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

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED DECEMBER 29, 2007

OR

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

FOR THE TRANSITION PERIOD FROM __________ TO __________

COMMISSION FILE NUMBER 1-13292

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

OHIO (State or Other Jurisdiction of Incorporation or Organization)	31-1414921 (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 ☑ No o

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

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

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

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

The number of Common Shares, without par value, of the registrant outstanding as of January 31, 2008 was 64,297,927.

THE SCOTTS MIRACLE-GRO COMPANY AND SUBSIDIARIES

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	THREE MONTHS ENDED	
	DECEMBER 29, 2007	DECEMBER 30, 2006
Net sales	$ 308.7	$ 271.2
Cost of sales	237.4	215.9
Gross profit	71.3	55.3
Operating expenses:		
Selling, general and administrative	144.3	142.2
Other income, net	(3.2)	(2.3)
Loss from operations	(69.8)	(84.6)
Interest expense	19.0	8.2
Loss before income taxes	(88.8)	(92.8)
Income tax benefit	(32.0)	(33.4)
Net loss	$ (56.8)	$ (59.4)
BASIC LOSS PER COMMON SHARE:		
Weighted-average common shares outstanding during the period	64.2	67.2
Basic loss per common share	$ (0.89)	$ (0.88)
DILUTED LOSS PER COMMON SHARE:		
Weighted-average common shares outstanding during the period	64.2	67.2
Diluted loss per common share	$ (0.89)	$ (0.88)
Dividends declared per common share	$ 0.125	$ 0.125

See notes to condensed, consolidated financial statements

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

	THREE MONTHS ENDED	
	DECEMBER 29, 2007	DECEMBER 30, 2006
OPERATING ACTIVITIES		
Net loss	$ (56.8)	$ (59.4)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation expense	3.4	4.2
Depreciation	13.1	12.7
Amortization	4.1	3.7
Gain on sale of property, plant and equipment	—	(0.3)
Changes in assets and liabilities, net of acquired businesses:		
Accounts receivable	119.7	120.7
Inventories	(257.0)	(215.3)
Prepaid and other current assets	1.2	(3.1)
Accounts payable	29.1	18.3
Accrued liabilities	(38.6)	(86.5)
Restructuring reserves	(0.3)	(2.8)
Other non-current items	2.3	1.8
Other, net	(0.2)	1.9
Net cash used in operating activities	(180.0)	(204.1)
INVESTING ACTIVITIES		
Proceeds from the sale of property, plant and equipment	0.6	0.3
Investment in property, plant and equipment	(15.1)	(16.2)
Investment in acquired businesses, net of cash acquired	—	(2.7)
Net cash used in investing activities	(14.5)	(18.6)
FINANCING ACTIVITIES		
Borrowings under revolving and bank lines of credit	298.4	197.9
Repayments under revolving and bank lines of credit	(102.6)	(0.9)
Dividends paid	(8.3)	(8.5)
Payments on seller notes	(0.8)	—
Excess tax benefits from share-based payment arrangements	0.7	8.1
Cash received from the exercise of stock options	1.6	15.5
Net cash provided by financing activities	189.0	212.1
Effect of exchange rate changes on cash	2.1	(1.4)
Net decrease in cash	(3.4)	(12.0)
Cash and cash equivalents at beginning of period	67.9	48.1
Cash and cash equivalents at end of period	$ 64.5	$ 36.1
Supplemental cash flow information		
Interest paid, net of interest capitalized	9.6	10.4
Income taxes (refunded) paid	(10.8)	3.4

See notes to condensed, consolidated financial statements

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

	DECEMBER 29, 2007	DECEMBER 30, 2006	SEPTEMBER 30, 2007
	UNAUDITED		(SEE NOTE 1)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 64.5	$ 36.1	$ 67.9
Accounts receivable, less allowances of $10.9, $10.8 and $11.4, respectively	269.2	264.5	248.3
Accounts receivable pledged	10.7	—	149.5
Inventories, net	663.9	629.1	405.9
Prepaid and other assets	126.1	106.8	127.7
Total current assets	1,134.4	1,036.5	999.3
Property, plant and equipment, net of accumulated depreciation of $432.1, $385.8 and $418.8, respectively	366.1	369.3	365.9
Goodwill	463.0	471.0	462.9
Intangible assets, net	416.9	425.4	418.8
Other assets	28.6	25.8	30.3
Total assets	$ 2,409.0	$ 2,328.0	$ 2,277.2
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of debt	$ 28.1	$ 15.2	$ 86.4
Accounts payable	232.4	220.9	202.5
Accrued liabilities	259.2	205.0	297.7
Total current liabilities	519.7	441.1	586.6
Long-term debt	1,286.6	679.3	1,031.4
Other liabilities	184.8	166.0	179.9
Total liabilities	1,991.1	1,286.4	1,797.9
Commitments and contingencies (notes 4 and 11)			
Shareholders' equity:			
Common shares and capital in excess of $.01 stated value per share, 64.2, 68.2, 64.1 shares issued and outstanding, respectively	478.8	491.5	480.3
Retained earnings	195.6	622.7	260.5
Treasury stock, at cost; 3.9, 0.5, 4.0 shares, respectively	(212.1)	(21.4)	(219.5)
Accumulated other comprehensive loss	(44.4)	(51.2)	(42.0)
Total shareholders' equity	417.9	1,041.6	479.3
Total liabilities and shareholders' equity	$ 2,409.0	$ 2,328.0	$ 2,277.2

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

Due to the nature of the lawn and garden business, the majority of shipments to retailers occur in the Company's second and third fiscal quarters. On a combined basis, net sales for the second and third fiscal quarters generally represent 70% to 75% of annual net sales. As a result of the seasonal nature of our business, results for our first fiscal quarter cannot be annualized to predict the results of the full year.

ORGANIZATION AND BASIS OF PRESENTATION

The Company's condensed, consolidated financial statements are unaudited; however, in the opinion of management, these financial statements are presented in accordance with accounting principles generally accepted in the United States of America. The condensed, consolidated financial statements include the accounts of Scotts Miracle-Gro and all wholly-owned and majority-owned subsidiaries. All intercompany transactions and accounts have been eliminated in consolidation. The Company's consolidation criteria are based on majority ownership (as evidenced by a majority voting interest in the entity) and an objective evaluation and determination of effective management control. Interim results reflect all normal and 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 consolidated financial statements and accompanying notes in the Scotts Miracle-Gro's Annual Report on Form 10-K for the fiscal year ended September 30, 2007.

The balance sheet at September 30, 2007 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

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 condensed, consolidated financial statements and accompanying notes. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in the future, actual results ultimately may differ from the estimates.

REVENUE RECOGNITION

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

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

PROMOTIONAL ALLOWANCES

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

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® promotes its service offerings primarily through direct mail campaigns. External costs associated with these campaigns that qualify as direct response advertising costs are deferred and recognized as advertising expense in proportion to revenues over a period not beyond the end of the subsequent calendar year. The costs deferred at December 29, 2007, December 30, 2006 and September 30, 2007 were $3.6 million, $4.9 million and $5.7 million, respectively.

STOCK-BASED COMPENSATION AWARDS

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

GOODWILL AND INDEFINITE-LIVED INTANGIBLE ASSETS

During the third quarter of fiscal 2007, the Company changed the timing of its annual goodwill impairment testing from the last day of the fiscal first quarter to the first day of the fiscal fourth quarter. In addition, the Company also changed the date of its annual indefinite life intangible impairment testing to the first day of the fiscal fourth quarter.

The July 1, 2007 SFAS 142 evaluation of the Smith & Hawken® goodwill was finalized in the first quarter of fiscal 2008 and there was no change to the related impairment charge recorded in the fourth quarter of fiscal 2007.

The impairment analyses for the first quarter of fiscal 2007 indicated that no impairment charges were required.

LOSS PER COMMON SHARE

Basic loss per common share is computed based on the weighted-average number of common shares outstanding each period. Diluted loss per common share is computed based on the weighted-average number of common shares and dilutive potential common shares (stock options, restricted stock, performance shares and stock appreciation rights) outstanding each period. Because of the first quarter loss, common stock equivalents were not included in the calculation of diluted loss per share because to do so would have been anti-dilutive. These common stock equivalents equated to 1.6 million common shares and 1.9 million common shares for the periods ended December 29, 2007 and December 30, 2006, respectively.

See Note 2 for a discussion of the Company’s recapitalization transactions that were consummated in the second quarter of fiscal 2007.

RECENT ACCOUNTING PRONOUNCEMENTS

FIN 48 — Accounting For Uncertainty In Income Taxes — An Interpretation Of FASB Statement No. 109

In July 2006, the FASB issued FASB Interpretation 48, “Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109” (“FIN 48”). This Interpretation clarifies the accounting for uncertainty in income taxes recognized in an

enterprise's financial statements in accordance with SFAS 109, "Accounting for Income Taxes". FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

The evaluation of a tax position in accordance with FIN 48 is a two-step process. The first step is recognition. The enterprise determines whether it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, the enterprise should presume that the position will be examined by the appropriate taxing authority that would have full knowledge of all relevant information. The second step is measurement. A tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement.

Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold should be derecognized in the first subsequent financial reporting period in which that threshold is no longer met.

The Company, as required, adopted FIN 48 as of the beginning of its 2008 fiscal year, resulting in a $0.4 million decrease to retained earnings at October 1, 2007. See Note 10 for additional information.

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

In September 2006, the FASB issued SFAS 157, "Fair Value Measurements." SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The Company will be required to adopt SFAS 157 no later than October 1, 2008, the beginning of its 2009 fiscal year. The provisions of SFAS 157 should be applied prospectively to the beginning of the fiscal year in which SFAS 157 is initially applied, except with respect to certain financial instruments as defined by SFAS 157. The Company is in the process of evaluating the impact that the adoption of SFAS 157 will have on its financial statements.

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

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

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

In December 2007, the FASB issued SFAS 141(R), "Business Combinations," which replaces SFAS 141. The objective of SFAS 141(R) is to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. SFAS 141(R) establishes principles and requirements for how the acquirer recognizes and measures in its financials statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141(R) applies to all transactions or other events in which an entity (the acquirer) obtains control of one or more businesses (the acquiree), including those sometimes referred to as "true mergers" or "mergers of equals" and combinations achieved without the transfer of consideration. SFAS 141(R) is effective for the Company's financial statements for the fiscal year beginning October 1, 2009. The Company is in the process of evaluating the impact that the adoption of SFAS 141(R) will have on its financial statements.

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

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

2. RECAPITALIZATION

On December 12, 2006, the Company announced a recapitalization plan to return $750 million to the Company's shareholders. This plan expanded and accelerated the previously announced five-year $500 million share repurchase program (which was canceled) under which the Company repurchased 2.0 million of its common shares for $87.9 million during fiscal 2006. Pursuant to the recapitalization plan, on February 14, 2007, the Company completed a modified "Dutch auction" tender offer, resulting in the repurchase of 4.5 million of the Company's common shares for an aggregate purchase price of $245.5 million ($54.50 per share). On February 16, 2007, the Company's Board of Directors declared a special one-time cash dividend of $8.00 per share ($508 million in the aggregate), which was paid on March 5, 2007, to shareholders of record on February 26, 2007.

In order to fund these transactions, the Company entered into credit facilities aggregating $2.15 billion and terminated its prior credit facility. As part of this debt restructuring, the Company also conducted a cash tender offer to retire its outstanding 6 5/8% senior subordinated notes in an aggregate principal amount of $200 million. Reference should be made to Note 6, "Debt" for further information as to the credit facilities and the repayment and termination of the prior credit facility and the 6 5/8% senior subordinated notes.

The payment of the special one-time cash dividend required the Company to adjust the number of common shares subject to stock options and stock appreciation rights outstanding under the Company's share-based awards programs, as well as the price at which the awards may be exercised. Reference should be made to Note 9, "Stock-Based Compensation Awards" for further information.

The Company's interest expense will be significantly higher for periods subsequent to the recapitalization as a result of the borrowings incurred to fund the cash returned to shareholders. The following pro forma financial information has been compiled as if the Company had completed the recapitalization transactions as of October 1, 2006 for fiscal 2007. Borrowing rates in effect as of March 30, 2007 were used to compute pro forma interest expense. As the recapitalization involved a share repurchase, pro forma diluted common shares are also provided. No pro forma adjustments are necessary for the three-month period ended December 29, 2007 as the recapitalization transactions were consummated prior to the start of the period.

	PRO FORMA FINANCIAL INFORMATION THREE MONTHS ENDED DECEMBER 30, 2006 (IN MILLIONS, EXCEPT PER SHARE DATA)
Loss before income taxes, as reported	$ (92.8)
Add back reported interest expense	8.2
Deduct pro forma interest expense	(22.5)
Pro forma loss before income taxes	(107.1)
Pro forma income tax benefit	(38.5)
Pro forma net loss	$ (68.6)
Pro forma basic and diluted net loss per common share	$ (1.09)
Reported interest expense	$ 8.2
Incremental interest on recapitalization borrowings	13.1
New credit facilities interest rate differential	1.0
Incremental amortization of new credit facilities fees	0.2
Pro forma interest expense	$ 22.5
Pro forma effective tax rate	35.9%

	PRO FORMA SHARES THREE MONTHS ENDED DECEMBER 30, 2006 (IN MILLIONS)
Weighted-average common shares outstanding during the period	67.2
Incremental full period impact of repurchased common shares	(4.5)
Pro forma basic and diluted common shares	62.7

3. DETAIL OF INVENTORIES, NET

Inventories, net of provisions for slow moving and obsolete inventory of $15.9 million, $15.7 million, and $15.6 million, as of December 29, 2007, December 30, 2006 and September 30, 2007, respectively, consisted of:

	DECEMBER 29, 2007	DECEMBER 30, 2006	SEPTEMBER 30, 2007
		(IN MILLIONS)	
Finished goods	$ 489.9	$ 460.0	$ 289.9
Work-in-process	38.1	39.5	28.3
Raw materials	135.9	129.6	87.7
	$ 663.9	$ 629.1	$ 405.9

4. MARKETING AGREEMENT

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

Under the terms of the Marketing Agreement, the Company performs certain functions, primarily manufacturing conversion, selling and marketing support, on behalf of Monsanto in the conduct of the consumer Roundup® business. The actual costs incurred for these activities are charged to and reimbursed by Monsanto, for which the Company recognizes no gross profit or net income. The Company records costs incurred under the Marketing Agreement for which the Company is the primary obligor on a gross basis, recognizing such costs in "Cost of sales" and the reimbursement of these costs in "Net sales," with no effect on gross profit or net income. The related net sales and cost of sales were $12.5 million and $9.5 million for the three-month periods ended December 29, 2007 and December 30, 2006, respectively.

The elements of the net commission earned under the Marketing Agreement and included in "Net sales" are as follows:

	THREE MONTHS ENDED	
	DECEMBER 29, 2007	DECEMBER 30, 2006
	(IN MILLIONS)	
Gross commission	$ —	$ (0.3)
Contribution expenses	(5.0)	(5.0)
Amortization of marketing fee	(0.2)	(0.2)
Net commission expense	(5.2)	(5.5)
Reimbursements associated with Marketing Agreement	12.5	9.5
Total net sales associated with Marketing Agreement	$ 7.3	$ 4.0

In consideration for the rights granted to the Company under the Marketing Agreement for North America, the Company was required to pay a marketing fee of $33 million to Monsanto. The Company has deferred this amount on the basis that the payment will provide a future benefit through commissions that will be earned under the Marketing Agreement. Based on management's current assessment of the likely term of the Marketing Agreement, the useful life over which the marketing fee is being amortized is 20 years.

The Marketing Agreement has no definite term except as it relates to the European Union countries. With respect to the European Union countries, the term of the Marketing Agreement has been extended through September 30, 2008 and may be renewed at the option of both parties for two additional successive terms ending on September 30, 2015 and 2018, with a separate determination being made by the parties at least six months prior to the expiration of each such term as to whether to commence a subsequent renewal term. If Monsanto does not agree to the renewal term with respect to the European Union countries, the commission structure will be renegotiated within the terms of the Marketing Agreement. For countries outside of the European Union, the Marketing Agreement continues indefinitely unless terminated by either party.

The Marketing Agreement provides Monsanto with the right to terminate the Marketing Agreement for an event of default (as defined in the Marketing Agreement) by the Company or a change in control of Monsanto or the sale of the consumer Roundup® business. The Marketing Agreement provides the Company with the right to terminate the Marketing Agreement in certain circumstances including an event of default by Monsanto or the sale of the consumer Roundup® business. Unless Monsanto terminates the Marketing Agreement for an event of default by the Company, Monsanto is required to pay a termination fee to the Company that varies by program year. If Monsanto terminates the Marketing Agreement upon a change of control of Monsanto or the sale of the consumer Roundup® business prior to September 30, 2008, the Company will be entitled to a termination fee in excess of $100 million. If the Company terminates the Marketing Agreement upon an uncured material breach, material fraud or material willful misconduct by Monsanto, it is entitled to receive a termination fee in excess of $100 million if the termination occurs prior to September 30, 2008. The termination fee declines over time from $100 million to a minimum of $16 million for terminations between September 30, 2008 and September 30, 2018. If Monsanto were to terminate the Marketing Agreement for cause, the Company would not be entitled to any termination fee, and it would lose all, or a significant portion, of the significant source of earnings and overhead expense absorption the Marketing Agreement provides. Monsanto may also be able to terminate the Marketing Agreement within a given region, including North America, without paying the Company a termination fee if unit sales to consumers in that region decline: (1) over a cumulative three fiscal year period; or (2) by more than 5% for each of two consecutive years.

