the Committee specifies otherwise in the Award Agreement, the Exercise Price specified in the Award Agreement will:

[1] In the case of an Affiliated SAR, not be less than 100 percent of the Fair Market Value of a share of Stock on the Grant Date;

[2] In the case of a Freestanding SAR, not be less than 100 percent of the Fair Market Value of a share of Stock on the Grant Date; and

[3] In the case of a Tandem SAR, not be less than the Exercise Price of the related Option.

10.03 EXERCISE OF AFFILIATED SARS. Affiliated SARs will be deemed to be exercised on the date the related Option is exercised. However:

[1] An Affiliated SAR will expire no later than the date the related Option expires;

[2] The value of the payout with respect to the Affiliated SAR will not be more than the Exercise Price of the related Option; and

[3] An Affiliated SAR may be exercised only if the Fair Market Value of the shares of Stock subject to the related Option is larger than the Exercise Price of the related Option.

10.04 EXERCISE OF FREESTANDING SARS. Freestanding SARs will be exercisable subject to the terms specified in the Award Agreement.

10.05 EXERCISE OF TANDEM SARS. Tandem SARs may be exercised with respect to all or part of the shares of Stock subject to the related Option by surrendering the right to exercise the equivalent portion of the related Option. A Tandem SAR may be exercised only with respect to the shares of Stock for which its related Option is then exercisable. However:

[1] A Tandem SAR will expire no later than the date the related Option expires;

[2] The value of the payout with respect to the Tandem SAR will not be more than 100 percent of the difference between the Exercise Price of the related Option and the Fair Market Value of a share of Stock subject to the related Option at the time the Tandem SAR is exercised; and

[3] A Tandem SAR may be exercised only if the Fair Market Value of a share of Stock subject to the Option is larger than the Exercise Price of the related Option.

10.06 SETTLING SARS.

[1] A Member exercising a Tandem SAR or a Freestanding SAR will receive an amount equal to:

[a] The difference between the Fair Market Value of a share of Stock on the exercise date and the Exercise Price; multiplied by

[b] The number of shares of Stock with respect to which the Tandem SAR or Freestanding SAR is exercised.

[2] A Member will not receive any cash or other amount when exercising an Affiliated SAR. Instead, the value of the Affiliated SAR being exercised will be applied to reduce (but not below zero) the Exercise Price of the related Option.

At the discretion of the Committee, the value of any Tandem SAR or Freestanding SAR being exercised will be settled in cash, shares of Stock or any combination of both.

11.00 TERMINATION/BUY OUT

11.01 RETIREMENT. Unless otherwise specified in the Award Agreement, all Awards that are outstanding (whether or not then exercisable) when a Participant Retires may be exercised at any time before the earlier of [1] the expiration date specified in the Award Agreement or [2] 60 months (three months in the case of Incentive Stock Options) beginning on the Retirement date (or any shorter period specified in the Award Agreement).

11.02 DEATH OR DISABILITY. Unless otherwise specified in the Award Agreement, all Awards that are outstanding (whether or not then exercisable) when a Participant Terminates because of death or Disability may be exercised by the Participant or the Participant's Beneficiary at any time before the earlier of [1] the expiration date specified in the Award Agreement or [2] 60 months (12 months in the case of an Incentive Stock Option) beginning on the date of death or Termination because of Disability (or any shorter period specified in the Award Agreement).

11.03 TERMINATION FOR CAUSE. Unless otherwise specified in the Award Agreement, all Awards that are outstanding (whether or not then exercisable) if a Participant Terminates for Cause will be forfeited.

11.04 TERMINATION FOR ANY OTHER REASON. Unless otherwise specified in the Award Agreement or subsequently, any Awards that are outstanding when an Employee Participant Terminates for any reason not described in Sections 11.01 through 11.03 and which are then exercisable, or which the Committee has, in its sole discretion, decided to make exercisable, may be exercised at any time before the earlier of [1] the expiration date specified in the Award Agreement or [2] 90 days beginning on the date the Employee Participant Terminates.

