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

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): January 27, 2017 (January 30, 2017)

The Scotts Miracle-Gro Company

(Exact name of registrant as specified in its charter)

Ohio

(State or other jurisdiction
of incorporation)

001-11593

(Commission
File Number)

31-1414921

(IRS Employer
Identification No.)

14111 Scottslawn Road, Marysville, Ohio

(Address of principal executive offices)

43041

(Zip Code)

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

Not applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Amendment and Restatement of The Scotts Miracle-Gro Company Long-Term Incentive Plan.

At the Annual Meeting of Shareholders of The Scotts Miracle-Gro Company (the “Company”) held on January 27, 2017, the Company’s shareholders approved an amendment and restatement of The Scotts Miracle-Gro Company Long-Term Incentive Plan (the “Plan”) to, among other things, increase the maximum number of common shares, without par value (“Common Shares”), available for grant to participants under the Plan by 3,000,000 Common Shares.

A summary of the Plan, as amended and restated effective January 27, 2017, is contained in the Company’s definitive proxy statement on Schedule 14A filed with the Securities and Exchange Commission on December 14, 2016 in connection with the 2017 Annual Shareholders Meeting under the heading “Proposal Number 3 — Approval of Amendment and Restatement of The Scotts Miracle-Gro Company Long-Term Incentive Plan” and is incorporated herein by reference.

The foregoing summary is not intended to be complete and is qualified in its entirety by reference to the full text of the Plan, a copy of which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

Form of Award Agreements

On January 30, 2017, the Compensation and Organization Committee of the Board of Directors (the “Board”) approved form of award agreements that will be used to make awards to officers and directors of the Company under the Plan. The forms of Project Focus Performance Unit Award Agreement, Standard Performance Unit Award Agreement, Standard Restricted Stock Unit Award Agreement and Standard Non-Qualified Stock Option Award Agreement are attached hereto as exhibits 10.2, 10.3, 10.4 and 10.5, respectively.

Appointment of a Director

On January 27, 2017, the Board of the Company, upon the recommendation of the Nominating and Governance Committee of the Board, appointed former Vermont Governor Peter E. Shumlin as a Class II member of the Board. As a Class II director, Governor Shumlin will hold office for a term scheduled to expire at the 2018 Annual Meeting of Shareholders of the Company.

Upon the recommendation of the Nominating and Governance Committee of the Board, the Board also appointed Governor Shumlin to serve on the Board’s Compensation and Organization Committee and Nominating and Governance Committee and determined that Governor Shumlin satisfies the applicable independence requirements set forth in the rules and regulations of the New York Stock Exchange and the Securities and Exchange Commission and has no material relationships with the Company or its subsidiaries other than through his service as a director of the Company.

In his capacity as a non-employee director of the Company, Governor Shumlin will receive the same compensation for 2017 as other non-employee directors of the Company which consists of a cash retainer payment in the amount of \$100,000 and a grant of deferred stock units (“DSUs”) with a grant date value of \$185,000. The DSUs, which were granted under the Plan, have a grant date of January 30, 2017 and will vest on January 30, 2018 provided that Governor Shumlin is a director of the Company on the date of the 2018 Annual Meeting if it occurs prior to January 30, 2018. The DSU is subject to accelerated vesting in the event of Governor Shumlin’s death or disability.

Item 5.07 Submission of Matters to a Vote of Security Holders.

On January 27, 2017, the Company held its Annual Meeting of Shareholders (the “Annual Meeting”) as a virtual meeting and shareholders were able to participate in the Annual Meeting, vote and submit questions via live webcast.

At the close of business on December 1, 2016, the record date for the determination of shareholders entitled to vote at the Annual Meeting, there were 60,025,335 Common Shares of the Company issued and outstanding, each share being entitled to one vote. At the Annual Meeting, the holders of 56,618,063 Common Shares, or approximately 94.3% of the outstanding Common Shares, were represented in person or by proxy and, therefore, a quorum was present.

At the Annual Meeting, the Company’s shareholders voted on the following matters:

Proposal 1 — Election of Directors.