5. IMPAIRMENT, RESTRUCTURING AND OTHER CHARGES

FISCAL 2008

The Company recorded no impairment, restructuring, and other charges during the first quarter of fiscal 2008.

The Company finalized the fourth quarter fiscal 2007 SFAS 142 impairment evaluation of the Smith & Hawken®goodwill during the first quarter of fiscal 2008 and there was no change to the related impairment charge recorded in the fourth quarter of fiscal 2007.

FISCAL 2007

During the first quarter of fiscal 2007, the Company recorded no impairment, restructuring, and other charges.

The following table rolls forward accrued restructuring and other charges, which are included in "Accrued liabilities" in the Condensed, Consolidated Balance Sheets:

	THREE MONTHS ENDED	
	DECEMBER 29, 2007	DECEMBER 30, 2006
	(IN MILLIONS)	
Amounts reserved for restructuring and other charges at beginning of fiscal year	$ 2.5	$ 6.4
Payments and other	(0.3)	(2.8)
Amounts reserved for restructuring and other charges at end of period	$ 2.2	$ 3.6

6. DEBT

The components of long-term debt as of December 29, 2007, December 30, 2006, and September 30, 2007 were as follows:

	DECEMBER 29, 2007	DECEMBER 30, 2006	SEPTEMBER 30, 2007
		(IN MILLIONS)	
Credit Facilities:			
Revolving loans	$ 726.6	$ 458.3	$ 469.2
Term loans	558.6	—	558.6
Master Accounts Receivable Purchase Agreement	2.3	—	64.4
Senior Subordinated 6 5/8% Notes	—	200.0	—
Notes due to sellers	14.3	16.0	15.1
Foreign bank borrowings and term loans	3.5	11.5	—
Other	9.4	8.7	10.5
	1,314.7	694.5	1,117.8
Less current portions	28.1	15.2	86.4
	$ 1,286.6	$ 679.3	$ 1,031.4

In connection with the recapitalization transactions discussed in Note 2, Scotts Miracle-Gro and certain of its subsidiaries entered into the following loan facilities totaling up to $2.15 billion in the aggregate: (a) a senior secured five-year term loan in the principal amount of $560 million and (b) a senior secured five-year revolving loan facility in the aggregate principal amount of up to $1.59 billion. Under the terms of the loan facilities, the Company may request an additional $200 million in revolving credit and/or term credit commitments, subject to approval from the lenders. Borrowings may be made in various currencies including U.S. dollars, Euros, British pounds sterling, Australian dollars and Canadian dollars. The $2.15 billion senior secured credit facilities replaced the Company's former $1.05 billion senior credit facility. The Company also retired all of the 6 5/8% senior subordinated notes under the terms of a tender offer, at an aggregate cost of $209.6 million including an early redemption premium. Amortization payments on the term loan portion of the credit facilities began on September 30, 2007 and will continue quarterly through 2012. As of December 29, 2007, the cumulative total amortization payments on the term loan were $1.4 million, reducing the balance of our term loans and effectively reducing the size of the credit facilities.

As of December 29, 2007, there was $837.1 million of availability under the revolving loan facility. Under the revolving loan facility, the Company has the ability to issue letter of credit commitments up to $65.0 million. At December 29, 2007, the Company had letters of credit in the amount of $26.3 million outstanding.

At December 29, 2007, the Company had outstanding interest rate swaps with major financial institutions that effectively converted a portion of variable-rate debt denominated in the Euro, British pound and U.S. dollar to a fixed rate. The swap agreements have a total U.S. dollar equivalent notional amount of $720.4 million. The term, expiration date and rates of these swaps are as follows:

CURRENCY	NOTIONAL AMOUNT IN USD (IN MILLIONS)	TERM	EXPIRATION DATE	FIXED RATE
British pound	$ 57.4	3 years	11/17/2008	4.76%
Euro	63.0	3 years	11/17/2008	2.98%
U.S. dollar	200.0	2 years	3/31/2009	4.90%
U.S. dollar	200.0	3 years	3/31/2010	4.87%
U.S. dollar	200.0	5 years	2/14/2012	5.20%

Master Accounts Receivable Purchase Agreement

On April 11, 2007, the Company entered into a Master Accounts Receivable Purchase Agreement (the “MARP Agreement”). The facility terminates on April 10, 2008, or such later date as may be extended by mutual consent of the Company and lenders. The MARP Agreement provides for the discounted sale, on a revolving basis, of accounts receivable generated by specified account debtors, with seasonally adjusted monthly aggregate limits ranging from $10.0 million to $300 million. The MARP Agreement also provides for specified account debtor sublimit amounts, which provide limits on the amount of receivables owed by individual account debtors that can be sold. The Company is currently evaluating options to extend or replace this type of financing arrangement.

The caption “Accounts receivable pledged” on the accompanying Condensed, Consolidated Balance Sheets in the amounts of $10.7 and $149.5 as of December 29, and September 30, 2007, respectively, represents the pool of receivables that have been designated as “sold” and serve as collateral for short-term debt in the amount of $2.3 million and $64.4 million, as of those dates, respectively.

The Company was in compliance with the terms of all borrowing agreements at December 29, 2007.

7. COMPREHENSIVE INCOME

The components of other comprehensive loss and total comprehensive income (loss) for the three months ended December 29, 2007 and December 30, 2006 were as follows:

	THREE MONTHS ENDED	
	DECEMBER 29, 2007	DECEMBER 30, 2006
	(IN MILLIONS)	
Net loss	$ (56.8)	$ (59.4)
Other comprehensive income (expense):		
Change in valuation of derivative instruments	(5.0)	2.5
Foreign currency translation adjustments	2.6	(2.1)
Comprehensive loss	$ (59.2)	$ (59.0)

8. RETIREMENT AND RETIREE MEDICAL PLANS COST INFORMATION

The following summarizes the net periodic benefit cost for the various retirement and retiree medical plans sponsored by the Company:

	THREE MONTHS ENDED	
	DECEMBER 29, 2007	DECEMBER 30, 2006
	(IN MILLIONS)	
Frozen defined benefit plans	$0.1	$0.4
International benefit plans	1.2	1.9
Retiree medical plan	0.6	0.7

9. STOCK-BASED COMPENSATION AWARDS

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

	THREE MONTHS ENDED	
	DECEMBER 29, 2007	DECEMBER 30, 2006
Options	873,700	790,100
Performance shares	40,000	—
Restricted stock	147,000	191,300
Total share-based awards	1,060,700	981,400
Aggregate fair value at grant dates (in millions)	$ 18.3	$ 19.8

As of December 29, 2007, Scotts Miracle-Gro had approximately 2.4 million common shares not subject to outstanding awards and available to underlie the grant of new share-based awards.

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

	THREE MONTHS ENDED	
	DECEMBER 29, 2007	DECEMBER 30, 2006
Share-based compensation	$3.4	$4.2
Tax benefit recognized	1.2	1.5

Stock Options/SARs

Aggregate stock option and stock appreciation right award activity consisted of the following (options/SARs in millions):

	THREE MONTHS ENDED			
	DECEMBER 29, 2007		DECEMBER 30, 2006	
	No. of Options/ SARs	WTD. Avg. Exercise Price	No. of Options/ SARs	WTD. Avg. Exercise Price
Balance beginning of fiscal year	5.8	$ 26.63	6.2	$ 26.09
Granted	0.9	$ 38.67	0.8	$ 45.88
Exercised	(0.1)	$ 16.35	(1.1)	$ 20.40
Forfeited	(0.1)	$ 36.27	—	—
Ending balance	6.5	$ 28.31	5.9	$ 29.70
Exercisable	5.1	$ 27.79	3.7	$ 22.29

The intrinsic value of the stock option and stock appreciation right awards outstanding and exercisable were as follows for the dates indicated (in millions):

	DECEMBER 29, 2007	DECEMBER 30, 2006
Outstanding	$60.8	$129.5
Exercisable	50.3	108.6

The grant date fair value of each award has been estimated using a binomial model and the assumptions in the following table. Expected market price volatility is based on implied volatilities from traded options on Scotts Miracle-Gro's common shares and historical volatility specific to the common shares. Historical data, including demographic factors impacting historical exercise behavior, is used to estimate option exercise and employee termination within the valuation model. The risk-free interest rate for periods within the contractual life (normally ten years) of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The expected life of stock options is based on historical experience and expectations for grants outstanding. The weighted average assumptions for those awards granted during the three months ended December 29, 2007, were as follows:

Expected market price volatility	30.2%
Risk-free interest rate	4.0%
Expected dividend yield	1.3%
Expected life of stock options in years	6.19
Estimated weighted-average fair value per share of stock option	$12.38

Restricted Stock

Aggregate restricted stock award activity for the period was as follows:

	No. of Shares	WTD Avg. Grant Date Fair Value per Share
Awards outstanding at September 30, 2007	277,080	$ 43.74
Granted (including 40,000 performance shares)	187,000	39.99
Vested	(27,600)	34.50
Forfeited	(30,400)	44.12
Awards outstanding at December 29, 2007	406,080	$ 42.61

As of December 29, 2007, total unrecognized compensation cost related to non-vested share-based awards amounted to $27.9 million. This cost is expected to be recognized over a weighted-average period of 2.5 years. Unearned compensation cost is amortized by grant on a straight-line method over the vesting period with the amortization expense classified as a component of "Selling, general and administrative" expense within the Condensed, Consolidated Statements of Operations.

The total intrinsic value of options exercised was $3.4 million and the total fair value of restricted stock vested was $1.0 million during the three months ended December 29, 2007. Cash received from option exercises under all share-based payment arrangements during the three months ended December 29, 2007 was $1.6 million.

10. INCOME TAXES

The Company adopted FIN 48 as of October 1, 2007, the beginning of its 2008 fiscal year. Upon adoption, the Company continues to classify interest and penalties on tax uncertainties as a component of the provision for income taxes. As of the date of adoption, the total amount of gross unrecognized tax benefits for uncertain tax positions, including positions impacting only timing benefits, was $10.0 million (compared to $9.6 million as of September 30, 2007, prior to adoption). Of the $10.0 million accrued at the date of adoption, the amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate was $9.5 million, which includes accrued interest and penalties of $1.4 million and $0.8 million, respectively. The corresponding amounts of gross unrecognized tax benefits and accrued interest and penalties at December 29, 2007 were not materially different from the amounts at the date of adoption. As a result of adoption, the Company recognized a $0.4 million decrease to retained earnings at October 1, 2007.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, and various state, local, and foreign jurisdictions. With few exceptions, the Company is no longer subject to examinations by these tax authorities for fiscal year 2003 and prior. The Company is under examination by the Canada Revenue Agency (CRA) and some U.S. state and local tax authorities. In addition, certain other tax deficiency issues and refund claims for previous years remain unresolved. The CRA is currently auditing income tax returns for fiscal years 2002 and 2003. There are U.S. state and local audits covering tax years 2002 through 2005 in process.

The Company anticipates that few of these audits will be resolved during fiscal 2008. However, the Company does believe that some individual audits or issues may be agreed to within the next 12 months. Although audit outcomes and the timing of audit payments are subject to significant uncertainty, the Company does not anticipate that the resolution of these matters will result in a material change to its consolidated financial condition or results of operations.

11. CONTINGENCIES

Management continually evaluates the Company's contingencies, including various lawsuits and claims which arise in the normal course of business, product and general liabilities, worker's compensation, property losses and other fiduciary liabilities for which the Company is self-insured or retains a high exposure limit. Self-insurance reserves are established based on actuarial loss estimates for specific individual claims plus actuarial estimated amounts for incurred but not reported claims and adverse development factors for existing claims. Legal costs incurred in connection with the resolution of claims, lawsuits and other contingencies are generally expensed as incurred. In the opinion of management, its assessment of contingencies is reasonable and related reserves, in the aggregate, are adequate; however, there can be no assurance that future quarterly or annual operating results will not be materially affected by final resolution of these matters. The following are the more significant of the Company's identified contingencies.

Environmental Matters

In 1997, the Ohio Environmental Protection Agency (the "Ohio EPA") initiated an enforcement action against the Company with respect to alleged surface water violations and inadequate treatment capabilities at the Marysville, Ohio facility and seeking corrective action under the federal Resource Conservation and Recovery Act. The action related to discharges from on-site waste water treatment and several discontinued on-site disposal areas.

Pursuant to a Consent Order entered by the Union County Common Pleas Court in 2002, the Company is actively engaged in restoring the site to eliminate exposure to waste materials from the discontinued on-site disposal areas.

At December 29, 2007, $3.7 million was accrued for environmental and regulatory matters. While the amounts accrued are believed to be adequate to cover known environmental exposures based on current facts and estimates of likely outcome, the adequacy of these accruals is based on several significant assumptions:

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

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

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

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

The Company continues to vigorously defend against Geiger's claims. The Company believes that Geiger's claims are without merit and that the likelihood of an unfavorable outcome is remote. Therefore, no accrual has been established related to this matter. However, the Company cannot predict the ultimate outcome with certainty. If the above action is determined adversely to the Company, the result could have a material adverse effect on the Company's results of operations, financial position and cash flows. The Company had previously sued and obtained a judgment against Geiger on April 25, 2005, based on Geiger's default on obligations to the Company, and the Company is proceeding to collect that judgment.

Other

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

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

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

On November 26, 2007, the United States Department of Agriculture issued an administrative complaint alleging that Scotts LLC had violated the Plant Protection Act and the regulations promulgated thereunder, related to the testing of genetically-modified Glyphosate-tolerant creeping bentgrass. Without admitting or denying that it violated the law, on November 26, 2007, Scotts LLC entered into a Consent Decision and Order with the USDA resolving this matter. The Company has agreed to pay a civil penalty of $500,000, which had previously been accrued, and conduct three public workshops.

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.

12. ACQUISITIONS

There were no acquisitions in the first quarter of fiscal 2008. In the first quarter of fiscal 2007, the Company continued to invest in the growth of the Scotts LawnService® business, acquiring two businesses for a total cost of $3.4 million.

13. SEGMENT INFORMATION

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

The Global Consumer segment consists of the North American Consumer and International Consumer business groups. The business groups comprising this segment manufacture, market and sell dry, granular slow-release lawn fertilizers, combination lawn fertilizer and control products, grass seed, spreaders, water-soluble, liquid and continuous release garden and indoor plant foods, plant care products, potting, garden and lawn soils, mulches and other growing media products, and pesticide products. Products are marketed to mass merchandisers, home improvement centers, large hardware chains, warehouse clubs, distributors, garden centers, and grocers in the United States, Canada, and Europe.

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

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

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

The following table presents segment financial information in accordance with SFAS 131, “Disclosures about Segments of an Enterprise and Related Information.” Pursuant to SFAS 131, the presentation of the segment financial information is consistent with the basis used by management (i.e., certain costs not allocated to business segments for internal management reporting purposes are not allocated for purposes of this presentation).

	THREE MONTHS ENDED	
	DECEMBER 29, 2007	DECEMBER 30, 2006
	(IN MILLIONS)	
Net sales:		
Global Consumer	$ 166.9	$ 144.5
Global Professional	62.4	56.4
Scotts LawnService®	38.3	25.8
Corporate & Other	41.3	44.7
Segment total	308.9	271.4
Roundup® amortization	(0.2)	(0.2)
Consolidated	$ 308.7	$ 271.2
Operating income (loss):		
Global Consumer	$ (38.0)	$ (43.6)
Global Professional	6.4	5.9
Scotts LawnService®	(11.5)	(16.4)
Corporate & Other	(22.6)	(26.8)
Segment total	(65.7)	(80.9)
Roundup® amortization	(0.2)	(0.2)
Other amortization	(3.9)	(3.5)
Consolidated	$ (69.8)	$ (84.6)

	DECEMBER 29, 2007	DECEMBER 30, 2006	SEPTEMBER 30, 2007
		(IN MILLIONS)	
Total assets:			
Global Consumer	$ 1,694.0	$ 1,628.0	$ 1,545.5
Global Professional	327.8	297.3	314.4
Scotts LawnService®	167.6	142.0	189.2
Corporate & Other	219.6	260.7	228.1
Consolidated	$ 2,409.0	$ 2,328.0	$ 2,277.2

Segment operating income (loss) represents earnings before amortization of intangible assets, interest and taxes, since this is the measure of profitability used by management. Accordingly, the Corporate & Other operating loss for the three months ended December 29, 2007 and December 30, 2006 includes unallocated corporate general and administrative expenses, and certain other income/expense items not allocated to the business segments.