11.05 LIMITS ON EXERCISABILITY/FORFEITURE OF EXERCISED AWARDS. Regardless of any other provision of this section or the Plan and unless the Committee specifies otherwise in the Award Agreement, a Member who fails to comply with Sections 11.05[3] through [9] will:

[1] Forfeit all outstanding Awards; and

[2] Forfeit all shares of Stock or cash (including dividends held in escrow under Sections 8.04[2] and 9.04[2] acquired or received by the exercise of any Award, lapse of any restrictions or attainment of any Performance Goals on the date of Termination or within 180 days before and 730 days after Terminating, including any amounts received under a "buy out" as described in Section 11.06 but excluding amounts received as a consequence of a Change in Control as described in Section 12.00.

The forfeiture described in Sections 11.05[1] and [2] will apply if the Member:

[3] Without the Committee's written consent, which may be withheld for any reason or for no reason, serves (or agrees to serve) as an officer, director, consultant or employee of any proprietorship, partnership or corporation or becomes the owner of a business or a member of a partnership that competes with any portion of the Company's (or a Subsidiary's) business with which the Member has been involved anytime within five years before Termination or renders any service (including, without limitation, advertising or business consulting) to entities that compete with any portion of the Company's (or a Subsidiary's) business with which the Member has been involved anytime within five years before Termination;

[4] Refuses or fails to consult with, supply information to or otherwise cooperate with the Company after having been requested to do so;

[5] Deliberately engages in any action that the Committee concludes has caused substantial harm to the interests of the Company or any Subsidiary;

[6] Without the Committee's written consent, which may be withheld for any reason or for no reason, on his or her own behalf or on behalf of any other person, partnership, association, corporation or other entity, solicits or in any manner attempts to influence or induce any employee of the Company or a Subsidiary to leave the Company's or Subsidiary's employment or uses or discloses to any person, partnership, association, corporation or other entity any information obtained while an employee or director of the Company or any Subsidiary concerning the names and addresses of the Company's and any Subsidiaries' employees;

[7] Without the Committee's written consent, which may be withheld for any reason or for no reason, discloses confidential and proprietary information relating to the Company's and its Subsidiaries' 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 and Subsidiaries' products, promotions, development, financing, expansion plans, business policies and practices, salaries and benefits and other forms of information considered by the Company to be proprietary and confidential and in the nature of Trade Secrets;

[8] Fails 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 have been produced by, received by or otherwise been submitted to the Member in the course of his or her service with the Company or a Subsidiary; or

[9] Engaged in conduct that the Committee reasonably concludes would have given rise to a Termination for Cause had it been discovered before the Participant Terminated.

11.06 BUY OUT OF AWARDS. At any time before a Change in Control or the commencement of activity that may reasonably be expected to result in a Change in Control, the Committee, in its sole discretion and without the consent of the affected Member, may cancel any or all outstanding Awards held by that Member, whether or not exercisable, by providing to that Member written notice ("Buy Out Notice") of its intention to exercise the rights reserved in this section. If a Buy Out Notice is given, in the case of an Option, the Company also will pay to each affected Participant the difference between [1] the Fair Market Value of the Stock underlying each exercisable Option (or portion of an Option) to be cancelled and [2] the Exercise Price associated with each exercisable Option to be cancelled. With respect to any Award other than an Option, the Company will pay to each affected Participant the Fair Market Value of the Stock subject to the Award. However, unless otherwise specified in the Award Agreement, no payment will be made with respect to any Awards that are not exercisable when cancelled under this section. The Company will complete any buy out made under this section as soon as administratively possible after the date of the Buy Out Notice. At the Committee's option, payment of the buy out amount may be made in cash, in whole shares of Stock or partly in cash and partly in shares of Stock. The number of whole shares of Stock, if any, included in the buy out amount will be determined by dividing the amount of the payment to be made in shares of Stock by the Fair Market Value as of the date of the Buy Out Notice.