Each of James Hagedorn, Brian D. Finn, James F. McCann and Nancy G. Mistretta was elected as a director of the Company to serve for a term expiring at the Annual Meeting of Shareholders to be held in 2020. The results of the vote were as follows:

	<u>Votes For</u>	<u>Votes Withheld</u>	<u>Broker Non-Votes</u>
James Hagedorn	51,780,741	1,623,585	3,213,737
Brian D. Finn	52,218,215	1,186,111	3,213,737
James F. McCann	50,359,467	3,044,859	3,213,737
Nancy G. Mistretta	52,234,043	1,170,283	3,213,737

Proposal 2 — Advisory Vote on the Compensation of the Company’s Named Executive Officers.

The compensation of the Company’s named executive officers was approved on an advisory basis. The results of the vote were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>	<u>Broker Non-Votes</u>
52,816,402	503,119	84,805	3,213,737

Proposal 3 — To Approve an Amendment and Restatement of The Scotts Miracle-Gro Company Long-Term Incentive Plan to, Among Other Things, Increase the Maximum Number of Common Shares Available for Grant Participants.

As discussed in Item 5.02 above, the amendment and restatement of The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan to, among other things, increase the maximum number of common shares available for grant to participants under the Plan was approved. The results of the vote were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>	<u>Broker Non-Votes</u>
50,857,608	2,511,789	34,929	3,213,737

Proposal 4 — Ratification of the Selection of Deloitte & Touche LLP as the Company’s Independent Registered Public Accounting Firm for the Fiscal Year Ending September 30, 2017.

The Audit Committee’s selection of Deloitte & Touche LLP as the Company’s independent registered public accounting firm was ratified. The results of the vote were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>
55,548,884	1,047,451	21,728

Item 9.01. Financial Statements and Exhibits.

- (a) Financial statements of businesses acquired:
Not applicable.
- (b) Pro forma financial information:
Not applicable.
- (c) Shell company transactions:
Not applicable.
- (d) Exhibits:

Exhibit No. Description

10.1	The Scotts Miracle-Gro Company Long-Term Incentive Plan (Effective as of January 27, 2017).
10.2	Form of Project Focus Performance Unit Award Agreement under The Scotts Miracle-Gro Company Long-Term Incentive Plan (Effective as of January 30, 2017).
10.3	Form of Standard Performance Unit Award Agreement under The Scotts Miracle-Gro Company Long-Term Incentive Plan (Effective as of January 30, 2017).
10.4	Form of Standard Restricted Stock Unit Award Agreement under The Scotts Miracle-Gro Company Long-Term Incentive Plan (Effective as of January 30, 2017).
10.5	Form of Standard Non-Qualified Stock Option Award Agreement under The Scotts Miracle-Gro Company Long-Term Incentive Plan (Effective as of January 30, 2017).

SIGNATURE

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 hereunto duly authorized.

THE SCOTTS MIRACLE-GRO COMPANY

Dated: January 30, 2017

By: /s/ IVAN C. SMITH

Printed Name: Ivan C. Smith

Title: Executive Vice President, General Counsel,
Corporate Secretary and Chief Compliance Officer

INDEX TO EXHIBITS

Current Report on Form 8-K
Dated January 30, 2017
The Scotts Miracle-Gro Company

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**THE SCOTTS MIRACLE-GRO COMPANY
LONG-TERM INCENTIVE PLAN
(EFFECTIVE AS OF JANUARY 27, 2017)**

Article 1.

Establishment, Purpose, and Duration

1.1 *Establishment.* This Plan, an incentive compensation plan, was established by The Scotts Miracle-Gro Company. This Plan was originally effective on January 26, 2006, was amended and restated effective as of October 30, 2007, January 20, 2010 and January 17, 2013, and is hereby further amended and restated effective as of January 27, 2017 (the “Effective Date”), as set forth in this document. This Plan shall remain in effect as provided in Section 1.3 hereof.

This Plan permits the grant of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units, Cash-Based Awards, and Other Stock-Based Awards.