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

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

OVERVIEW

Management's Discussion and Analysis ("MD&A") is organized in the following sections:

- Executive summary
- Results of operations
- Segment discussion
- Liquidity and capital resources

Executive Summary

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

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

Our sales are susceptible to global weather conditions. For instance, periods of wet weather can adversely impact sales of certain products, while increasing demand for other products. We believe that our diversified product line provides some mitigation to this risk. We also believe that our broad geographic diversification further reduces this risk

	Percent Net Sales by Quarter		
	2007	2006	2005
First Quarter	9.5%	9.3%	10.4%
Second Quarter	34.6%	33.6%	34.3%
Third Quarter	38.2%	38.9%	38.0%
Fourth Quarter	17.7%	18.2%	17.3%

Due to the nature of our lawn and garden business, significant portions of our shipments occur in the second and third fiscal quarters. Over the past few years, retailers have reduced their pre-season inventories as they have come to place greater reliance on our ability to deliver products "in season" when consumers buy our products.

Management focuses on a variety of key indicators and operating metrics to monitor the health and performance of our business. These metrics include consumer purchases (point-of-sale data), market share, net sales (including volume, pricing and foreign exchange), gross profit margins, income from operations, net income and earnings per share. To the extent applicable, these measures are evaluated with and without impairment, restructuring and other charges. We also focus on measures to optimize cash flow and return on invested capital, including the management of working capital and capital expenditures.

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

In order to fund this recapitalization the Company entered into credit facilities aggregating $2.15 billion and terminated its prior credit facility. Reference should be made to Note 6 to the accompanying condensed, consolidated financial statements for further information as to the credit facilities and the repayment and termination of the prior credit facility and the 6 5/8% senior subordinated notes.

The actions described above reflect management's confidence in the continued growth of the Company coupled with strong and consistent cash flows that can support the higher levels of debt incurred to finance these actions. Even with an increase in borrowings, we believe we will maintain the capacity to pursue targeted, strategic acquisitions that leverage our core competencies.

RESULTS OF OPERATIONS

The following table sets forth the components of income and expense as a percentage of net sales for the three months ended December 29, 2007 and December 30, 2006:

	THREE MONTHS ENDED	
	DECEMBER 29, 2007	DECEMBER 30, 2006
	(UNAUDITED)	
Net sales	100.0%	100.0%
Cost of sales	76.9	79.6
Gross profit	23.1	20.4
Operating expenses:		
Selling, general and administrative	46.7	52.4
Other income, net	(1.0)	(0.8)
Loss from operations	(22.6)	(31.2)
Interest expense	6.2	3.0
Loss before income taxes	(28.8)	(34.2)
Income tax benefit	(10.4)	(12.3)
Net loss	(18.4)%	(21.9)%

Net sales for the three months ended December 29, 2007 were $308.7 million, an increase of 13.8% from net sales of $271.2 million for the three months ended December 30, 2006. Acquisitions contributed 1.2% to sales growth for the quarter, the impact of foreign exchange rates increased sales growth by 3.2%, and higher selling prices favorably impacted sales growth by 1.9%. Excluding these factors, sales for the quarter increased 7.5% as compared to the first quarter of fiscal 2007. Organic net sales growth was 8.7%, 35.8% and 3.9% in Global Consumer, Scotts LawnService® and Global Professional, respectively, while Smith & Hawken® net sales declined 7.6% for the first quarter of fiscal 2008. Net sales for our first fiscal quarter typically comprise between 9% to 11% of our total year net sales. Therefore, first quarter net sales trends are generally not indicative of the full fiscal year.

As a percentage of net sales, gross profit was 23.1% of sales in the first quarter of fiscal 2008 compared to 20.4% in the first quarter of fiscal 2007. The gross margin improvement for the quarter was primarily attributable to favorable product mix and pricing in our Global Consumer segment as well as the impact of favorable volume in Scotts LawnService®. For the year we anticipate the gross profit rate as a percentage of net sales to closely approximate fiscal 2007, as price increases, product mix and cost savings measures are expected to largely be offset by volatile commodity costs.

Selling, General and Administrative Expense:

	THREE MONTHS ENDED			
	DECEMBER 29, 2007		DECEMBER 30, 2006	
	(IN MILLIONS) (UNAUDITED)			
Advertising	$	14.8	$	13.4
Selling, general and administrative		125.6		125.3
Amortization of intangibles		3.9		3.5
	$	144.3	$	142.2

Selling, general and administrative expenses were $144.3 million in the first quarter of fiscal 2008, an increase of 1.5% compared to the first quarter of fiscal 2007, which represented a decrease of 0.9% excluding the effect of foreign exchange rates. We are expecting full year growth of SG&A of 8 to 10 percent as we make strategic investments in technology and innovation, as well as targeted marketing and selling spending, to support our long-term growth initiatives. First quarter spending was only slightly impacted by these initiatives and benefited from lower expenses in a wide variety of areas. In addition, the first quarter 2008 comparison versus the prior year benefited from approximately $2.0 million of severance expense in the first quarter of fiscal 2007 that did not repeat in the current year.

Interest expense for the first quarter of fiscal 2008 was $19.0 million, compared to $8.2 million for the first quarter of fiscal 2007. The increase in interest expense is primarily attributable to an increase in borrowings resulting from the recapitalization transactions that were consummated during the second quarter of fiscal 2007, and to a lesser extent an increase in our weighted average interest rate resulting from our increased leverage and higher LIBOR rates in general. Average borrowings increased $620.6 million during the first quarter of fiscal 2008 as compared to the prior year period. Weighted average interest rates also increased by 84 basis points.

The income tax benefit was calculated assuming an effective tax rate of 36.0% for both the first quarter of fiscal 2008 and fiscal 2007. The effective tax rate used for interim reporting purposes is based on management’s best estimate of factors impacting the effective tax rate for the full fiscal year. Factors affecting the estimated rate include assumptions as to income by jurisdiction (domestic and foreign), the availability and utilization of tax credits, the existence of elements of income and expense that may not be taxable or deductible, as well as other items. There can be no assurance that the effective tax rate estimated for interim financial reporting purposes will approximate the effective tax rate determined at fiscal year end. The estimated effective tax rate is subject to revision in later interim periods and at fiscal year end as facts and circumstances change during the course of the fiscal year.

The Company reported a net loss of $56.8 million for the first quarter of fiscal 2008, compared to a net loss of $59.4 million for the first quarter of fiscal 2007. This first quarter loss was anticipated due to the seasonal nature of our business, in which our sales are heavily weighted in the spring and summer selling season. Average common shares outstanding decreased to 64.2 million for the quarter ended December 29, 2007 from 67.2 million for the quarter ended December 30, 2006. This decrease resulted from the repurchase of 4.5 million common shares in February 2007 as part of our recapitalization offset by common shares issued for option exercises. Common stock equivalents are not included in the shares used for the first quarter diluted earnings per share calculations due to their anti-dilutive effect.

SEGMENT RESULTS

The Company is divided into the following segments — Global Consumer, Global Professional, Scotts LawnService®, and Corporate & Other. These segments differ from those used in the prior year due to the realignment of the North America and International segments into the Global Consumer and Global Professional segments. The Corporate & Other segment consists of Smith & Hawken® and corporate general and administrative expenses. The prior year amounts have been reclassified to conform with the fiscal 2008 segments. Segment performance is evaluated based on several factors, including income from operations before amortization, and impairment, restructuring and other charges, which is a non-GAAP measure. Management uses this measure of operating profit to gauge segment performance because we believe this measure is the most indicative of performance trends and the overall earnings potential of each segment.

The Global Consumer segment consists of the North American Consumer and International Consumer business groups which manufacture, market and sell dry, granular slow-release lawn fertilizers, combination lawn fertilizer and control products, grass seed, spreaders, water-soluble, liquid and continuous release garden and indoor plant foods, plant care products, potting, garden and lawn soils, mulches and other growing media products, and pesticide products. Products are marketed to mass merchandisers, home improvement centers, large hardware chains, warehouse clubs, distributors, garden centers, and grocers in the United States, Canada and Europe.

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

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

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

The following table sets forth net sales by segment:

	THREE MONTHS ENDED	
	DECEMBER 29, 2007	DECEMBER 30, 2006
	(IN MILLIONS) (UNAUDITED)	
Global Consumer	$ 166.9	$ 144.5
Global Professional	62.4	56.4
Scotts LawnService®	38.3	25.8
Corporate & other	41.3	44.7
Segment total	308.9	271.4
Roundup® amortization	(0.2)	(0.2)
Consolidated	$ 308.7	$ 271.2

The following table sets forth operating income (loss) by segment:

	THREE MONTHS ENDED	
	DECEMBER 29, 2007	DECEMBER 30, 2006
	(IN MILLIONS) (UNAUDITED)	
Global Consumer	$ (38.0)	$ (43.6)
Global Professional	6.4	5.9
Scotts LawnService®	(11.5)	(16.4)
Corporate & other	(22.6)	(26.8)
Segment total	(65.7)	(80.9)
Roundup® amortization	(0.2)	(0.2)
Other amortization	(3.9)	(3.5)
Consolidated	$ (69.8)	$ (84.6)

Global Consumer

The Global Consumer segment net sales were $166.9 million in the first quarter of fiscal 2008, an increase of 15.5% from net sales of $144.5 million for the first quarter of fiscal 2007. Price increases contributed 3.3% to the first quarter sales increase, while foreign exchange movements increased sales by 3.5%. Excluding these factors, sales increased 8.7%, reflecting strong sales in both North America and Europe. Point-of-sales in North America increased 12% for the quarter, with strong demand in every product category, led by grass seed, home protection, growing media and lawn fertilizers. Sales in Europe increased by 12%, led by France and Germany. U.K. sales were down slightly in the quarter, but are expected to increase for the full year as new programs take effect in the key spring and summer fiscal 2008 selling season. While we are encouraged by the consumer activity in this quarter, it is important to note that our first quarter typically represents less than 7% of annual sales for this segment and falls at the end of the growing season in North America and Europe.

The first quarter fiscal 2008 Global Consumer segment operating loss decreased by $5.6 million as compared to the first quarter of fiscal 2007. This was the result of higher sales and gross profit in the quarter, partially offset by increased spending on media and selling activities.

Global Professional

Net sales for the Global Professional segment in the first quarter of fiscal 2008 were $62.4 million, an increase of $6.0 million, or 10.6%, versus the first quarter of fiscal 2007. Excluding the effect of exchange rates, net sales increased by 4.2%. This increase was primarily attributable to a strong start in our European Professional business, which increased 14% after the impact of foreign exchange rates versus the prior year. Sales in our Emerging Markets group were mixed, with a net increase of 2.8% after the impact of foreign exchange rates, while North American Professional sales were down 4.2% for the quarter.

The Global Professional operating income for the first quarter of fiscal 2008 increased by $0.5 million or 8% as higher sales were partially offset by higher commodity costs and increased selling expense.

Scotts LawnService®

Scotts LawnService® revenues increased 48.4% from $25.8 million in the first quarter of fiscal 2007 to $38.3 million in the first quarter of fiscal 2008. Approximately one-quarter of this growth was attributable to acquisitions subsequent to the first quarter of fiscal 2007. Continued strong organic growth and improved customer retention were the other primary drivers behind this increase. Average customer count was up 9.3% for the quarter. We also managed this business differently at the end of the 2007 growing season, which resulted in a higher percentage of late season lawn treatments shifting to the first quarter of fiscal 2008, which is better agronomically.

The operating loss for Scotts LawnService® was reduced by $4.9 million, principally as a result of higher revenues and gross profit, partially offset by higher SG&A spending.

Corporate & Other

Net sales for the Corporate & Other segment, which pertain primarily to Smith & Hawken®, decreased $3.4 million or 7.6%, from the first quarter of fiscal 2007. Smith & Hawken® sales performed well in the fall season, however, this was more than offset by a disappointing holiday season. Furthermore, the first quarter of fiscal 2007 benefited from initial start-up activity with Starbucks®.

The net operating loss for Corporate & Other decreased by $4.2 million in the first quarter of 2008 as compared to the first quarter of fiscal 2007. Lower Corporate spending in a number of functional of areas was partially offset by a higher Smith & Hawken® operating loss.

LIQUIDITY AND CAPITAL RESOURCES

Cash used in operating activities amounted to $180.0 million and $204.1 million for the three months ended December 29, 2007 and December 30, 2006, respectively. The use of cash in the first fiscal quarter is due to the seasonal nature of our operations. The first quarter is the low point for net sales while at the same time we are building inventories in preparation for the spring selling season that begins in our second fiscal quarter. The decrease in cash used in operating activities in the first quarter of fiscal 2008 as compared to the first quarter of fiscal 2007 relates primarily to the timing of trade promotional payments, and lower tax and incentive payments, partially offset by a higher pre-season inventory build.

Cash used in investing activities was $14.5 million and $18.6 million for the three months ended December 29, 2007 and December 30, 2006, respectively. There was no acquisition activity in the first quarter of fiscal 2008, while there was $2.7 million spent in the first quarter of fiscal 2007 on acquisitions relating to our Scotts LawnService® business. Capital spending on property, plant and equipment in the normal course of business was fairly consistent, with $15.1 million spent during the first quarter of fiscal 2008 as compared to the $16.2 million spent in the first quarter of fiscal 2007.

Financing activities provided cash of $189.0 million and $212.1 million for the three months ended December 29, 2007 and December 30, 2006, respectively.

Our recapitalization plan that was consummated during the second quarter of fiscal 2007 returned $750 million to shareholders. In addition, we repurchased all of our 6 5/8% senior subordinated notes in an aggregate principal amount of $200 million. These actions were financed by replacing, effective February 7, 2007, our prior Revolving Credit Agreement with senior secured $2.15 billion multicurrency credit facilities that provide for revolving credit and term loans through February 7, 2012.

In April of fiscal 2007, we entered into a Master Accounts Receivable Purchase Agreement (the "MARP Agreement"). The facility terminates on April 10, 2008, or such later date as may be extended by mutual consent of the Company and lenders. The MARP Agreement was entered into as it provides an interest rate savings of 45 basis points as compared to borrowing under our senior secured credit facilities. The MARP Agreement provides for the sale, on a revolving basis, of account receivables generated by specified account debtors, with seasonally adjusted monthly aggregate limits ranging from $10 million to $300 million. The MARP Agreement also provides for specified account debtor sublimit amounts, which provide limits on the amount of receivables owed by individual account debtors that can be sold to the banks. Borrowings under the MARP Agreement at December 29, 2007 were $2.3 million. The Company is currently evaluating options to extend or replace this type of financing arrangement.

At December 29, 2007, the Company had outstanding interest rate swaps with major financial institutions that effectively converted a portion of our variable-rate debt denominated in the Euro dollar, British pound and U.S. dollar to a fixed rate. The swap agreements have a total U.S. dollar equivalent notional amount of $720.4 million. The term, expiration date and rates of these swaps are shown in the table below.

CURRENCY	NOTIONAL AMOUNT IN USD (IN MILLIONS)	TERM	EXPIRATION DATE	FIXED RATE
British pound	$ 57.4	3 years	11/17/2008	4.76%
Euro	63.0	3 years	11/17/2008	2.98%
U.S. dollar	200.0	2 years	3/31/2009	4.90%
U.S. dollar	200.0	3 years	3/31/2010	4.87%
U.S. dollar	200.0	5 years	2/14/2012	5.20%

As of December 29, 2007, there was $837.1 million of availability under our credit facilities and we were in compliance with all debt covenants. Our primary sources of liquidity are cash generated by operations and borrowings under our credit facilities. We believe our facilities will continue to provide the Company with the capacity to pursue targeted, strategic acquisitions that leverage our core competencies.

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, reviewed the 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; however, there can be no assurance that future quarterly or annual operating results will not be materially affected by final resolution of these matters.

In our opinion, cash flows from operations and capital resources will be sufficient to meet debt service and working capital needs during fiscal 2008 and thereafter for the foreseeable future. However, we cannot ensure that our business will generate sufficient cash flow from operations or that future borrowings will be available under our credit facilities in amounts sufficient to pay indebtedness or fund other liquidity needs. Actual results of operations will depend on numerous factors, many of which are beyond our control.

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 actions 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 our future quarterly or annual results of operations, financial condition or cash flows. Additional information on environmental matters affecting us is provided in the fiscal 2007 Annual Report on Form 10-K under "ITEM 1. BUSINESS — Environmental and Regulatory Considerations," "ITEM 1. BUSINESS — Regulatory Actions" and "ITEM 3. LEGAL PROCEEDINGS."

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preceding 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 Quarterly Report on Form 10-Q. Our Annual Report on Form 10-K for the fiscal year ended September 30, 2007 includes additional information about the Company, our operations, our financial position, our critical accounting policies and accounting estimates, and should be read in conjunction with this Quarterly Report on Form 10-Q.

During the third quarter of fiscal 2007, the Company changed the timing of its annual goodwill impairment testing from the last day of our fiscal first quarter to the first day of our fiscal fourth quarter. This accounting is preferable in the Company's circumstances as moving the timing of our annual goodwill impairment testing better aligns with the seasonal nature of our business and the timing of our annual strategic planning process. In addition, the Company also changed the date of its annual indefinite life intangible impairment testing to the first day of our fiscal fourth quarter, June 29, 2008 for the current year.