12.00 CHANGE IN CONTROL

12.01 ACCELERATED VESTING AND SETTLEMENT. Subject to Section 12.02, on the date of any Change in Control:

[1] [a] Each Option (other than Directors' Options) outstanding on the date of a Change in Control (whether or not exercisable) will be cancelled in exchange [i] for cash equal to the excess of the Change in Control Price over the Exercise Price associated with the cancelled Option or, [ii] at the Committee's discretion, for

whole shares of Stock with a Fair Market Value equal to the excess of the Change in Control Price over the Exercise Price associated with the cancelled Option and the Fair Market Value of any fractional share of Stock will be distributed in cash, and [b] all related Affiliated and Tandem SARs will be cancelled. However, the Committee, in its sole discretion, may offer the holders of the Options to be cancelled a reasonable opportunity (not longer than 15 days beginning on the date of the Change in Control) to exercise all their outstanding Options (whether or not otherwise then exercisable) by following the exercise procedures described in Section 6.00;

[2] All Performance Goals associated with Performance Shares or Performance Units will be deemed to have been met on the date of the Change in Control, all Performance Periods accelerated to the date of the Change in Control and all outstanding Performance Shares and Performance Units (including those subject to the acceleration described in this subsection) will be distributed in a single lump sum cash payment; and

[3] All Freestanding SARs will be deemed to be exercisable and will be liquidated in a single lump sum cash payment.

12.02 ALTERNATIVE AWARDS. Section 12.01 will not apply to the extent that the Committee reasonably concludes in good faith before the Change in Control occurs that Awards will be honored or assumed or new rights substituted for the Award (collectively "Alternative Awards") by the Key Employee's employer (or the parent or a subsidiary of that employer) immediately after the Change in Control, provided that any Alternative Award must:

[1] Be based on stock that is (or, within 60 days of the Change in Control, will be) traded on an established securities market;

[2] Provide the Key Employee (or each Key Employee in a class of Key Employees) rights and entitlements substantially equivalent to or better than the rights, terms and conditions of each Award for which it is substituted, including an identical or better exercise or vesting schedule and identical or better timing and methods of payment;

[3] Have substantially equivalent economic value to the Award (determined at the time of the Change in Control) for which it is substituted; and

[4] Provide that, if the Key Employee's employment is involuntarily Terminated without Cause or constructively Terminated by the Key Employee, any conditions on the Key Employee's rights under, or any restrictions on transfer or exercisability applicable to, each Alternative Award will be waived or lapse.

For purposes of this section, a constructive Termination means a Termination by a Key Employee following a material reduction in the Key Employee's compensation or job responsibilities (when compared to the Key Employee's compensation and job responsibilities on the date of the Change in Control) or the relocation of the Key Employee's principal place of employment to a location at least 50 miles from his or her principal place of employment on the date of the Change in Control (or other location to which the Key Employee has been reassigned with his or her written consent), in each case without the Key Employee's written consent.

12.03 DIRECTORS' OPTIONS AND STOCK UNITS. Upon a Change in Control, each outstanding:

[1] Director Options will be cancelled unless [a] the Stock continues to be traded on an established securities market after the Change in Control or [b] the Eligible Director continues to be a Board member after the Change in Control. In the situations just described, the Director Option will be unaffected by a Change in Control. Any Director Option to be cancelled under the next preceding sentence will be exchanged [c] for cash equal to the excess of the Change in Control Price over the Exercise Price associated with the cancelled Director Option or, [d] at the Committee's discretion, for whole shares of Stock with a Fair Market Value equal to the excess of the Change in Control Price over the Exercise Price associated with the cancelled Director Option and the Fair Market Value of any fractional share of Stock will be distributed in cash. However, the Committee, in its sole discretion, may offer the holders of the Director Options to be cancelled a reasonable opportunity (not longer than 15 days beginning on the date of the Change in Control) to exercise all their outstanding Director Options (whether or not otherwise then exercisable) by following the exercise procedures described in Section 6.00.

[2] Stock Units will be settled for a lump sum cash payment equal to the Change in Control Price.

13.00 AMENDMENT, MODIFICATION AND TERMINATION OF PLAN

The Board or the Committee 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 on 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 or [6] without the consent of the affected Member adversely affect any Award issued before the amendment, modification or termination. However, nothing in this section will restrict the Committee's right to exercise the discretion retained in Section 11.06.