1.2 *Purpose of this Plan.* The purpose of this Plan is to provide a means whereby Employees, Directors, and Third Party Service Providers develop a sense of proprietorship and personal involvement in the development and financial success of the Company, and to encourage them to devote their best efforts to the business of the Company, thereby advancing the interests of the Company and its shareholders. A further purpose of this Plan is to provide a means through which the Company may attract able individuals to become Employees or serve as Directors or Third Party Service Providers and to provide a means whereby those individuals upon whom the responsibilities of the successful administration and management of the Company are of importance, can acquire and maintain stock ownership, thereby strengthening their concern for the welfare of the Company.

1.3 *Duration of this Plan.* Unless sooner terminated as provided herein, this Plan shall terminate on January 26, 2027. After this Plan is terminated, no Awards may be granted but Awards previously granted shall remain outstanding in accordance with their applicable terms and conditions and this Plan’s terms and conditions. Notwithstanding the foregoing, no Incentive Stock Options may be granted after December 12, 2026.

Article 2.

Definitions

Whenever used in this Plan, the following terms shall have the meanings set forth below, and when the meaning is intended, the initial letter of the word shall be capitalized.

2.1 “*Affiliate*” shall mean any corporation or other entity (including, but not limited to, a partnership or a limited liability company), that is affiliated with the Company through stock or equity ownership or otherwise, and is designated as an Affiliate for purposes of this Plan by the Committee.

2.2 “*Annual Award Limits*” has the meaning set forth in Section 4.3.

2.3 “*Award*” means, individually or collectively, a grant under this Plan of Nonqualified Stock Options, Incentive Stock Options, SARs, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units, Cash-Based Awards, or Other Stock-Based Awards, in each case subject to the terms of this Plan.

2.4 “*Award Agreement*” means either (i) a written agreement entered into by the Company and a Participant setting forth the terms and provisions applicable to an Award granted under this Plan, or (ii) a written or electronic statement

issued by the Company to a Participant describing the terms and provisions of such Award, including in each case any amendment or modification thereof. The Committee may provide for the use of electronic, internet or other non-paper Award Agreements, and the use of electronic, internet or other non-paper means for the acceptance thereof and actions thereunder by a Participant.

2.5 “*Beneficial Owner*” or “*Beneficial Ownership*” shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

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

2.7 “*Cash-Based Award*” means an Award, denominated in cash, granted to a Participant as described in Article 10.

2.8 “*Cause*” means, unless otherwise specified in an Award Agreement or in an applicable employment agreement between the Company and a Participant, with respect to any Participant, that the Participant has:

- (a) willfully and materially breached the terms of any employment agreement between the Participant and the Company;
- (b) engaged in willful misconduct that has materially injured the business of the Company or any Subsidiary or Affiliate;
- (c) willfully committed a material act of fraud or material breach of the Participant’s duty of loyalty to the Company or any Subsidiary or Affiliate;
- (d) willfully and continually failed to attempt in good faith to perform the Participant’s duties hereunder (other than any such failure resulting from the Participant’s incapacity due to physical or mental illness), after written notice has been delivered to the Participant by the Company, which notice specifically identifies the manner in which the Participant has not attempted in good faith to perform his duties; or
- (e) been convicted, or plead guilty or nolo contendere for the commission of an act or acts constituting a felony under the laws of the United States or any state thereof.

For purposes of subsections (a) - (d), no act, or failure to act, on the Participant’s part shall be deemed “willful” unless, the Company reasonably determines, in good faith, that it was done, or omitted to be done, by the Participant not in good faith and without reasonable belief that his act, or failure to act, was in the best interest of the Company or any Subsidiary or Affiliate.

2.9 “*Change in Control*” means the occurrence of any of the following:

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

(b) Any “person,” including a “group” (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act, but excluding the Company, any of its Subsidiaries, any employee benefit plan of the Company or any of its Subsidiaries or Hagedorn Partnership, L.P. or any party related to Hagedorn Partnership, L.P. as determined by the Committee) becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing more than thirty percent (30%) of the combined voting power of the Company’s then outstanding securities; or

(c) Consummation of (i) the merger or other business combination of the Company with or into another entity in which the shareholders of the Company immediately before the effective date of such merger or other business combination own less than fifty percent (50%) of the voting power in such entity; or (ii) the sale or other disposition of all or substantially all of the assets of the Company; or

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

(e) For any reason, Hagedorn Partnership, L.P. or any party related to Hagedorn Partnership, L.P. as determined by the Committee becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing more than forty-nine percent (49%) of the combined voting power of the Company's then outstanding securities.