The July 1, 2007 SFAS 142 evaluation of the Smith & Hawken® goodwill was finalized in the first quarter of fiscal 2008 and there was no change to the related impairment charge recorded in the fourth quarter of fiscal 2007.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risks have not changed significantly from those disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2007.

ITEM 4. CONTROLS AND PROCEDURES

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

(A) information required to be disclosed by the Company in this Quarterly Report on Form 10-Q and the other reports that the Company files or submits under the Exchange Act would be accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure;

(B) information required to be disclosed by the Company in this Quarterly Report on Form 10-Q and the other reports that the Company files or submits under the Exchange Act would be recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms; and

(C) the Company's disclosure controls and procedures are effective as of the end of the fiscal quarter covered by this Quarterly Report on Form 10-Q.

In addition, there were no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the Company's fiscal quarter ended December 29, 2007, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

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

The Company continues to vigorously defend against Geiger's claims. The Company believes that Geiger's claims are without merit and that the likelihood of an unfavorable outcome is remote. Therefore, no accrual has been established related to this matter. However, the Company cannot predict the ultimate outcome with certainty. If the above action is determined adversely to the Company, the result could have a material adverse effect on the Company's results of operations, financial position and cash flows. The Company had previously sued and obtained a judgment against Geiger on April 25, 2005, based on Geiger's default on obligations to the Company, and the Company is proceeding to collect that judgment.

Other than as discussed in the preceding paragraphs, pending material legal proceedings have not changed significantly since those disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2007.

ITEM IA. RISK FACTORS

Cautionary Statement on forward-looking Statements

We have made and will make “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 in this Quarterly Report on 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 Quarterly Report on Form 10-Q and in other contexts represent challenging goals for the 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 included in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended September 30, 2007. All forward-looking statements attributable to us or persons working on our behalf are expressly qualified in their entirety by those cautionary statements.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) Issuer Purchases of Equity Securities

No equity securities were purchased during the quarter ended December 29, 2007.

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

The Annual Meeting of Shareholders of Scotts Miracle-Gro (the “Annual Meeting”) was held in Marysville, Ohio on January 31, 2008.

The result of the vote of the shareholders in the election of four directors, for terms of three years each to expire at the 2011 Annual Meeting of Shareholders, was as follows:

NOMINEE	VOTES FOR	VOTES WITHHELD	BROKER NON-VOTES & ABSTENTIONS
James Hagedorn	56,405,032	3,324,307	N/A
Karen G. Mills	56,081,410	3,647,929	N/A
Nancy G. Mistretta	52,632,914	7,096,426	N/A
Stephanie M. Shern	58,042,714	1,686,626	N/A

Each of the nominees designated by the Scotts Miracle-Gro Board of Directors was elected. The other directors whose terms of office continue after the Annual Meeting are Mark R. Baker, Joseph P. Flannery, Katherine Hagedorn Littlefield, Patrick J. Norton, Arnold W. Donald, John S. Shiely and Thomas N. Kelly. Also on January 31, 2008, Gordon F. Brunner retired from the Board of Directors. Carl F. Kohrt, Ph.D. was appointed to the Scotts Miracle-Gro Board of Directors on January 31, 2008 to fill the vacancy created by Mr. Brunner’s retirement. As a class II director, Dr. Kohrt will hold office for a term which will expire at Scotts Miracle-Gro’s 2009 Annual Meeting.

ITEM 6. EXHIBITS

See Index to Exhibits at page 29 for a list of the exhibits included herewith.

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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 MIRACLE-GRO COMPANY

Date: February 7, 2008

/s/ DAVID C. EVANS

David C. Evans
Executive Vice President and Chief Financial Officer
(Principal Financial and Principal Accounting Officer)
(Duly Authorized Officer)

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THE SCOTTS MIRACLE-GRO COMPANY
QUARTERLY REPORT ON FORM 10-Q
FOR THE FISCAL QUARTER ENDED DECEMBER 29, 2007

INDEX TO EXHIBITS

EXHIBIT NO.	DESCRIPTION	LOCATION
10(a)	The Scotts Company LLC Amended and Restated Executive/Management Incentive Plan (effective as of November 7, 2007)	Incorporated herein by reference to the Annual Report on Form 10-K of The Scotts Miracle-Gro Company (the "Registrant") for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(b)(2)]
10(b)	Executive Officers of The Scotts Miracle-Gro Company who are parties to form of Employee Confidentiality, Noncompetition, Nonsolicitation Agreement for employees participating in The Scotts Company LLC Amended and Restated Executive/Management Incentive Plan	*
10(c)	The Scotts Miracle-Gro Company Amended and Restated 1996 Stock Option Plan (effective as of October 30, 2007)	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(d)(4)]
10(d)	The Scotts Miracle-Gro Company Amended and Restated 2003 Stock Option and Incentive Equity Plan (effective as of October 30, 2007)	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(j)(3)]
10(e)	Form of letter agreement amending Restricted Stock awards granted under The Scotts Miracle-Gro Company 2003 Stock Option and Incentive Equity Plan, as amended (effective as of October 30, 2007)	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(k)(2)]
10(f)	Employment Agreement for Barry Sanders, executed by The Scotts Company LLC on November 19, 2007 and by Barry W. Sanders on November 16, 2007 and effective as of October 1, 2007	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(m)]
10(g)	The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan (effective as of October 30, 2007)	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(r)(2)]
10(h)	Form of letter agreement amending Restricted Stock awards granted under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan, as amended (effective as of October 30, 2007)	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(t)(2)]

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EXHIBIT NO.	DESCRIPTION	LOCATION
10(i)	Specimen form of Nonqualified Stock Option Award Agreement for Employees to evidence grants of Nonqualified Stock Options which may be made under The Scotts Miracle-Gro Company [Amended and Restated] 2006 Long-Term Incentive Plan (used after October 30, 2007)	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(t)(3)]
10(j)	Specimen form of Restricted Stock Award Agreement for Employees to evidence grants of Restricted Stock which may be made under The Scotts Miracle-Gro Company [Amended and Restated] 2006 Long-Term Incentive Plan (used after October 30, 2007)	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(t)(4)]
10(k)	Specimen form of Performance Share Award Agreement for Employees (with Related Dividend Equivalents) to evidence grants of Performance Shares which may be made under The Scotts Miracle-Gro Company [Amended and Restated] 2006 Long-Term Incentive Plan (used after October 30, 2007)	Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-13292) [Exhibit 10(t)(5)]
10(1)	Specimen form of Stock Unit Award Agreement for Nonemployee Directors (with Related Dividend Equivalents) to evidence grants of Stock Units which may be made under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan (used after December 20, 2007)	*
10(m)	Specimen form of Deferred Stock Unit Award Agreement for Nonemployee Directors (with Related Dividend Equivalents) to evidence grants of Deferred Stock Units which may be made under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan (used on and after February 4, 2008)	*
10(n)	Performance Share Award Agreement for Employees (with Related Dividend Equivalents) evidencing grant of Performance Shares made on October 30, 2007 to Barry W. Sanders under The Scotts Miracle-Gro Company [Amended and Restated] 2006 Long-Term Incentive Plan, executed by The Scotts Miracle Gro Company on December 20, 2007 and by Barry W. Sanders on January 7, 2008	*
10(o)	Employment Agreement for David C. Evans, executed by The Scotts Company LLC on November 19, 2007 and by David C. Evans on December 3, 2007 and effective as of October 1, 2007	Incorporated herein by reference to the Registrant's Current Report on Form 8-K dated and filed December 7, 2007 (File No. 1-13292) [Exhibit 10.1]
10(p)	Employment Agreement for Denise S. Stump, executed by The Scotts Company LLC on November 19, 2007 and by Denise S. Stump on December 11, 2007 and effective as of October 1, 2007	Incorporated herein by reference to the Registrant's Current Report on Form 8-K dated and filed December 17, 2007 (File No. 1-13292) [Exhibit 10.1]
10(q)	Employment Agreement for Vincent Brockman, executed by The Scotts Miracle-Gro Company and by Vincent Brockman on May 24, 2006 and effective as of March 1, 2006	*

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EXHIBIT NO.	DESCRIPTION	LOCATION
10(r)	Summary of Compensation for Directors of The Scotts Miracle-Gro Company effective as of February 4, 2008	*
10(s)	First Amendment to Master Accounts Receivable Purchase Agreement and Waiver, entered into as of October 22, 2007, among The Scotts Company LLC, The Scotts Miracle-Gro Company and LaSalle Bank National Association	*
10(t)	Second Amendment to Master Accounts Receivable Purchase Agreement, entered into as of November 30, 2007, among The Scotts Company LLC, The Scotts Miracle-Gro Company and LaSalle Bank National Association	*
31(a)	Rule 13a-14(a)/15d-14(a) Certification (Principal Executive Officer)	*
31(b)	Rule 13a-14(a)/15d-14(a) Certification (Principal Financial Officer)	*
32	Section 1350 Certification (Principal Executive Officer and Principal Financial Officer)	*

* Filed herewith

Exhibit 10(b)

Executive Officers of
The Scotts Miracle-Gro Company
who are parties to form of
Employee Confidentiality, Noncompetition,
Nonsolicitation Agreement for employees
participating in The Scotts Company LLC Amended and Restated
Executive/Management Incentive Plan

Name and Principal Position with The Scotts Miracle-Gro Company	Date of Employee Confidentiality, Noncompetition, Nonsolicitation Agreement
Denise S. Stump — Executive Vice President-Global Human Resources	August 8, 2006
David C. Evans — Executive Vice President and Chief Financial Officer	May 20, 2006
Barry W. Sanders — Executive Vice President-North America	April 22, 2005
Vincent C. Brockman — Executive Vice President, General Counsel and Secretary	April 13, 2005

Exhibit 10(1)

THE SCOTTS MIRACLE-GRO COMPANY
AMENDED AND RESTATED
2006 LONG-TERM INCENTIVE PLAN

STOCK UNIT AWARD AGREEMENT FOR NONEMPLOYEE DIRECTORS
(WITH RELATED DIVIDEND EQUIVALENTS)
STOCK UNITS GRANTED TO [Grantee's Name] ON [Grant Date]

This Award Agreement describes the type of Award that you have been granted and the terms and conditions of your Award. Capitalized terms that are not defined in this Award Agreement have the same meanings as in the Plan. To ensure you fully understand the terms and conditions of your Award, you should:

- Read The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan ("Plan") and this Award Agreement carefully; and
- Contact [Title] at [Telephone Number] if you have any questions about your Award. Or, you may send a written inquiry to the address shown below:

The Scotts Miracle-Gro Company
Attention: [Title]
14111 Scottslawn Road
Marysville, Ohio 43041

Also, no later than [Date 30 Days After Grant Date], you must return a signed copy of this Award Agreement to:

[Third Party Administrator]
Attention: [TPA Contact's Name]
[TPA Contact's Address]

[TPA Telephone Number]

The Company intends that this Award satisfy the requirements of Section 409A of the Code and that this Award Agreement be so administered and construed. You agree that the Company may modify this Award Agreement, without any further consideration, to comply with Section 409A of the Code, even if those modifications change the terms of your Award and reduce its value or potential value.

1. DESCRIPTION OF YOUR AWARD

You have been granted [Number] stock units ("Stock Units") and an equal number of related dividend equivalents, subject to the terms and conditions of the Plan and this Award Agreement. Each whole Stock Unit represents the right to receive one full Share at the time and in the manner described in this Award Agreement, subject to Section 17.3 of the Plan. Each dividend equivalent represents the right to receive additional Stock Units (determined in accordance with Section 3(c)) in respect of the dividends that are declared and paid during the period beginning

on [Grant Date] and ending on the Termination Date (as described in Section 2(b)) with respect to the Share represented by the related Stock Unit.

2. VESTING AND SETTLEMENT

(a) **Vesting**. Your Stock Units are 100% vested on the Grant Date; provided that the Stock Units received pursuant to Section 3(c) will be 100% vested on the date they are credited to you.

(b) **Termination Date**. Subject to the terms of the Plan, your Stock Units [shall be] [shall begin to be] **[Note: Company to choose one of the alternatives based on whether Grantee chooses lump sum or annual installments in the Election Form]** settled within 30 days following the date you Terminate (the "Termination Date").

(c) **Form of Settlement**.

(i) Your whole Stock Units shall be settled in full Shares [in a lump sum within 30 days following the Termination Date] [in ___substantially equal annual installments, beginning within 30 days following the Termination Date and each anniversary of the Termination Date] **[Note: Company to choose one of the alternatives based on Grantee's election in the Election Form]**. Any fractional Stock Unit shall be settled in cash, determined based upon the Fair Market Value of a Share on the relevant settlement date.

(ii) Notwithstanding the foregoing, if you die before all of your Stock Units have been settled, your beneficiary (as described in Section 3(d) below) will be entitled to a lump sum distribution within 30 days following your death of a number of full Shares equal to the number of whole Stock Units that have not been settled as of the date of your death. Any fractional Stock Unit shall be settled in cash, determined based upon the Fair Market Value of a Share on the date of your death.

(d) **Changes to Form of Settlement**. You may change the form in which your Stock Units are settled (i.e., lump sum or annual installments over a period of up to ten years) by completing a new election form (as prescribed by the Board) and returning such completed election form to the Board; provided, however, that (i) such election must be irrevocable, (ii) such election may not take effect until at least 12 months after the date on which it is made and (iii) such election must defer the settlement date of the Stock Units (other than in connection with your death) for a period of not less than five years from the date the Stock Units otherwise would have been settled. Once the settlement of your Stock Units begins, no changes to the form of settlement shall be permitted.

3. GENERAL TERMS AND CONDITIONS

(a) **AMENDMENT AND TERMINATION.** Subject to the terms of the Plan, the Company may amend or terminate this Award Agreement or the Plan at any time.

(b) **RIGHTS BEFORE YOUR STOCK UNITS ARE SETTLED.** Except as provided in Section 3(c) below, you will have none of the rights of a shareholder with respect

to Shares underlying the Stock Units unless and until you become the record holder of such Shares.

(c) **DIVIDEND EQUIVALENTS.** With respect to each dividend equivalent:

(i) If a cash dividend is declared and paid on the Shares underlying the Stock Units, you will receive an additional number of Stock Units equal to the quotient of:

(A) the product of (I) the number of Stock Units granted under this Award Agreement (including additional Stock Units previously received in accordance with this Section 3(c)) that have not been settled as of the dividend payment date, multiplied by (II) the amount of the cash dividend paid per Share; divided by

(B) the Fair Market Value of a Share on the date such cash dividend is paid.

Any additional Stock Units credited pursuant to this Section 3(c)(i) shall be subject to the same terms and conditions as the Stock Units granted pursuant to Section 1 above and shall be settled as described in Section 2 above.

(ii) If a Share dividend is declared and paid on the Shares underlying the Stock Units, you will receive an additional number of Stock Units equal to the product of (A) the number of Stock Units granted under this Award Agreement (including additional Stock Units previously received in accordance with this Section 3(c)) that have not been settled as of the dividend payment date, multiplied by (B) the dividend paid per Share. Such additional Stock Units shall be subject to the same terms and conditions as the Stock Units granted pursuant to Section 1 above and shall be settled as described in Section 2 above.

(d) **BENEFICIARY DESIGNATION.** You may name a beneficiary or beneficiaries to receive any Stock Units and related dividend equivalents that are settled after you die. This may be done only on the attached Beneficiary Designation Form and by following the rules described in that Form. The Beneficiary Designation Form does not need to be completed now and is not required as a condition of receiving your Award. However, if you die without completing a Beneficiary Designation Form or if you do not complete that Form correctly, your beneficiary will be your surviving spouse or, if you do not have a surviving spouse, your estate.

(e) **TRANSFERRING YOUR STOCK UNITS AND RELATED DIVIDEND EQUIVALENTS.** Normally, your Stock Units and the related dividend equivalents may not be transferred to another person. However, as described in Section 3(d), you may complete a Beneficiary Designation Form to name the person to receive any Stock Units and related dividend equivalents that are settled after you die. Also, the Board may allow you to place your Stock Units and related dividend equivalents into a trust established for your benefit or the benefit of your family. Contact [Third Party Administrator] at [TPA Telephone Number] or at the address given above if you are interested in doing this.

(f) **GOVERNING LAW.** This Award Agreement shall be governed by the laws of the State of Ohio, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

(g) **OTHER AGREEMENTS.** Your Stock Units and the related dividend equivalents will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement.

(h) **OTHER RULES.** Your Stock Units and the related dividend equivalents are subject to more rules described in the Plan. You should read the Plan carefully to ensure you fully understand all of the terms and conditions of the grant of Stock Units and the related dividend equivalents made to you under this Award Agreement.

4. YOUR ACKNOWLEDGMENT OF AWARD CONDITIONS

By signing below, you acknowledge and agree that:

(a) A copy of the Plan has been made available to you;

(b) You understand and accept the terms and conditions of your Award;

(c) You will consent (on your own behalf and on behalf of your beneficiaries and transferees and without any further consideration) to any necessary change to your Award or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the Code, even if those changes affect the terms of your Award and reduce its value or potential value; and

(d) You must return a signed copy of this Award Agreement to the address given above before [Date 30 Days After Grant Date].