14.00 MISCELLANEOUS

14.01 ASSIGNABILITY/DEFERRAL OF GAIN.

[1] Except as described in this section and section 14.01[2], an Award may not be transferred except by will or the laws of descent and distribution and, during the

Member's lifetime, may be exercised only by the Member, the Member's guardian or legal representative. However, with the permission of the Committee, a Member or a specified group of Members may transfer Awards (other than Incentive Stock Options) to a revocable inter vivos trust, of which the Member is the settlor, or may transfer Awards (other than an Incentive Stock Option) to any member of the Member's immediate family, any trust, whether revocable or irrevocable, established solely for the benefit of the Member's immediate family, any partnership or limited liability company whose only partners or members are members of the Member's immediate family or an organization described in Code Section 501(c)(3) ("Permissible Transferees"). Any Award transferred to a Permissible Transferee will continue to be subject to all of the terms and conditions that applied to the Award before the transfer and to any other rules prescribed by the Committee. A Permissible Transferee [other than an organization described in Code Section 501(c)(3)] may not retransfer an Award except by will or the laws of descent and distribution and then only to another Permissible Transferee.

[2] Subject to rules, procedures and limitations adopted by the Committee, a Key Employee who is an Employee on the exercise date (but not a Beneficiary or a Permissible Transferee as defined in Section 14.01[1]) may elect to defer the gain associated with the exercise of an Award (other than an Incentive Stock Option) into and subject to the terms of any nonqualified deferred compensation program [a] maintained by the Company or any Subsidiary and [b] designated by the Committee. Any gain attributable to a Nonstatutory Stock Option to be deferred under this section will be credited to a Stock fund established under the nonqualified deferred compensation plan, will subsequently be valued solely with reference to the Fair Market Value of Stock and will be distributed in the form of Stock. Any gain attributable to an Award (other than a Nonstatutory Stock Option) to be deferred under this section will be credited to an investment fund established under the nonqualified deferred compensation plan as directed by the deferring Participant and will be distributed in any form permitted by that nonqualified deferred compensation plan.

14.02 BENEFICIARY DESIGNATION. Each Member may name a Beneficiary or Beneficiaries (who may be named contingently or successively) to receive or to exercise any vested Award that is unpaid or unexercised at the Member's death. Each designation made will revoke all prior designations made by the same Member, must be made on a form prescribed by the Committee and will be effective only when filed in writing with the Committee. If a Member has not made an effective Beneficiary designation, the deceased Member's Beneficiary will be his or her surviving spouse or, if none, the deceased Member's estate. The identity of a Member's designated Beneficiary will be based only on the information included in the latest beneficiary designation form completed by the Member and will not be inferred from any other evidence.

14.03 NO GUARANTEE OF EMPLOYMENT OR PARTICIPATION. Nothing in the Plan may be construed as:

[1] Interfering with or limiting the right of the Company or any Subsidiary to Terminate any Key Employee's employment at any time;

[2] Conferring on any Participant any right to continue as an Employee or director of the Company or any Subsidiary;

[3] Guaranteeing that any Employee will be selected to be a Key Employee; or

[4] Guaranteeing that any Member will receive any future Awards.

14.04 TAX WITHHOLDING.

[1] The Company will withhold from other amounts owed to the Member, or require a Member to remit to the Company, an amount sufficient to satisfy federal, state and local withholding tax requirements on any Award, exercise or cancellation of an Award or purchase of Stock. If these amounts are not to be withheld from other payments due to the Member (or if there are no other payments due to the Member), the Company will defer payment of cash or issuance of shares of Stock until the earlier of:

- [a] Thirty days after the settlement date; or

- [b] The date the Member remits the required amount.

[2] If the Member has not remitted the required amount within 30 days after the settlement date, the Company will permanently withhold from the value of the Awards to be distributed the minimum amount required to be withheld to comply with applicable federal, state and local income, wage and employment taxes and distribute the balance to the Member.