The Committee may provide for a more restrictive definition of Change in Control in an Award Agreement if necessary or appropriate to comply with Code Section 409A or as the Committee deems appropriate.

Notwithstanding the foregoing, an Award that is subject to Code Section 409A will not be paid or settled upon a Change in Control unless the Change in Control also constitutes a "change in control event" under Code Section 409A and Treasury Regulation Section 1.409A-3(i)(5).

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

2.11 "*Code*" means the U.S. Internal Revenue Code of 1986, as amended from time to time. For purposes of this Plan, references to sections of the Code shall be deemed to include references to any applicable regulations thereunder and any successor or similar provision, as well as any applicable interpretative guidance issued related thereto.

2.12 "*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 Plan. 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.

2.13 "*Company*" means The Scotts Miracle-Gro Company, an Ohio corporation, and any successor thereto as provided in Article 20 herein.

2.14 "*Covered Employee*" means any key Employee who is or may become a "Covered Employee," as defined in Code Section 162(m), and who is designated, either as an individual Employee or class of Employees, by the Committee within the shorter of (i) ninety (90) days after the beginning of the Performance Period, or (ii) twenty-five percent (25%) of the Performance Period having elapsed, as a "Covered Employee" under this Plan for such applicable Performance Period.

2.15 "*Director*" means any individual who is a member of the Board of Directors of the Company.

2.16 "*Dividend Equivalent*" has the meaning set forth in Article 14.

2.17 "*Effective Date*" has the meaning set forth in Section 1.1.

2.18 "*Employee*" means any individual who performs services for and is designated as an employee of the Company, its Affiliates, and/or its Subsidiaries on the payroll records thereof. An Employee shall not include any individual

during any period he or she is classified or treated by the Company, Affiliate, and/or Subsidiary as an independent contractor, a consultant, or any employee of an employment, consulting, or temporary agency or any other entity other than the Company, Affiliate, and/or Subsidiary, without regard to whether such individual is subsequently determined to have been, or is subsequently retroactively reclassified as a common-law employee of the Company, Affiliate, and/or Subsidiary during such period.

2.19 “*Exchange Act*” means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

2.20 “*Fair Market Value*” or “*FMV*” means a price that is based on the opening, closing, actual, high, low, or average selling prices of a Share reported on the New York Stock Exchange (“NYSE”) or other established stock exchange (or exchanges) on the applicable date, the preceding trading day, the next succeeding trading day, or an average of trading days, as determined by the Committee in its discretion. Unless the Committee determines otherwise, Fair Market Value shall be deemed to be equal to the closing price of a Share on the relevant date if it is a trading day or, if such date is not a trading day, on the next trading day. In the event Shares are not publicly traded at the time a determination of their value is required to be made hereunder (a) with respect to NQSOs, SARs and Awards that are subject to Code Section 409A, “Fair Market Value” shall mean the value as determined by the Committee through the reasonable application of a reasonable valuation method, taking into account all information material to the value of the Company, within the meaning of Code Section 409A and (b) with respect to all other Awards, the determination of “Fair Market Value” shall be made by the Committee in such manner as it deems appropriate. Such definition(s) of FMV shall be specified in each Award Agreement and may differ depending on whether FMV is in reference to the grant, exercise, vesting, settlement, or payout of an Award.

2.21 “*Full-Value Award*” means an Award other than in the form of an ISO, NQSO, or SAR, and which is settled by the issuance of Shares.

2.22 “*Full-Value Factor*” has the meaning set forth in Section 4.1(b).

2.23 “*Grant Date*” means the date an Award is granted to a Participant pursuant to the Plan.

2.24 “*Grant Price*” means the price established at the time of grant of a SAR pursuant to Article 7, used to determine whether there is any payment due upon exercise of the SAR.

2.25 “*Incentive Stock Option*” or “*ISO*” means an Option to purchase Shares granted under Article 6 that is designated as an Incentive Stock Option and that is intended to meet the requirements of Code Section 422, or any successor provision.