* * * * *

[Grantee's Name]

By: ____________________

Date signed: ____________________

THE SCOTTS MIRACLE-GRO COMPANY

By: ____________________

[Name of Company Representative]
[Title of Company Representative]

Date signed: ____________________

Exhibit 10(m)

THE SCOTTS MIRACLE-GRO COMPANY
AMENDED AND RESTATED
2006 LONG-TERM INCENTIVE PLAN

DEFERRED STOCK UNIT AWARD AGREEMENT
FOR NONEMPLOYEE DIRECTORS
(WITH RELATED DIVIDEND EQUIVALENTS)

DEFERRED STOCK UNITS GRANTED TO
[Director's Name] ON [Grant Date]

The Scotts Miracle-Gro Company ("Company") believes that its business interests are best served by ensuring that you have an opportunity to share in the Company's business success. To this end, the Company adopted The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan ("Plan") through which members of its Board of Directors, like you, may acquire (or share in the appreciation of) common shares, without par value, of the Company ("Shares"). Capitalized terms that are not defined in this Award Agreement have the same meanings as in the Plan.

This Award Agreement describes the type of Award that you have been granted and the terms and conditions of your Award. To ensure you fully understand these terms and conditions, you should:

- Read the Plan and this Award Agreement carefully; and

- Contact [Title] at [Telephone Number] if you have any questions about your Award. Or, you may send a written inquiry to the address shown below:

The Scotts Miracle-Gro Company
Attention: [Title]
14111 Scottslawn Road
Marysville, Ohio 43041

Also, no later than [Date 30 Days After Grant Date], you must return a signed copy of this Award Agreement to:

[Third Party Administrator]
Attention: [TPA Contact's Name]
[TPA Contact's Address]

[TPA Telephone Number]

The Company intends that this Award satisfy the requirements of Section 409A of the Code and that this Award Agreement be so administered and construed. You agree that the Company may modify this Award Agreement, without any further consideration, to fulfill this intent, even if those modifications change the terms of your Award and reduce its value or potential value.

1. DESCRIPTION OF YOUR DEFERRED STOCK UNITS

You have been granted [insert Number] of deferred stock units ("DSUs") and an equal number of related dividend equivalents, subject to the terms and conditions of the Plan and this Award Agreement. The "Grant Date" of your Award is [insert Grant Date]. Each whole DSU represents the right to receive one full Share at the time and in the manner described in this Award Agreement. Each dividend equivalent represents the right to receive additional DSUs (determined in accordance with Section 3(e)) in respect of the dividends that are declared and paid during the period beginning on the Grant Date and ending on the Settlement Date (as described in Section 2(b)) with respect to the Share represented by the related DSU.

2. VESTING AND SETTLEMENT

(a) **Vesting**. Subject to Sections 3(a) and 3(b), your DSUs will become 100% vested on [insert third anniversary of the Grant Date] ("Vesting Date"), including any DSUs received pursuant to Section 3(e) on or prior to the Vesting Date. Any DSUs received pursuant to Section 3(e) following the Vesting Date will be 100% vested on the date they are credited to you.

(b) **Settlement**. Subject to the terms of the Plan, your vested DSUs shall be settled in a lump sum as soon as administratively practicable, but no later than 90 days, following the earliest to occur of: (i) your Termination; (ii) your death; (iii) the date you become Disabled (as defined below); or (iv) the fifth anniversary of the Grant Date (the "Settlement Date"). Your whole DSUs shall be settled in full Shares, and any fractional DSU shall be settled in cash, determined based upon the Fair Market Value of a Share on the Settlement Date. For purposes of this Award Agreement, "Disabled" means that you have been determined to be totally disabled by the Social Security Administration.

3. GENERAL TERMS AND CONDITIONS

(a) **YOU MAY FORFEIT YOUR DSUs IF YOU TERMINATE.** Except as otherwise provided in this Section 3(a) and Section 3(b), you will forfeit your DSUs if you Terminate prior to the Vesting Date:

(i) If you Terminate for Cause (as defined below) prior to the Vesting Date, your DSUs will be forfeited immediately. For purposes of this Award Agreement, "Cause" means your conviction of, or plea of guilty or nolo contendere to, a felony.

(ii) [**Insert for Directors in first term as of Grant Date:** If you (A) Terminate (other than for Cause) after completing at least one full term of continuous service on the Board of Directors, (B) die or (C) become Disabled, the DSUs granted during your first term will become 100% vested as of the date of such event.] [**Insert for Directors who have completed one full term as of Grant Date:** If you (A) Terminate (other than for Cause) after completing at least two full terms of continuous service on the Board of Directors and are at least age 50, (B) die or (C) become Disabled, all DSUs will become 100% vested as of the date of such event.]

(iii) If you Terminate for any reason not described in Section 3(a)(i) or 3(a)(ii) prior to the Vesting Date, your DSUs will be forfeited immediately.

(b) **CHANGE IN CONTROL.** Normally, your DSUs will vest and be settled only under the circumstances described in Sections 2 and 3(a). However, if there is a Change in Control, your DSUs will become 100% vested on the date of the Change in Control and will be settled as described in the Plan. You should read the Plan carefully to ensure that you understand how this may happen.

(c) **AMENDMENT AND TERMINATION.** Subject to the terms of the Plan, the Company may amend or terminate this Award Agreement or the Plan at any time.

(d) **RIGHTS BEFORE YOUR DSUs ARE SETTLED.** Except as provided in Section 3(e) below, you will have none of the rights of a shareholder with respect to Shares underlying the DSUs unless and until you become the record holder of such Shares.

(e) **DIVIDEND EQUIVALENTS**. With respect to each dividend equivalent:

(i) If a cash dividend is declared and paid on the Shares underlying the DSUs, you will receive an additional number of DSUs equal to the quotient of:

(A) the product of (I) the number of DSUs granted under this Award Agreement (including additional DSUs previously received in accordance with this Section 3(e)) that have not been settled as of the dividend payment date, multiplied by (II) the amount of the cash dividend paid per Share; divided by

(B) the Fair Market Value (which shall be equal to the closing price) of a Share on the date such cash dividend is paid.

Any additional DSU credited pursuant to this Section 3(e)(i) shall be subject to the same terms and conditions as the DSUs granted pursuant to Section 1 above.

(ii) If a Share dividend is declared and paid on the Shares underlying the DSUs, you will receive an additional number of DSUs equal to the product of (A) the number of DSUs granted under this Award Agreement (including additional DSUs previously received in accordance with this Section 3(e)) that have not been settled as of the dividend payment date, multiplied by (B) the dividend paid per Share. Any additional DSUs credited pursuant to this Section 3(e)(ii) shall be subject to the same terms and conditions as the DSUs granted pursuant to Section 1 above.

(iii) Any fractional number of DSUs resulting from the calculations under this Section 3(e) shall be rounded to the nearest sixteenth of a Share.

(f) **BENEFICIARY DESIGNATION.** You may name a beneficiary or beneficiaries to receive any DSUs and related dividend equivalents that vest before you die but are settled after you die. This may be done only on a Beneficiary Designation Form and by following the rules described in that Form. The Beneficiary Designation Form does not need to be completed now and is not required as a condition of receiving your Award. However, if you die without completing a Beneficiary Designation Form or if you do not complete that Form correctly, your beneficiary will be your surviving spouse or, if you do not have a surviving spouse, your estate.

(g) **TRANSFERRING YOUR DSUs AND RELATED DIVIDEND EQUIVALENTS.** Normally your DSUs and the related dividend equivalents may not be transferred to another person. However, as described in Section 3(f), you may complete a Beneficiary Designation Form to name the person to receive any DSUs and related dividend equivalents that vest before you die but are settled after you die. Also, the Committee may allow you to place your DSUs and dividend equivalents into a trust established for your benefit or the benefit of your family. Contact [Third Party Administrator] at [TPA Telephone Number] or at the address given above if you are interested in doing this.

(h) **GOVERNING LAW.** This Award Agreement shall be governed by the laws of the State of Ohio, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

(i) **OTHER AGREEMENTS.** Your DSUs and the related dividend equivalents will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement.

(j) **ADJUSTMENTS TO YOUR DSUs.** Subject to the terms of the Plan, your DSUs and the related dividend equivalents will be adjusted, if appropriate, to reflect any change to the Company's capital structure (*e.g.*, the number of Shares underlying your DSUs will be adjusted to reflect a stock split).

(k) **OTHER RULES.** Your DSUs and dividend equivalents are subject to more rules described in the Plan. You should read the Plan carefully to ensure you fully understand all the terms and conditions of the grant of DSUs and the related dividend equivalents under this Award Agreement.

4. YOUR ACKNOWLEDGMENT OF AWARD CONDITIONS

By signing below, you acknowledge and agree that:

(a) A copy of the Plan has been made available to you;

(b) You understand and accept the terms and conditions of your Award;

(c) You will consent (on your own behalf and on behalf of your beneficiaries and transferees and without any further consideration) to any necessary change to your Award or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the Code, even if those changes affect the terms of your Award and reduce its value or potential value; and

(d) You must return a signed copy of this Award Agreement to the address given above before [Date 30 Days After Grant Date].

[Director’s Name]	THE SCOTTS MIRACLE-GRO COMPANY
By: ______________________________	By: ______________________________
Date signed: _________________________	[Name of Company Representative] [Title of Company Representative] Date signed: _________________________

Exhibit 10(n)

THE SCOTTS MIRACLE-GRO COMPANY
2006 LONG-TERM INCENTIVE PLAN

PERFORMANCE SHARE AWARD AGREEMENT FOR EMPLOYEES
(WITH RELATED DIVIDEND EQUIVALENTS)

PERFORMANCE SHARES GRANTED
TO BARRY SANDERS ON OCTOBER 30, 2007

The Scotts Miracle-Gro Company (“Company”) believes that its business interests are best served by ensuring that you have an opportunity to share in the Company’s business success. To this end, the Company adopted The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (“Plan”) through which key employees, like you, may acquire (or share in the appreciation of) common shares, without par value, of the Company (“Shares”). Capitalized terms that are not defined in this Award Agreement have the same meanings as in the Plan.

This Award Agreement describes the type of Award that you have been granted and the terms and conditions of your Award. To ensure you fully understand these terms and conditions, you should:

- Read the Plan and this Award Agreement carefully; and

- Contact Pam Kuryla, Vice President, Global Total Rewards at (937) 644-7634 if you have any questions about your Award. Or, you may send a written inquiry to the address shown below:

The Scotts Miracle-Gro Company
Attention: Pam Kuryla
14111 Scottslawn Road
Marysville, Ohio 43041

Also, no later than December 15, 2007 you must return a signed copy of this Award Agreement to:

Merrill Lynch
Attention: Edward J. Yen & Associates
8425 Pulsar Pl., Ste. 200
Columbus, OH 43240
(800) 285-0648

The Company intends that this Award not be considered to provide for “deferred compensation” under Section 409A of the Code and that this Award Agreement be so administered and construed. You agree that the Company may modify this Award Agreement, without any further consideration, to fulfill this intent, even if those modifications change the terms of your Award and reduce its value or potential value.

1. DESCRIPTION OF YOUR AWARD

You have been granted the right to receive up to 40,000 Performance Shares in the aggregate, which includes up to 10,000 Performance Shares for the Fiscal Year 2008 Performance Period (the “2008 Performance Shares”), up to 10,000 Performance Shares for the Fiscal Year 2009 Performance Period (the “2009 Performance Shares”) and up to 20,000 Performance Shares for the Fiscal Year 2010 Performance Period (the “2010 Performance Shares”), and an equal number of related dividend equivalents, subject to the terms and conditions of the Plan and this Award Agreement. Each whole Performance Share represents the right to receive one full Share at the time and in the manner described in this Award Agreement. Each dividend equivalent represents the right to receive a cash amount and/or additional Performance Shares (determined in accordance with Section 4(e)(ii)) in respect of the dividends that are declared and paid during the relevant Performance Period (as described in Section 2) with respect to the Share represented by the related Performance Share.

2. PERFORMANCE PERIODS AND SETTLEMENT

(a) **PERFORMANCE PERIODS.**

(i) The “Fiscal Year 2008 Performance Period” is the period beginning on October 1, 2007 and ending on September 30, 2008.

(ii) The “Fiscal Year 2009 Performance Period” is the period beginning on October 1, 2008 and ending on September 30, 2009.

(iii) The “Fiscal Year 2010 Performance Period” is the period beginning on October 1, 2009 and ending on September 30, 2010.

(b) **SETTLEMENT.** As soon as practicable following the last day of the relevant Performance Period, the Committee will ascertain whether any of the performance goals (as described in Section 3) were satisfied during such Performance Period and the extent to which such performance goals have been satisfied. If none of the performance goals were satisfied during the relevant Performance Period, all of your Performance Shares relating to such Performance Period will be forfeited. If one or more of the performance goals were satisfied during such Performance Period:

(i) The Committee will ascertain the number of Performance Shares which you earned (and which have become vested) over the Performance Period, to be determined as a function of the extent to which the corresponding performance goals have been achieved; and

(ii) Within 60 days after the last day of the relevant Performance Period, the Company will distribute to you (A) a number of full Shares to you equal to the number of whole Performance Shares that became vested on the last day of the relevant Performance Period and (B) a cash amount for any fractional Performance Share that became vested on the last day of the relevant Performance Period, determined based upon the Fair Market Value of a Share on the last day of such Performance Period.

(c) There are some special situations in which your Performance Shares may vest earlier. These are described in Sections 4(a)(ii) and 4(c) of this Award Agreement.

3. PERFORMANCE GOALS

(a) The performance goals established by the Committee with respect to the 2008 Performance Shares are detailed in Attachment A.

(b) The performance goals with respect to the 2009 Performance Shares and the 2010 Performance Shares will be established by the Committee and set forth in supplemental Attachments B and C, respectively, to this Award Agreement no later than 90 days following the first day of the relevant Performance Period.

4. GENERAL TERMS AND CONDITIONS

(a) **YOU WILL FORFEIT YOUR PERFORMANCE SHARES IF YOU TERMINATE BEFORE THE END OF THE RELEVANT PERFORMANCE PERIOD.**

(i) Except as provided in Section 4(a)(ii) or 4(c):

(A) Your 2008 Performance Shares will be forfeited if you Terminate for any reason (including retirement) before September 30, 2008.

(B) Your 2009 Performance Shares will be forfeited if you Terminate for any reason (including retirement) before September 30, 2009.

(C) Your 2010 Performance Shares will be forfeited if you Terminate for any reason (including retirement) before September 30, 2010.

For purposes of this Award Agreement, "Terminate" (or any form thereof) means cessation of the employee-employer relationship between you and the Company and all Affiliates and Subsidiaries for any reason.

(ii) Notwithstanding the foregoing, if your employment is Terminated without Cause or for Good Reason (each as defined in the Employment Agreement for Barry Sanders, effective as of October 1, 2007, between you and The Scotts Company LLC), the Committee, in its sole discretion, shall have the authority to vest any or all of your Performance Shares (for any or all of the relevant Performance Periods) and distribute a number of Shares to you equal to the number of Performance Shares so vested no later than 60 days following such Termination.

(b) **YOU MAY FORFEIT YOUR PERFORMANCE SHARES IF YOU ENGAGE IN CONDUCT THAT IS HARMFUL TO THE COMPANY (OR ANY AFFILIATE OR SUBSIDIARY).** You will forfeit any outstanding Performance Shares and must return to the Company all Shares and other amounts you have received through the Plan if, without the Company's written consent, you do any of the following within 180 days before and 730 days after you Terminate:

(i) You serve (or agree to serve) as an officer, director, consultant, manager or employee of any proprietorship, partnership, corporation or other entity or become the owner of a business or a member of a partnership, limited liability company or other entity that competes with any portion of the Company's (or any Affiliate's or Subsidiary's) business with which you have been involved any time within five years before your Termination or render any service (including, without limitation, advertising or business consulting) to entities that compete with any portion of the Company's (or any Affiliate's or Subsidiary's) business with which you have been involved any time within five years before your Termination;

(ii) You refuse or fail to consult with, supply information to or otherwise cooperate with the Company or any Affiliate or Subsidiary after having been requested to do so;

(iii) You deliberately engage in any action that the Company concludes has caused substantial harm to the interests of the Company or any Affiliate or Subsidiary;

(iv) On your own behalf or on behalf of any other person, partnership, association, corporation, limited liability company or other entity, you solicit or in any manner attempt to influence or induce any employee of the Company or any Affiliate or Subsidiary to leave the Company's or any Affiliate's or Subsidiary's employment or use or disclose to any person, partnership, association, corporation, limited liability company or other entity any information obtained while an employee of the Company or any Affiliate or Subsidiary concerning the names and addresses of the Company's or any Affiliate's or Subsidiary's employees;

(v) You disclose confidential and proprietary information relating to the Company's or any Affiliate's or Subsidiary's business affairs ("Trade Secrets"), including technical information, product information and formulae, processes, business and marketing plans, strategies, customer information and other information concerning the Company's or any Affiliate's or Subsidiary's products, promotions, development, financing, expansion plans, business policies and practices, salaries and benefits and other forms of information considered by the Company or any Affiliate or Subsidiary to be proprietary and confidential and in the nature of Trade Secrets;

(vi) You fail to return all property (other than personal property), including keys, notes, memoranda, writings, lists, files, reports, customer lists, correspondence, tapes, disks, cards, surveys, maps, logs, machines, technical data, formulae or any other tangible property or document and any and all copies, duplicates or reproductions that you have produced or received or have otherwise been submitted to you in the course of your employment with the Company or any Affiliate or Subsidiary; or

(vii) You engaged in conduct that the Committee reasonably concludes would have given rise to a Termination for Cause had it been discovered before you Terminated.