[3] In its sole discretion, which may be withheld for any reason or for no reason, the Committee may permit a Member to elect, subject to conditions the Committee establishes, to reimburse the Company for this tax withholding obligation through one or more of the following methods:

- [a] By having shares of Stock otherwise issuable under the Plan withheld by the Company (but only to the extent of the minimum amount that must be withheld to comply with applicable state, federal and local income, employment and wage tax laws);

- [b] By delivering to the Company previously acquired shares of Stock that the Member has owned for at least six months;

- [c] By remitting cash to the Company; or

[d] By remitting a personal check immediately payable to the Company.

14.05 INDEMNIFICATION. Each individual who is or was a member of the Committee or of the Board will be indemnified and held harmless by the Company against and from any loss, cost, liability or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit or proceeding to which he or she may be made a party or in which he or she may be involved by reason of any action taken or failure to take action under the Plan as a Committee member and against and from any and all amounts paid, with the Company's approval, by him or her in settlement of any matter related to or arising from the Plan as a Committee member or paid by him or her in satisfaction of any judgment in any action, suit or proceeding relating to or arising from the Plan against him or her as a Committee member, but only if he or she gives the Company an opportunity, at its own expense, to handle and defend the matter before he or she undertakes to handle and defend it in his or her own behalf. The right of indemnification described in this section is not exclusive and is independent of any other rights of indemnification to which the individual may be entitled under the Company's organizational documents, by contract, as a matter of law or otherwise. The foregoing right of indemnification is not exclusive and is independent of any other rights of indemnification to which the person may be entitled under the Company's organizational documents, by contract, as a matter of law or otherwise.

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

14.07 INTERNATIONAL EMPLOYEES. To provide the same motivation to materially increase shareholder value and to enable the Company to attract and retain the services of outstanding managers at its international locations, the Company will adopt incentives for its foreign locations that provide, as closely as possible, the same motivational effect as Awards provided to domestic Participants. Also, the Committee may grant Awards to Employees who are subject to the tax laws of nations other than the United States under terms and conditions that differ from other Awards granted under the Plan but which are required to comply with applicable foreign tax laws.

14.08 REQUIREMENTS OF LAW. The grant of Awards and the issuance of shares of Stock will be subject to all applicable laws, rules and regulations and to all required approvals of any governmental agencies or national securities exchange, market or other quotation system. Also, no shares of Stock will be issued under the Plan unless the Company is satisfied that the issuance of those shares of Stock will comply with applicable federal and state securities laws. Certificates for shares of Stock delivered under the Plan may be subject to any stock transfer orders and other restrictions that the Committee believes to be advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange or other recognized market or quotation system upon which the Stock is then listed or traded, or any other applicable federal or state securities law. The Committee may cause a legend or legends to be placed on any certificates issued under the Plan to make appropriate reference to restrictions within the scope of this section.

14.09 TERM OF PLAN. The Plan will be effective upon its adoption by the Board and approval by the affirmative vote of the holders of a majority of the shares of voting stock present in person or represented by proxy at the first Annual Meeting occurring after the Board approves the Plan. Subject to Section 13.00, the Plan will continue until the tenth anniversary of the date it is adopted by the Board or approved by the Company's shareholders, whichever is earliest.

14.10 GOVERNING LAW. The Plan, and all agreements hereunder, will be construed in accordance with and governed by the laws (other than laws governing conflicts of laws) of the State of Ohio.

14.11 NO IMPACT ON BENEFITS. Plan Awards are incentives designed to promote the objectives described in Section 1.00. Also, Awards are not compensation for purposes of calculating a Member's rights under any employee benefit plan.

Exhibit 99.1

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

In connection with the Quarterly Report of The Scotts Company (the "Company") on Form 10-Q for the period ended December 28, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned James Hagedorn, President and Chief Executive Officer of the Company, and Christopher L. Nagel, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ JAMES HAGEDORN	/s/ CHRISTOPHER L. NAGEL
James Hagedorn President, Chief Executive Officer and Chairman of the Board	Christopher L. Nagel Executive Vice President and Chief Financial Officer
February 11, 2003	February 11, 2003