2.26 “*Insider*” shall mean an individual who is, on the relevant date, an officer or Director of the Company, or a more than ten percent (10%) Beneficial Owner of any class of the Company’s equity securities that is registered pursuant to Section 12 of the Exchange Act, as determined by the Board or Committee in accordance with Section 16 of the Exchange Act.

2.27 “*Non-employee Director*” means a Director who is not an Employee on the Grant Date.

2.28 “*Non-employee Director Award*” means any NQSO, SAR, or Full-Value Award granted to a Participant who is a Non-employee Director pursuant to such applicable terms, conditions, and limitations as the Board or Committee may establish in accordance with this Plan.

2.29 “*Nonqualified Stock Option*” or “*NQSO*” means an Option that is not intended to meet the requirements of Code Section 422, or that otherwise does not meet such requirements.

2.30 “*Option*” means an Incentive Stock Option or a Nonqualified Stock Option, as described in Article 6.

- 2.31 “*Option Price*” means the price at which a Share may be purchased by a Participant pursuant to the exercise of an Option.
- 2.32 “*Other Stock-Based Award*” means an equity-based or equity-related Award not otherwise described by the terms of this Plan, granted pursuant to Article 10.
- 2.33 “*Participant*” means any eligible individual as set forth in Article 5 to whom an Award is granted.
- 2.34 “*Performance-Based Compensation*” means compensation under an Award that is intended to satisfy the requirements of Code Section 162(m) for certain performance-based compensation paid to Covered Employees. Notwithstanding the foregoing, nothing in this Plan shall be construed to mean that an Award which does not satisfy the requirements for performance-based compensation under Code Section 162(m) does not constitute performance-based compensation for other purposes, including Code Section 409A.
- 2.35 “*Performance Measures*” means measures as described in Article 12 on which the performance goals are based and which are approved by the Company’s shareholders pursuant to this Plan in order to qualify Awards as Performance-Based Compensation.
- 2.36 “*Performance Period*” means the period of time during which the performance goals must be met in order to determine the degree of payout and/or vesting with respect to an Award.
- 2.37 “*Performance Share*” means an Award under Article 9 herein and subject to the terms of this Plan, denominated in Shares, the value of which at the time it is payable is determined as a function of the extent to which corresponding performance criteria or Performance Measure(s), as applicable, have been achieved.
- 2.38 “*Performance Unit*” means an Award under Article 9 herein and subject to the terms of this Plan, denominated in units, the value of which at the time it is payable is determined as a function of the extent to which corresponding performance criteria or Performance Measure(s), as applicable, have been achieved.
- 2.39 “*Period of Restriction*” means the period when Restricted Stock or Restricted Stock Units are subject to a substantial risk of forfeiture (based on the passage of time, the achievement of performance goals, or the occurrence of other events as determined by the Committee, in its discretion), as provided in Article 8.
- 2.40 “*Person*” shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d) thereof.
- 2.41 “*Plan*” means The Scotts Miracle-Gro Company Long-Term Incentive Plan, as amended and restated from time to time.
- 2.42 “*Plan Year*” means the Company’s fiscal year.
- 2.43 “*Restricted Stock*” means an Award granted to a Participant pursuant to Article 8.
- 2.44 “*Restricted Stock Unit*” means an Award granted to a Participant pursuant to Article 8, except no Shares are actually awarded to the Participant on the Grant Date.
- 2.45 “*Share*” means a common share of the Company, without par value per share.
- 2.46 “*Stock Appreciation Right*” or “*SAR*” means an Award granted to a Participant pursuant to Article 7.

2.47 “*Subsidiary*” means any corporation or other entity, whether domestic or foreign, in which the Company has or obtains, directly or indirectly, a proprietary interest of more than fifty percent (50%) by reason of stock ownership or otherwise.