(c) **CHANGE IN CONTROL.** Normally, your Performance Shares will vest only in the circumstances described in Section 2 and, if applicable, Section 4(a)(ii) above. However, if

there is a Change in Control, your Performance Shares may vest earlier. You should read the Plan carefully to ensure that you understand how this may happen.

(d) **AMENDMENT AND TERMINATION.** Subject to the terms of the Plan, the Company may amend or terminate this Award Agreement or the Plan at any time.

(e) **RIGHTS BEFORE YOUR PERFORMANCE SHARES VEST.**

(i) Except as provided in Section 4(e)(ii) below, you will have none of the rights of a shareholder with respect to Shares underlying the Performance Shares unless and until you become the record holder of such Shares.

(ii) With respect to each dividend equivalent:

(A) If a cash dividend is declared and paid on the Shares underlying the Performance Shares, you will be credited with a cash amount equal to the product of (I) the number of Performance Shares granted under this Award Agreement that have not been settled or forfeited as of the dividend payment date, multiplied by (II) the amount of the cash dividend paid per Share. Also, a reasonable rate of interest, as determined by the Committee in its sole discretion, will be credited during the relevant Performance Period with respect to any cash amount so credited during the period beginning on the first day of the relevant Performance Period and ending on the last day of the relevant Performance Period. Such cash amount and interest thereon shall be subject to the same terms and conditions as the related Performance Shares and shall be settled in cash if, when and to the extent the related Performance Shares are settled.

(B) If a Share dividend is declared and paid on the Shares underlying the Performance Shares, you will receive an additional number of Performance Shares equal to the product of (I) the number of Performance Shares granted under this Award Agreement (including additional Performance Shares previously received in accordance with this Section 4(e)(ii)(B)) that have not been settled or forfeited as of the dividend payment date, multiplied by (II) the dividend paid per Share. Such amount shall be subject to the same terms and conditions as the related Performance Shares and shall be settled in Shares if, when and to the extent the related Performance Shares are settled, rounded down to the nearest whole Share.

(C) In the event a Performance Share is forfeited under this Award Agreement, the related dividend equivalent, plus any applicable interest, will also be forfeited.

(f) **BENEFICIARY DESIGNATION.** You may name a beneficiary or beneficiaries to receive any Performance Shares and related dividend equivalents that vest before you die but are settled after you die. This may be done only on the attached Beneficiary Designation Form and by following the rules described in that Form. The Beneficiary Designation Form does not need to be completed now and is not required as a condition of

receiving your Award. However, if you die without completing a Beneficiary Designation Form or if you do not complete that Form correctly, your beneficiary will be your surviving spouse or, if you do not have a surviving spouse, your estate.

(g) **TRANSFERRING YOUR PERFORMANCE SHARES AND RELATED DIVIDEND EQUIVALENTS.** Normally, your Performance Shares and the related dividend equivalents may not be transferred to another person. However, as described in Section 4(f), you may complete a Beneficiary Designation Form to name the person to receive any Performance Shares and related dividend equivalents that vest before you die but are settled after you die. Also, the Committee may allow you to place your Performance Shares and related dividend equivalents into a trust established for your benefit or the benefit of your family. Contact [Third Party Administrator] at [TPA Telephone Number] or at the address given above if you are interested in doing this.

(h) **GOVERNING LAW.** This Award Agreement shall be governed by the laws of the State of Ohio, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

(i) **OTHER AGREEMENTS.** Your Performance Shares and the related dividend equivalents will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement.

(j) **ADJUSTMENTS TO YOUR PERFORMANCE SHARES.** Subject to the terms of the Plan, your Performance Shares will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of your Performance Shares will be adjusted to reflect a stock split).

(k) **OTHER RULES.** Your Performance Shares and the related dividend equivalents are subject to more rules described in the Plan. You should read the Plan carefully to ensure you fully understand all the terms and conditions of the grant of Performance Shares and the related dividend equivalents made to you under this Award Agreement.

5. YOUR ACKNOWLEDGMENT OF AWARD CONDITIONS

By signing below, you acknowledge and agree that:

(a) A copy of the Plan has been made available to you;

(b) You understand and accept the terms and conditions of your Award;

(c) You will consent (on your own behalf and on behalf of your beneficiaries and transferees and without any further consideration) to any necessary change to your Award or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the Code, even if those changes affect the terms of your Award and reduce its value or potential value; and

(d) You must return a signed copy of this Award Agreement to the address given above before [Date 30 Days After Grant Date].

BARRY SANDERS	THE SCOTTS MIRACLE-GRO COMPANY
By: /s/ Barry W. Sanders	By: /s/ Denise S. Stump
Date signed: 1/7/2008	Denise S. Stump Executive Vice President, Global Human Resources Date signed: 12/20/2007

ATTACHMENT A
Performance Goal for Fiscal Year 2008 Performance Period

Performance Shares for the Fiscal Year 2008 Performance Period will be earned ratably based on actual North America Total EBTA (which includes SLS and Smith & Hawken) performance as indicated in the following table.

Measurement Level	Measure	Weight	In $Millions Minimum	Maximum	FY08 Budget (info only)
North America - Total	EBTA	100%	$ 276.9	$ 342.6	$ 346.1
$ vs. Budget			*(69.2)*	*(3.5)*	
% of Budget			*80.0%*	*99.0%*	
Number of Performance Shares Earned			5,000	10,000	

Shares will be earned on a straight-line basis for performance between threshold and maximum

If the minimum performance goal is not satisfied, all of the 2008 Performance Shares will be forfeited.

ATTACHMENT B

[Insert Performance Goals for Fiscal Year 2009 Performance Period]

ATTACHMENT C

[Insert Performance Goals for Fiscal Year 2010 Performance Period]

Exhibit 10(q)

Employment Agreement for
Vincent Brockman

The Scotts Miracle-Gro Company

March 1, 2006

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The Scotts Miracle-Gro Company
Employment Agreement for Vincent Brockman

This EMPLOYMENT AGREEMENT is made, entered into, and is effective as of this 1st day of March, 2006 (herein referred to as the "Effective Date"), by and between The Scotts Miracle-Gro Company ("Company"), an Ohio corporation and Vincent Brockman ("Executive").

WHEREAS, the Company and the Executive intend that the Executive shall serve the Company is Vice President — Chief Administrative, Ethics, & Compliance Officer.

WHEREAS, the Executive possesses considerable experience and an intimate knowledge of the business, and, as such, the Executive has demonstrated unique qualifications to act in an executive capacity for the Company.

WHEREAS, the Company is desirous of assuring the employment of the Executive in the above stated capacity, and the Executive is desirous of such assurance.

WHEREAS, the Company and Executive desire to enter into an agreement embodying the terms of such employment.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements of the parties set forth in this Agreement, and of other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

Article 1. Term of Employment

The Company hereby agrees to employ the Executive and the Executive agrees to serve the Company, in accordance with the terms and conditions set forth herein, for an initial period of two (2) years commencing as of the Effective Date; subject, however, to earlier termination as expressly provided herein.

The initial two (2) year period of employment shall be extended for one (1) additional year at the end of the initial two (2) year term and then again after each successive year thereafter. However, either party may terminate this Agreement at the end of the initial two (2) year period, or at the end of any successive one (1) year term thereafter, by giving the other party written notice of intent not to renew delivered at least sixty (60) days prior to the end of such initial period or successive term.

In the event such notice of intent not to renew is properly delivered, this Agreement automatically shall expire at the end of the initial period or successive term then in progress.

Notwithstanding the foregoing, if at any time during the initial term of the Agreement, or successive term, a Change in Control of the Company occurs, then this Agreement shall become immediately irrevocable for two (2) years beyond the month in which the effective date of such Change in Control occurs.

Article 2. Definitions

2.1 **“Agreement”** means this Employment Agreement for Vincent Brockman.

2.2 **“Annual Bonus Award”** means the annual bonus to be paid to the Executive in accordance with the Company’s annual bonus program as described in Section 5.2 herein.

2.3 **“Award Period”** means the performance period applicable to Long-Term Incentive Awards granted under the Company’s long-term incentive plan.

2.4 **“Base Salary”** means the salary of record paid to the Executive as annual salary, pursuant to Section 5.1, excluding amounts received under incentive or other bonus plans, whether or not deferred.

2.5 **“Beneficiary”** means the individuals or entities designated or deemed designated by the Executive pursuant to Section 11.6 herein.

2.6 **“Board”** or **“Board of Directors”** means the Board of Directors of the Company.

2.7 **“Cause”** means the Executive’s:

(a) Continued failure to substantially perform his duties with the Company, after a written demand for substantial performance is delivered to the Executive that specifically identifies the manner in which the Company believes that the Executive has failed to substantially perform his duties, and after the Executive has failed to resume substantial performance of his duties on a continuous basis within thirty (30) calendar days of receiving such demand; or

(b) Conviction of a felony; or

(c) Engagement in illegal conduct, an act of dishonesty, or other similar conduct, that in the Committee’s sole discretion, which shall be exercised in good faith, is injurious to the Company; or

(d) Material breach of any provision of this Agreement; provided, however, that the Executive’s willful and material breach of Article 4 shall not constitute “Cause” unless the Executive has first been provided with written notice detailing such breach and a thirty (30) day period to cure such breach; or

(e) Breach of the Company’s code of business conduct or ethics as determined in good faith by the Committee; or

(f) A violation of the Company’s insider-trading policies; or

(g) Material breach of his fiduciary duties to the Company.

For purposes of determining Cause, no act or omission by the Executive shall be considered "willful” unless it is done or omitted in bad faith or without reasonable belief that the Executive’s action or omission was in the best interests of the Company. Any act or failure to act based upon: (a) authority given pursuant to a resolution duly adopted by

the Board; or (b) advice of counsel for the Company, shall be conclusively presumed to be done or omitted to be done by the Executive in good faith and in the best interests of the Company.

2.8 **"Change in Control"** means the occurrence of any of the following events after the Effective Date of this Agreement:

(a) Any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) other than the Company, subsidiaries of the Company, an employee benefit plan sponsored by the Company, or Hagedorn Partnership, L.P. or its successor or any party related to Hagedorn Partnership, L.P. (as determined by the Board of Directors) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than thirty percent (30%) of the combined voting stock of the Company;

(b) The shareholders of the Company adopt or approve a definitive agreement or series of related agreements for the merger or other business consolidation with another person and, immediately after giving effect to the merger or consolidation, (i) less than fifty percent (50%) of the total voting power of the outstanding voting stock of the surviving or resulting person is then "beneficially owned" (within the meaning of Rule 13d-3 under the Exchange Act) in the aggregate by (x) the stockholders of the Company immediately prior to such merger or consolidation, or (y) if a record date has been set to determine the stockholders of the Company entitled to vote with respect to such merger or consolidation, the stockholders of the Company as of such record date and (ii) any "person" or "group" (as defined in Section 13(d)(3) or 14(d)(2) of the Exchange Act) has become the direct or indirect "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of more than fifty percent (50%) of the voting power of the voting stock of the surviving or resulting person;

(c) The Company, either individually or in conjunction with one or more of its subsidiaries, sells, assigns, conveys, transfers, leases or otherwise disposes of, or the subsidiaries sell, assign, convey, transfer, lease or otherwise dispose of, all or substantially all of the properties and assets of the Company and the subsidiaries, taken as a whole (either in one transaction or a series of related transactions), to any person (other than the Company or a wholly owned subsidiary);

(d) For any reason, Hagedorn Partnership, L.P. or its successor or any party related to Hagedorn Partnership, L.P. (as determined by the Board of Directors) becomes the beneficial owner, as defined above, directly or
indirectly, of securities of the Company representing more than forty-nine percent of the combined voting power of the Company's then-outstanding voting securities; or

(e) The adoption or authorization by the shareholders of the Company of a plan providing for the liquidation or dissolution of the Company.

2.9 **"Code"** means the U.S. Internal Revenue Code of 1986, as amended from time to time. For purposes of this Agreement, references to sections of the Code shall be deemed to

include references to any applicable regulations thereunder and any successor or similar provision.

2.10 **“Committee”** means the Compensation and Organization Committee of the Board or a subcommittee thereof, or any other committee designated by the Board to administer this Agreement. The members of the Committee shall be appointed from time to time by and shall serve at the discretion of the Board. If the Committee does not exist or cannot function for any reason, the Board may take any action under the Plan that would otherwise be the responsibility of the Committee.

2.11 **“Company”** means The Scotts Miracle-Gro Company, an Ohio corporation, or any successor company thereto as provided in Section 8.1 herein.

2.12 **“Director”** means any individual who is a member of the Board of Directors of the Company.

2.13 **“Disability”** or **“Disabled”** means for all purposes of this Agreement, a consecutive period of ninety (90) days during which the Executive is unable to perform his duties.

2.14 **“Effective Date”** means March 1, 2006.

2.15 **“Effective Date of Termination”** means the date on which a termination of the Executive’s employment occurs.

2.16 **“Executive”** means Vincent Brockman.

2.17 **“Good Reason”** means:

(a) A material reduction in the Executive’s duties or responsibilities as compared to other comparable senior executives of the Company is effected by the Committee and/or the Chief Executive Officer of the Company and such material reduction is made without the executive’s written consent (without regard to whether or not any change is made to the Executive’s title); and

(b) A material reduction in the Executive’s pay or benefits as compared to other comparable senior executives of the Company.

2.18 **“Long-Term Incentive Award”** means the Long-Tern Incentive Award to be paid to the Executive in accordance with the Company’s long-term incentive plan as described in Section 5.3 herein.

2.19 **“Notice of Termination”** means a written notice which shall indicate the specific termination provision in this Agreement relied upon, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provisions so indicated.

Article 3. Position and Responsibilities

During the term of this Agreement, the Executive agrees to serve as Vice President – Chief Administrative, Ethics, & Compliance Officer. In his capacity, the Executive shall report directly to

the Chief Executive Officer of the Company, and shall perform duties and responsibilities as he may be assigned by the Chief Executive Officer during the term of this Agreement.

Article 4. Standard of Care

During the term of this Agreement, the Executive agrees to devote his full time, attention, and energies to the Company's business and shall not be engaged in any other business activity, whether or not such business activity is pursued for gain, profit, or other pecuniary advantage unless such business activity is approved in writing by the Board or Committee, provided, however, that board positions with nonprofit or philanthropic organizations which do not interfere with the Executive's performance of his duties and responsibilities shall not require Board or Committee Board approval. The Executive-covenants, warrants, and represents that he shall:

(a) Devote his full and best efforts to the fulfillment of his employment obligations; and

(b) Adhere to the Company's code of business conduct or ethics as determined by the Board or Committee and exercise the highest standards of conduct in the performance of his duties.

Article 5. Compensation

As remuneration for all services to be rendered by the Executive during the term of this Agreement, and as consideration for complying with the covenants herein, the Company shall pay and provide to the Executive the following.

5.1 Base Salary. The Company shall pay the Executive a Base Salary in the amount of one hundred ninety-five thousand dollars ($195,000.00) per year. This Base Salary shall be paid to the Executive in equal installments throughout the year, consistent with the normal payroll practices of the Company. The Base Salary shall be reviewed at least annually following the Effective Date of this Agreement, while this Agreement is in force, to ascertain whether, in the judgment of the Committee, such Base Salary should be increased. If increased, the Base Salary as stated above shall, likewise, be increased for all purposes of this Agreement.

5.2 Annual Bonus. Executive shall be eligible to receive in addition to his Base Salary an annual incentive compensation award ("Annual Bonus Award") for services rendered during such fiscal year. The amount of the Annual Bonus Award, if any, with respect to any fiscal year shall be based upon performance targets and award levels determined by the Committee in its sole discretion, in accordance with the Company's annual incentive compensation plan as in effect for executives from time to time.

5.3 Long-Term Incentives. Executive shall be eligible to receive, in addition to his Base Salary and Annual Bonus Award, a Long-Term Incentive Award for services rendered during an Award Period established by the Committee. The amount of the Long-Term Incentive Award, if any, with respect to any Award Period shall be based upon performance targets and award levels determined by the Committee in its sole discretion, in accordance with the Company's long-term incentive compensation plan as in effect for executives from time to time.

5.4 Retirement Benefits. During the term of this Agreement, and as otherwise provided within the provisions of each of the respective plans, the Company shall provide to the Executive all retirements benefits to which other executives and employees of the Company are entitled to receive,

subject to the eligibility requirements and other provisions of such arrangements as applicable to executives of the Company generally.