2.48 “*Termination*” or “*Terminate*” means: (a) if a Participant is an Employee, cessation of the employee-employer relationship between a Participant and the Company and all Affiliates and Subsidiaries for any reason; (b) if a Participant is a Non-employee Director, termination of the Non-employee Director’s service on the Board for any reason; and (c) if a Participant is a Third Party Service Provider, termination of the Third Party Service Provider’s service relationship with the Company and all Affiliates and Subsidiaries for any reason. Notwithstanding the foregoing, with respect to any Award subject to Code Section 409A, any such cessation or termination also must constitute a “separation from service” as defined under Treasury Regulation Section 1.409A-1(h). Effective for Awards granted on or after January 20, 2010, an Award Agreement may specify a different definition of “*Termination*” or “*Terminate*,” that will apply to such Award Agreement; provided that no such different definition shall cause the term of the Award to which it relates to extend beyond the maximum possible term for such Award contemplated under the applicable provisions of this Plan and any applicable law, regulation or stock exchange rule.

2.40 “*Third Party Service Provider*” means any consultant, agent, advisor, or independent contractor who renders services to the Company, a Subsidiary, or an Affiliate that (a) are not in connection with the offer or sale of the Company’s securities in a capital raising transaction, and (b) do not directly or indirectly promote or maintain a market for the Company’s securities.

Article 3.

Administration

3.1 *General.* The Committee shall be responsible for administering this Plan, subject to this Article 3 and the other provisions of this Plan. The Committee shall be comprised, unless otherwise determined by the Board, solely of not less than two members who shall be (i) “non-employee directors” within the meaning of Rule 16b-3(b)(3) (or any successor rule) promulgated under the Exchange Act, (ii) “outside directors” within the meaning of the regulations under Code Section 162(m), and (iii) “independent directors,” as determined in accordance with the independence standards established by the stock exchange on which the Shares are at the time primarily traded. The Committee may employ attorneys, consultants, accountants, agents, and other individuals, any of whom may be an Employee, and the Committee, the Company, and its officers and Directors shall be entitled to rely upon the advice, opinions, or valuations of any such individuals. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Participants, the Company, and all other interested individuals. By accepting an Award under this Plan, each Participant agrees to all Committee determinations as described above.

3.2 *Authority of the Committee.* The Committee shall have full and exclusive discretionary power to interpret the terms and the intent of this Plan and any Award Agreement or other agreement or document ancillary to or in connection with this Plan, to determine eligibility for Awards and to adopt such rules, regulations, forms, instruments, and guidelines for administering this Plan as the Committee may deem necessary or proper. Such authority shall include, but not be limited to, selecting Award recipients, establishing all Award terms and conditions, including the terms and conditions set forth in Award Agreements, granting Awards as an alternative to or as the form of payment for grants or rights earned or due under compensation plans or arrangements of the Company, construing any provision of the Plan or any Award Agreement, and, subject to Article 18, adopting modifications and amendments to this Plan or any Award Agreement, including without limitation, any that are necessary to comply with the laws of the countries and other jurisdictions in which the Company, its Affiliates, and/or its Subsidiaries operate.

3.3 *Delegation.* The Committee may delegate to one or more of its members or to one or more officers of the Company, and/or its Subsidiaries and Affiliates or to one or more agents or advisors such administrative duties or powers as it

may deem advisable, and the Committee or any individuals to whom it has delegated duties or powers as aforesaid may employ one or more individuals to render advice with respect to any responsibility the Committee or such individuals may have under this Plan. The Committee may, by resolution, authorize one or more officers of the Company to do one or both of the following on the same basis as can the Committee: (a) designate Employees to be recipients of Awards; (b) determine the size of any such Awards; provided, however, (i) the Committee shall not delegate such responsibilities to any such officer for Awards granted to an Employee who is considered an Insider; (ii) the resolution providing such authorization sets forth the total number of Awards such officer(s) may grant; and (iii) the officer(s) shall report periodically to the Committee regarding the nature and scope of the Awards granted pursuant to the authority delegated. Notwithstanding the foregoing, awards to Non-employee Directors shall be administered and interpreted by the Board.

Article 4.