5.5 Employee Benefits. During the term of this Agreement, and as otherwise provided within the provisions of each of the respective plans, the Company shall provide to the Executive all benefits to which other executives and employees of the Company are entitled to receive, subject to the eligibility requirements and other provisions of such arrangements as applicable to executives of the Company generally. Such benefits shall include, but shall not be limited to, life insurance, comprehensive health and major medical insurance, dental insurance, prescription drug insurance, vision insurance, and short-term and long-term disability. The Executive shall likewise participate in any additional benefit as may be established during the term of this Agreement, by standard written policy of the Company.

5.6 Perquisites. The Company shall provide to the Executive on an annual basis an automobile allowance of eight thousand ($8,000.00) dollars. This allowance shall be paid to the Executive in equal installments throughout the year, consistent with the normal payroll practices of the Company. Additionally, the Company shall provide on an annual basis to the Executive with either a four thousand dollar ($4,000) amount to be used in lieu of the provision of personal financial planning, or will provide personal financial planning up to a cost or value of such amount. The value of such services or such amount will be added to the Executive's taxable income. Some or all of such value or amount may be tax deductible by the Executive, but the Company makes no tax representation relating thereto.

Article 6. Expenses

Upon presentation of appropriate documentation, the Company shall pay, or reimburse the Executive for all ordinary and necessary expenses, in a reasonable amount, which the Executive incurs in performing his duties under this Agreement including, but not limited to, travel, entertainment, professional dues and subscriptions, and all dues, fees, and expenses associated with membership in various professional, business, and civic associations and societies in which the Executive's participation is in the best interest of the Company, as determined by the Committee in its sole discretion.

Article 7. Employment Terminations

7.1 Termination Due to Death. In the event the Executive's employment is terminated while this Agreement is in force by reason of death, the Company's obligations under this Agreement shall immediately expire.

Notwithstanding the foregoing, the Company shall be obligated to pay to the Executive the following:

(a) Base Salary through the Effective Date of Termination;

(b) A prorated Annual Bonus Award based on the Executive's target bonus opportunity established for the year in which termination of employment occurs. The prorated amount shall be determined as a function of time within the year that has elapsed prior to the Executive's Effective Date of Termination;

(c) Accrued but unused vacation pay through the Effective Date of Termination; and

(d) All other rights and benefits the Executive is vested in, pursuant to other plans and programs of the Company.

The benefits described in Sections 7.l(a), (b), and (c) shall be paid in cash to the Executive's Beneficiary in a single lump sum as soon as practicable following the Effective Date of Termination in order to avoid penalties and excise taxes under the requirements Section Code 409A. All other payments due to the Executive upon termination of employment shall be paid in accordance with the terms of such applicable plans or programs. The Company and the Executive thereafter shall have no further obligations under this Agreement.

7.2 Termination Due to Disability. In the event that the Executive becomes Disabled during the term of this Agreement and is, therefore, unable to perform his duties herein for more than ninety (90) consecutive calendar days during any period of twelve (1 2) consecutive months, the Company shall have the right to terminate the Executive's active employment as provided in this Agreement. However, the Committee shall deliver written notice to the Executive of the Company's intent to terminate for Disability at least thirty (30) calendar days prior to the Effective Date of Termination.

Disability shall be determined by the Committee upon receipt of and in reliance on competent medical advice from one (1) or more individuals, selected by the Committee, who are qualified to give such professional medical advice.

A termination for Disability shall become effective upon the end of the thirty (30) day notice period. Upon the Effective Date of Termination, the Company's obligations under this Agreement shall immediately expire.

Notwithstanding the foregoing, the Company shall be obligated to pay to the Executive the following:

(a) Base Salary through the Effective Date of Termination (subject to an offset for any disability payments that the Executive receives during this period);

(b) A prorated Annual Bonus Award based on the Executive's target bonus opportunity established for the year in which termination of employment occurs. The prorated amount shall be determined as a function of time within the year that has elapsed prior to the Executive's Effective Date of Termination;

(c) Accrued but unused vacation pay through the Effective Date of Termination; and

(d) All other rights and benefits the Executive is vested in, pursuant to other plans and programs of the Company.

The benefits described in Sections 7.2(a), (b), (c) and (d) shall be paid in cash to the Executive in a single lump sum as soon as practicable following the Effective Date of Termination in order to avoid penalties and excise taxes under the requirements of Section Code 409A. All other payments due to the Executive upon termination of employment shall be paid in accordance with the terms of such applicable plans or programs. The Company and the Executive thereafter shall have no further obligations under this Agreement.

7.3 Voluntary Termination by the Executive. The Executive may terminate this Agreement at any time by giving the Committee written notice of his intent to terminate, delivered at least sixty (60) calendar days prior to the Effective Date of Termination. The termination automatically shall become effective upon the expiration of the sixty (60) day notice period. Notwithstanding the foregoing, the Company may waive the sixty (60) day notice period; however, the Executive shall be entitled to receive all elements of compensation described in Sections 5.1 through 5.6 for the sixty (60) day notice period, subject to the eligibility and participation requirements of any employee benefit plan.

Upon the Effective Date of Termination, following the expiration of the sixty (60) day notice period, the Company shall pay the Executive his accrued and unpaid Base Salary and accrued but unused vacation pay, at the rate then in effect, through the Effective Date of Termination, plus all other benefits to which the Executive has a vested right at that time (for this purpose, the Executive shall not be entitled to any Annual Bonus Award with respect to the fiscal year in which voluntary termination under this Section 7.3 occurs or any Long-Term Incentive Award for the Award Period then in progress). With the exception of the covenants referenced in Article 10, herein (which shall survive such termination), the Company and the Executive thereafter shall have no further obligations under this Agreement.

7.4 Termination by the Company without Cause or by the Executive with Good Reason unrelated to a Change in Control of the Company. At all times during the term of this Agreement, the Committee may terminate the Executive's employment for reasons other than death, Disability, or for Cause, by providing to the Executive a Notice of Termination, at least sixty (60) calendar days prior to the Effective Date of Termination. Such Notice of Termination shall be irrevocable absent express, mutual consent of the parties. Additionally, the Executive may terminate employment with the Company for Good Reason by providing the Company with a Notice of Termination at least sixty (60) calendar days prior to the Effective Date of Termination.

Subject to the Executive signing a waiver of all claims, upon the Effective Date of Termination, following the expiration of the sixty (60) day notice period, the Company shall pay and provide to the Executive:

(a) An amount equal to the Executive's accrued and unpaid Base Salary and accrued but unused vacation pay through the Effective Date of Termination;

(b) An amount equal to one (1) times the Executive's annual Base Salary, at the Base Salary rate in effect on the Effective Date of Termination;

(c) An amount equal to one (1) times the Executive's targeted Annual Bonus Award, at the targeted Annual Bonus Award in effect on the Effective Date of Termination;

(d) A prorated Annual Bonus Award based on the Executive's target bonus opportunity established for the year in which termination of employment occurs. The prorated amount shall be determined as a function of time within the year that has elapsed prior to the Executive's Effective Date of Termination;

(e) At the exact same cost to the Executive, and at the same coverage level as in effect as of the Executive's Effective Date of Termination (subject to changes in coverage levels applicable to all employees generally), a continuation of the Executive's (and the

Executive's eligible dependents') health insurance coverage for twelve (12) months from the Effective Date of Termination. The applicable COBRA health insurance benefit continuation period shall begin coincident with the beginning of this benefit continuation period;

The providing of these health insurance benefits by the Company shall be discontinued prior to the end of the twelve (12) month continuation period to the extent that the Executive becomes covered under the health insurance coverage of a subsequent employer which does not contain any exclusion or limitation with respect to any preexisting condition of the Executive or the Executive's eligible dependents. For purposes of enforcing this offset provision, the Executive shall have a duty to inform the Company as to the terms and conditions of any subsequent employment and the corresponding benefits earned from such employment. The Executive shall provide, or cause to provide, to the Company in writing correct, complete, and timely information concerning the same; and

(f) All other benefits to which the Executive has a vested right at the time, according to the provisions of the governing plan or program.

Payment of the benefits described in Sections 7.4(a) and (d) shall be paid to the Executive in a single lump sum as soon as practicable following the Effective Date of Termination in order to avoid penalties and excise taxes under the requirements of Code Section 409A. The benefits described in Sections 7.4(b) and (c) shall be paid in cash to the Executive in equal monthly installments over a twelve (12) month period. All other payments due to the Executive upon termination of employment shall be paid in accordance with the terms of such applicable plans or program. With the exception of the covenants referenced in Article 10 (which shall survive such termination), the Company and the Executive thereafter shall have no further obligations under this Agreement.

7.5 Termination for Cause. Nothing in this Agreement shall be construed to prevent the Committee from terminating the Executive's employment under this Agreement for Cause.

In the event this Agreement is terminated by the Committee for Cause, the Company shall pay the Executive his Base Salary and accrued vacation pay through the Effective Date of Termination, and the Executive shall immediately thereafter forfeit all rights and benefits (other than vested benefits) he would otherwise have been entitled to receive under this Agreement. The Company and the Executive thereafter shall have no further obligations under this Agreement with the exception of the covenants referenced in Article 10 herein (which shall survive such termination).

7.6 Termination by the Company without Cause or by the Executive with Good Reason subsequent to a Change in Control of the Company. If within two (2) years following the Change in Control of the Company, the Company terminates the Executive's employment for any reason other than death, Disability, Retirement, or Cause or the Executive terminates employment for Good Reason, subject to the Executive signing a waiver of all claims, the Company shall pay and provide to the Executive:

(a) An amount equal to the Executive's accrued and unpaid Base Salary and accrued but unused vacation pay through the Effective Date of Termination;

(b) An amount equal to two (2) times the Executive’s annual Base Salary, at the Base Salary amount in effect on the Effective Date of Termination;

(c) An amount equal to two (2) times the Executive’s targeted Annual Bonus Award, at the targeted Annual Bonus Award in effect on the Effective Date of Termination;

(d) A prorated Annual Bonus Award based on the Executive’s target bonus opportunity established for the year in which termination of employment occurs. The prorated amount shall be determined as a function of time within the year that has elapsed prior to the Executive’s Effective Date of Termination;

(e) At the exact same cost to the Executive, and at the same coverage level as in effect as of the Executive’s Effective Date of Termination (subject to changes in coverage levels applicable to all employees generally), a continuation of the Executive’s (and the Executive’s eligible dependents’) health insurance coverage for twenty four (24) months from the Effective Date of Termination. The applicable COBRA health insurance benefit continuation period shall begin coincident with the beginning of this benefit continuation period;

The providing of these health insurance benefits by the Company shall be discontinued prior to the end of the twenty four (24) month continuation period to the extent that the Executive becomes covered under the health insurance coverage of a subsequent employer which does not contain any exclusion or limitation with respect to any preexisting condition of the Executive or the Executive’s eligible dependents. For purposes of enforcing this offset provision, the Executive shall have a duty to inform the Company as to the terms and conditions of any subsequent employment and the corresponding benefits earned from such employment. The Executive shall provide, or cause to provide, to the Company in writing correct, complete, and timely information concerning the same; and

(f) All other benefits to which the Executive has a vested right at the time, according to the provisions of the governing plan or program.

Payment of the benefits described in Sections 7.6(a), (b), (c), and (d) shall be paid to the Executive in a single lump sum as soon as practicable following the Effective Date of Termination in order to avoid penalties and excise taxes under the requirements of Code Section 409A. All other payments due to the Executive upon termination of employment shall be paid in accordance with the terms of such applicable plans or program. With the exception of the covenants referenced in Article 10 (which shall survive such termination), the Company and the Executive thereafter shall have no further obligations under this Agreement.

Article 8. Assignment

8.1 Assignment by Company. This Agreement may and shall be assigned or transferred to, and shall be binding upon and shall inure to the benefit of any successor company. Any such successor company shall be deemed substituted for all purposes of the “Company” under the terms of this Agreement. Notwithstanding such assignment, the Company shall remain, with such successor company, jointly and severally liable for all its obligations hereunder.

Failure of the Company to obtain the agreement of any successor company to be bound by the terms of this Agreement prior to the effectiveness of any such succession shall be a breach of this Agreement, and shall immediately entitle the Executive to benefits from the Company in the same amount and on the same terms as the Executive would be entitled to receive in the event of a termination of employment without Cause as provided in Section 7.4. Except as herein provided, this Agreement may not otherwise be assigned by the Company.

8.2 Assignment by Executive. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If the Executive dies while any amount would still be payable to him hereunder had he continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement, to the Executive's Beneficiary. If the Executive has not named a Beneficiary, then such amounts shall be paid to the Executive's estate.

Article 9. Notice and Dispute Resolution

9.1 Notice. Any notices, requests, demands, or other communications provided by this Agreement shall be sufficient if in writing and if sent by registered or certified mail to the Executive at the last address he has filed in writing with the Company or, in the case of the Company, at its principal offices.

9.2 Dispute Resolution. With the exception of a dispute relating to any violation of a restrictive covenant as referenced in Article 10 of this Agreement, any dispute or controversy arising under or in connection with this Agreement shall be settled by arbitration. The arbitration shall be conducted before a panel of three (3) arbitrators sitting in a location selected by the Executive within fifty (50) miles from the location of his job with the Company and in accordance with the rules of the American Arbitration Association then in effect. The decision of the arbitrators shall be binding on both the Company and Executive. Judgment may be entered on the award of the arbitrators in any court having jurisdiction. Payment of any expenses for such arbitration, including the legal fees and expenses incurred by Executive, shall be determined by the arbitrator in their decision.

Article 10. Confidentiality, Noncompetition, and Nonsolicitation

This Agreement shall not supersede or nullify in any way the Employee Confidentiality, Noncompetition, Nonsolicitation Agreement executed by the Executive on April 13,2005. The Employee Confidentiality, Noncompetition, Nonsolicitation Agreement shall remain in full force and effect and any requirements of such agreement shall be incorporated by reference into this Agreement.

Article 11. Miscellaneous

11.1 Entire Agreement. This Agreement supersedes any prior agreements or understandings, oral or written, between the parties hereto or between the Executive and the Company, with respect to the subject matter hereof, and constitutes the entire agreement of the parties with respect thereto.

11.2 Amendment or Modification. This Agreement shall not be varied, altered, modified, canceled, changed, or in any way amended except by mutual agreement of the parties in a written instrument executed by the parties hereto or their legal representatives. Notwithstanding the foregoing, the Committee may amend the Agreement, to take effect retroactively or otherwise, as deemed necessary or advisable for the purpose of conforming the Agreement to any present or future

law relating to Agreements of this or similar nature (including, but not limited to, Code Section 409A), and to the administrative regulations and rulings promulgated thereunder.

11.3 Severability. In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect.

11.4 Counterparts. This Agreement may be executed in one (1) or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

11.5 Tax Withholding. The Company may withhold from any benefits payable under this Agreement all federal, state, city, or other taxes as may be required pursuant to any law or governmental regulation or ruling.

11.6 Beneficiaries. Any payments or benefits hereunder due to the Executive at the time of his death shall nonetheless be paid or provided and the Executive may designate one or more individuals or entities as the primary and/or contingent Beneficiaries of any amounts to be received under this Agreement. Such designation must be in the form of a signed writing acceptable to the Committee. The Executive may make or change such designation at any time.

11.7 Payment Obligation Absolute. All amounts payable by the Company hereunder shall be paid without notice or demand. Subject to the covenants set forth in Article 10 and Section 7.4(f), each and every payment made hereunder by the Company shall be final, and the Company shall not seek to recover all or any part of such payment from the Executive or from whomsoever may be entitled thereto, for any reasons whatsoever.

The restrictive covenants referenced in Article 10 are independent of any other contractual obligations in this Agreement or otherwise owed by the Company to the Executive. Except as provided in this paragraph, the existence of any claim or cause of action by Executive against the Company, whether based on this Agreement or otherwise, shall not create a defense to the enforcement by the Company of any restrictive covenant contained herein.

Except as provided in Section 7.4(f), the Executive shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under any provision of this Agreement, and the obtaining of any such other employment shall in no event effect any reduction of the Company’s obligations to make the payments and arrangements required to be made under this Agreement.

11.8 Contractual Rights to Benefits. Subject to approval by the Committee, this Agreement establishes and vests in the Executive a contractual right to the benefits to which he is entitled hereunder. However, nothing herein contained shall require or be deemed to require, or prohibit or be deemed to prohibit, the Company to segregate, earmark, or otherwise set aside any funds or other assets, in trust or otherwise, to provide for any payments to be made or required hereunder.

11.9 Specific Performance. The Executive acknowledges that the obligations undertaken by him pursuant to this Agreement are unique and that the Company will likely have no adequate remedy at law if the Executive shall fail to perform any of his obligations hereunder. The Executive therefore confirms that the Company’s right to specific performance of the terms of this Agreement

is essential to protect the rights and interests of the Company. Accordingly, in addition to any other remedies that the Company may have at law or in equity, the Company shall have the right to have all obligations, covenants, agreements, and other provisions of this Agreement specifically performed by the Executive and the Company shall have the right to obtain preliminary injunctive relief to secure specific performance and to prevent a breach or contemplated breach of this Agreement by the Executive.

11.10 Voiding of Agreement Provision. If any provision under this Agreement causes an amount to be considered deferred under Code Section 409A and as such become subject to income tax, excise tax, or penalties under the Code prior to the time such amount is paid to the Executive, such amount shall be deemed null and void with respect to such amount deferred and the Committee may amend or modify this Agreement in order to accomplish the objectives of the Agreement without causing early taxation of such amounts and without the Company incurring additional cost or liability.

Article 12. Governing Law

To the extent not preempted by federal law, the provisions of this Agreement shall be construed and enforced in accordance with the laws of the state of Ohio, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Agreement to the substantive law of another jurisdiction.

Article 13. Indemnification

The Company hereby covenants and agrees to indemnify and hold harmless the Executive against and in respect to any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses, losses, and damages resulting from the Executive’s performance of his duties and obligations under the terms of this Agreement; provided however, the Executive acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company or its shareholders, and with respect to a criminal action or proceeding, the Executive had no reasonable cause to believe his conduct was unlawful.

Executive:

/s/ Vincent Brockman
Vincent Brockman

Date: May 24, 2006

The Scotts Miracle-Gro Company

/s/ Denise Stump
Representative of the Board of Directors

Date: 5/24/06

EXHIBIT 10(r)

Summary of Compensation for
Directors of
The Scotts Miracle-Gro Company
Effective as of February 1, 2008

At the meeting of the Board of Directors (the "Board") of The Scotts Miracle-Gro Company (the "Company") held on February 1, 2008, the Board approved the recommendations of the Governance and Nominating Committee of the Board with respect to compensation for the calendar year 2008 for nonemployee members of the Board ("Nonemployee Directors") and the Lead Independent Director of the Company. The compensation approved by the Board is described below.

Annual Cash Retainer; Reimbursement of Expenses

Effective February 4, 2008, each of the Nonemployee Directors will be paid an annual cash retainer in the amount of $100,000 and the Lead Independent Director will be paid an additional annual cash retainer in the amount of $15,000. The annual cash retainer(s) will be paid on a semi-annual basis, in February 2008 and in July 2008. Nonemployee Directors receive reimbursement of all reasonable travel and other expenses of attending Board and Board committee meetings.

Deferred Stock Units

On February 4, 2008: (a) each of the Nonemployee Directors was granted deferred stock units having a value of $70,000; (b) the Lead Independent Director was granted additional deferred stock units having a value of $35,000; (c) each of the Nonemployee Directors serving on one or more committees of the Board was granted additional deferred stock units having a value of $12,500 for each committee on which the Nonemployee Director serves; (d) each of the Nonemployee Directors serving as the chairperson of a committee of the Board was granted additional deferred stock units having a value of $25,000; and (e) each of the Nonemployee Directors serving on the Audit Committee of the Board was granted additional deferred stock units having a value of $5,000. The number of deferred stock units (and related dividend equivalents) granted to each Nonemployee Director (including the Lead Independent Director) was calculated by dividing the aggregate value of deferred stock units to be granted to such Nonemployee Director by the closing price of the Company's common shares on the February 4, 2008 grant date ($38.89) and rounding any resulting fractional deferred stock unit up to the next whole deferred stock unit.

The deferred stock units (and related dividend equivalents) were granted under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan (the "2006 Plan"). Each whole deferred stock unit represents the right to receive one full common share of

the Company at the time and in the manner described in the Deferred Stock Unit Award Agreement for Nonemployee Directors (with Related Dividend Equivalents) evidencing the award. Each dividend equivalent represents the right to receive additional deferred stock units (rounded to the nearest 1/16th of a deferred stock unit) in respect of dividends that are declared and paid during the period beginning on the grant date and ending on the settlement date with respect to the common share of the Company represented by the related deferred stock unit.

The deferred stock units will generally become 100% vested on February 4, 2011, including any deferred stock units received in respect of dividend equivalents on or prior to the vesting date. Any deferred stock units received in respect of dividend equivalents following the vesting date will be 100% vested on the date they are credited to the Nonemployee Director. If, prior to February 4, 2011, a Nonemployee Director ceases to be a member of the Board after having been convicted of, or pleading guilty or *nolo contendere* to, a felony (for "Cause"), the Nonemployee Director's deferred stock units will be immediately forfeited.

Under certain circumstances, the deferred stock units will vest prior to February 4, 2011. These circumstances depend, in part, on whether a Nonemployee Director had served one full term on the Board as of February 4, 2008. If a Nonemployee Director who had served less than one full term on the Board as of February 4, 2008: (a) ceases to be a member of the Board (other than for Cause) after completing at least one full term of continuous service on the Board, (b) dies or (c) becomes totally disabled, the deferred stock units granted during the Nonemployee Director's first term will become 100% vested as of the date of such event. If a Nonemployee Director who had served at least one full term on the Board as of February 4, 2008: (a) ceases to be a member of the Board (other than for Cause) after completing at least two full terms of continuous service on the Board and attaining age 50, (b) dies or (c) becomes totally disabled, all of the Nonemployee Director's deferred stock units will become 100% vested as of the date of such event. If a Nonemployee Director ceases to be a member of the Board prior to February 4, 2011 for any reason not described in the preceding two sentences, the Nonemployee Director's deferred stock units will be immediately forfeited.

Subject to the terms of the 2006 Plan, vested deferred stock units will be settled in a lump sum as soon as administratively practicable, but no later than 90 days, following the earliest to occur of: (i) a Nonemployee Director's ceasing to be a member of the Board; (ii) a Nonemployee Director's death; (iii) the date a Nonemployee Director becomes totally disabled; or (iv) February 4, 2013. Whole deferred stock units will be settled in full common shares of the Company and any fractional deferred stock units will be settled in cash, determined based on the fair market value of a common share of the Company on the settlement date.

If there is a Change in Control (as defined in the 2006 Plan), each Nonemployee Director's deferred stock units will become 100% vested on the date of the Change in Control and settled as described in the 2006 Plan.

For more information about the deferred stock units (and related dividend equivalents) granted to the Nonemployee Directors, please refer to (a) the form of Deferred Stock Unit Award Agreement for Nonemployee Directors (with Related Dividend Equivalents) which is included as Exhibit 10(m) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2007; and (b) the 2006 Plan which is included as Exhibit 10(r)(2) to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2007.

Exhibit 10(s)

First Amendment to Master Accounts Receivable Purchase Agreement and Waiver

This First Amendment to Master Accounts Receivable Purchase Agreement and Waiver (herein, the *"Amendment"*) is entered into as of October 22, 2007, among LaSalle Bank National Association (the *"Bank"*), The Scotts Company LLC (the *"Company"*) and The Scotts Miracle-Gro Company (the *"Parent"*).

Preliminary Statements

A. Reference is hereby made to that certain Master Accounts Receivable Purchase Agreement dated as of April 11, 2007 (as amended, the *"Purchase Agreement"*), among the Company, the Parent and the Bank.

B. The Company has requested that the Bank (i) waive compliance with certain provisions of the Purchase Agreement, and (ii) amend certain provisions of the Purchase Agreement, and the Bank is willing to do so under the terms and conditions set forth in this Amendment.

C. Capitalized terms used but not otherwise defined herein shall have the same meaning herein as in the Purchase Agreement.

Now, Therefore, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Waiver.

The Company has notified the Bank that a Termination Event has occurred under Section 18.1(i) of the Purchase Agreement as a result of the Downgrade of the rating of Home Depot Inc. by S&P on July 5, 2007, from A+ to BBB+ (the *"Existing Termination Event"*).

Subject to the conditions precedent set forth in Section 3 below, the Bank hereby waives the Existing Termination Event. The Company and the Parent hereby acknowledge and agree that the occurrence of a Downgrade as set forth in Section 18.1(i) of the Purchase Agreement after the date hereof shall constitute a Termination Event under the Purchase Agreement. Accordingly, at all times following the date hereof, the Company and the Parent shall be in full compliance with all terms, conditions and provisions of the Purchase Agreement.

Except as specifically waived hereby, all of the terms and conditions of the Purchase Agreement currently in effect shall stand and remain in full force and effect.

Section 2. Amendments to Purchase Agreement.

Subject to the satisfaction of the conditions precedent set forth in Section 3 below, the Purchase Agreement shall be and hereby is amended as follows:

2.1. Section 1 of the Purchase Agreement is hereby amended by deleting from the definition of *"Margin"* contained therein the reference to *"0.60%"* and replacing it with *"0.75%"*.

Section 3. Conditions Precedent.

The effectiveness of this Amendment is subject to the satisfaction of all of the following conditions precedent:

3.1. The Company, the Parent and the Bank shall have executed and delivered this Amendment.

3.2. The Bank shall have received copies (executed or certified, as may be appropriate) of all legal documents or proceedings taken in connection with the execution and delivery of this Amendment and the other documents referred to above to the extent the Bank or its counsel may reasonably request.

If this Amendment becomes effective, the change in the definition of Margin shall take effect on October 22, 2007, for all purposes of the Purchase Agreement.

Section 4. Representations.

In order to induce the Bank to execute and deliver this Amendment, the Company hereby represents to the Bank that as of the date hereof, the representations and warranties set forth in the Purchase Agreement are and shall be and remain true and correct and the Company is in compliance with the terms and conditions of the Purchase Agreement and no Termination Event or event which, with notice or lapse of time or both, would constitute a Termination Event thereunder exists or shall result after giving effect to this Amendment.

Section 5. Miscellaneous.

5.1. Except as specifically amended herein, the Purchase Agreement shall continue in full force and effect in accordance with its original terms. Reference to this specific Amendment need not be made in the Purchase Agreement or any other instrument or document executed in connection therewith, or in any certificate, letter or communication issued or made pursuant to or with respect to any of the foregoing, any reference in any of such items to the Purchase Agreement being sufficient to refer to the Purchase Agreement as amended hereby.

5.2. The Company agrees to pay on demand all costs and expenses of or incurred by the Bank in connection with the negotiation, preparation, execution and delivery of this Amendment and the other instruments and documents to be executed and delivered in connection herewith, including the reasonable fees and expenses of counsel for the Bank.

5.3. This Amendment may be executed in any number of counterparts, and by the different parties on different counterpart signature pages, all of which taken together shall

constitute one and the same agreement. Any of the parties hereto may execute this Amendment by signing any such counterpart and each of such counterparts shall for all purposes be deemed to be an original. This Amendment shall be governed by the internal laws of the State of New York.

[Signature Page to Follow]

This First Amendment to Purchase Agreement and Waiver is entered into as of the date and year first above written.

THE SCOTTS COMPANY LLC

By
Name /s/ Scott M. Haefke
Title VP, Treasurer

THE SCOTTS MIRACLE-GRO COMPANY

By
Name /s/ David C. Evans
Title CFO

Accepted and agreed to.

LASALLE BANK NATIONAL ASSOCIATION

By
Name /s/ Ted Lape
Title Senior Vice President

Exhibit 10(t)

SECOND AMENDMENT TO
MASTER ACCOUNTS RECEIVABLE PURCHASE AGREEMENT

This Second Amendment to Master Accounts Receivable Purchase Agreement (herein, the *"Amendment"*) is entered into as of November 30, 2007, among LaSalle Bank National Association (the *"Bank"*), The Scotts Company LLC (the *"Company"*) and The Scotts Miracle-Gro Company (the *"Parent"*).

PRELIMINARY STATEMENTS

A. Reference is hereby made to that certain Master Accounts Receivable Purchase Agreement dated as of April 11, 2007 (as amended, the *"Purchase Agreement"*), among the Company, the Parent and the Bank.

B. The Company has requested that the Bank amend the definition of "Agreement Amount" and certain other provisions set forth in the Purchase Agreement, and the Bank is willing to do so under the terms and conditions set forth in this Amendment.

C. Capitalized terms used but not otherwise defined herein shall have the same meaning herein as in the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. AMENDMENT TO PURCHASE AGREEMENT.

Subject to the satisfaction of the conditions precedent set forth in Section 2 below, the Purchase Agreement shall be and hereby is amended as follows:

1.1. The defined term *"Agreement Amount"* appearing in Section 1 of the Purchase Agreement shall be amended and restated in its entirety to read as follows:

"Agreement Amount" means the maximum aggregate Funded Amounts of all Purchased Receivables as set forth below during the relevant time periods, as such amount may be reduced from time to time pursuant to the terms of Section 4.3(d) hereof:

PERIOD	AMOUNT
12/1/07—1/8/08	$ 10,000,000
1/9/08—1/22/08	$ 20,000,000
1/23/08—2/5/08	$ 40,000,000
2/6/08—2/19/08	$ 95,000,000
2/20/08—3/4/08	$130,000,000

Period	Amount
3/5/08—3/18/08	$170,000,000
3/19/08—4/1/08	$250,000,000
4/2/08—4/10/08	$300,000,000

1.2. Section 4.3(d) of the Purchase Agreement shall be amended by deleting the term “month(s)” appearing therein and replacing it with the term “period(s)”.

Section 2. Conditions Precedent.

The effectiveness of this Amendment is subject to the satisfaction of all of the following conditions precedent:

2.1. The Company, the Parent and the Bank shall have executed and delivered this Amendment.

2.2. The Bank shall have received copies (executed or certified, as may be appropriate) of all legal documents or proceedings taken in connection with the execution and delivery of this Amendment and the other documents referred to above to the extent the Bank or its counsel may reasonably request.

Section 3. Representations.

In order to induce the Bank to execute and deliver this Amendment, the Company hereby represents to the Bank that as of the date hereof, the representations and warranties set forth in the Purchase Agreement are and shall be and remain true and correct and the Company is in compliance with the terms and conditions of the Purchase Agreement and no Termination Event or event which, with notice or lapse of time or both, would constitute a Termination Event thereunder exists or shall result after giving effect to this Amendment.

Section 4. Miscellaneous.

4.1. Except as specifically amended herein, the Purchase Agreement shall continue in full force and effect in accordance with its original terms. Reference to this specific Amendment need not be made in the Purchase Agreement or any other instrument or document executed in connection therewith, or in any certificate, letter or communication issued or made pursuant to or with respect to any of the foregoing, any reference in any of such items to the Purchase Agreement being sufficient to refer to the Purchase Agreement as amended hereby.

4.2. The Company agrees to pay on demand all costs and expenses of or incurred by the Bank in connection with the negotiation, preparation, execution and delivery of this Amendment and the other instruments and documents to be executed and delivered in connection herewith, including the reasonable fees and expenses of counsel for the Bank.

4.3. This Amendment may be executed in any number of counterparts, and by the different parties on different counterpart signature pages, all of which taken together shall constitute one and the same agreement. Any of the parties hereto may execute this Amendment by signing any such counterpart and each of such counterparts shall for all purposes be deemed to be an original. This Amendment shall be governed by the internal laws of the State of New York.

[Signature Page to Follow]

This Second Amendment to Purchase Agreement is entered into as of the date and year first above written.

THE SCOTTS COMPANY LLC

By
Name /s/ Scott M. Haefke
Title VP, Treasurer

THE SCOTTS MIRACLE-GRO COMPANY

By
Name /s/ David C. Evans
Title CFO

Accepted and agreed to.

LASALLE BANK NATIONAL ASSOCIATION

By
Name /s/ David L. Catherall
Title Senior Vice President

Exhibit 31(a)

Rule 13a-14(a)/15d-14(a) Certification
(Principal Executive Officer)

I, James Hagedorn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Scotts Miracle-Gro Company for the quarterly period ended December 29, 2007;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 7, 2008

By: /s/ JAMES HAGEDORN
Printed Name: James Hagedorn
Title: President, Chief Executive Officer and Chairman of the Board

Exhibit 31(b)

Rule 13a-14(a)/15d-14(a) Certification
(Principal Financial Officer)

I, David C. Evans, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Scotts Miracle-Gro Company for the quarterly period ended December 29, 2007;

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 7, 2008

By: /s/ DAVID C. EVANS
Printed Name: David C. Evans
Title: Executive Vice President and Chief Financial Officer

Exhibit 32

SECTION 1350 CERTIFICATION*

In connection with the Quarterly Report of The Scotts Miracle-Gro Company (the "Company") on Form 10-Q for the quarterly period ended December 29, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned James Hagedorn, President, Chief Executive Officer and Chairman of the Board of the Company, and David C. Evans, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of their knowledge:

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

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

/s/ James Hagedorn	/s/ David C. Evans
James Hagedorn President, Chief Executive Officer and Chairman of the Board	David C. Evans Executive Vice President and Chief Financial Officer
February 7, 2008	February 7, 2008

* THIS CERTIFICATION IS BEING FURNISHED AS REQUIRED BY RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 (THE "EXCHANGE ACT") AND SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE, AND SHALL NOT BE DEEMED "FILED" FOR PURPOSES OF SECTION 18 OF THE EXCHANGE ACT OR OTHERWISE SUBJECT TO THE LIABILITY OF THAT SECTION. THIS CERTIFICATION SHALL NOT BE DEEMED TO BE INCORPORATED BY REFERENCE INTO ANY FILING UNDER THE SECURITIES ACT OF 1933 OR THE EXCHANGE ACT, EXCEPT TO THE EXTENT THAT THE COMPANY SPECIFICALLY INCORPORATES THIS CERTIFICATION BY REFERENCE.