Shares Subject to this Plan and Maximum Awards

4.1 Number of Shares Available for Awards.

(a) Subject to adjustment as provided in Section 4.4 herein, the maximum number of Shares that may be issued under the Plan with respect to Awards granted on or after January 27, 2017 (the "Share Authorization") is the sum of: (i) three million (3,000,000) Shares, plus (ii) the number of Shares that remained available for Awards under the Plan as of December 1, 2016 (1,943,137 Shares), plus (iii) the number of Shares subject to outstanding Awards under the Plan as of December 1, 2016 that terminate, expire, or are cancelled, forfeited, exchanged, or surrendered without having been exercised, vested, or paid under the Plan (not exceeding 2,365,667 Shares). The limit in this Section 4.1(a) does not apply to the issuance of Shares in connection with Awards granted prior to January 27, 2017, which shall be issued according to the Plan as in effect immediately before January 27, 2017. The Shares available for issuance under this Plan may be authorized and unissued Shares or treasury Shares.

(b) Subject to the provisions of Section 4.2, in determining the number of Shares that remain available for issuance to Participants pursuant to Awards granted under this Plan on or after January 17, 2013, the Share Authorization shall be reduced by one Share for each Share covered by an Option or Stock Appreciation Right granted on or after January 17, 2013, and the Share Authorization shall be reduced by two Shares (the "Full Value Factor") per each Share subject to an Award, other than an Option or Stock Appreciation Right, granted on or after January 17, 2013. If a Stock Appreciation Right is settled by the issuance of Shares, the Share Authorization shall be reduced by the number of Shares covered by the Stock Appreciation Right rather than the number of Shares issued in settlement of the Stock Appreciation Right.

(c) Subject to adjustment as provided in Section 4.4, the maximum number of Shares of the Share Authorization that may be issued pursuant to the exercise of ISOs granted on or after January 27, 2017, shall be four million nine hundred and forty-three thousand one hundred and thirty-seven (4,943,137) Shares.

(d) The maximum Grant Date value of Shares subject to Awards granted on or after January 27, 2017 to a Non-employee Director during any Plan Year, in the Participant's capacity as a Non-employee Director, shall not exceed \$500,000 in total value. For purposes of this limit, the value of such Awards shall be calculated based on the Grant Date fair value of such Awards for financial reporting purposes.

4.2 Reallocation of Shares. To the extent that Awards terminate by expiration, forfeiture, cancellation, or otherwise without the issuance of such Shares, are settled in cash in lieu of Shares, or are exchanged with the Committee's permission, prior to the issuance of Shares, for Awards not involving Shares, then the Shares subject to such Award shall be available again for grant under Section 4.1(a) of this Plan; *provided, however*, that the number of Shares that shall again be available shall be based on the Full Value Factor if the previous Award was not an Option or Stock Appreciation Right. If any Shares are withheld by the Company or are tendered (either actually or by attestation) by a Participant to satisfy any tax

withholding obligation with respect to an Award (other than an Option or Stock Appreciation Right), then the Shares so tendered or withheld shall again be available for issuance under the Plan and correspondingly increase the total number of Shares available for issuance under Section 4.1(a) of the Plan based on the Full Value Factor. Notwithstanding anything to the contrary in this Section 4.2, the following Shares will not again become available for issuance under the Plan: (i) any Shares which would have been issued upon any exercise of an Option but for the fact that the exercise price was paid by a “net exercise” or any Shares tendered (either actually or by attestation) by a Participant in payment of the exercise price of an Option; (ii) any Shares withheld by the Company or Shares tendered (either actually or by attestation) by a Participant to satisfy any tax withholding obligation with respect to an Option or a Stock Appreciation Right (but not other Awards); (iii) Shares covered by a Stock Appreciation Right that are not issued in connection with the stock settlement upon its exercise; or (iv) Shares that are repurchased by the Company using Option exercise proceeds.

4.3 *Annual Award Limits.* Subject to adjustment as provided in Section 4.4, the following limits shall apply with respect to Awards to Employees that are intended to qualify as Performance-Based Compensation under Section 162(m) of the Code (collectively, “Annual Award Limits”):

(a) *Performance Units or Performance Shares:* The maximum number of Shares for which Performance Units or Performance Shares may be granted to an Employee in any one Plan Year shall not exceed three hundred thousand (300,000) Shares; provided that if the Performance Period is longer than one year, the maximum number of Shares for which Performance Units and Performance Shares may be granted to an Employee during a Plan Year shall not exceed three hundred thousand (300,000) Shares multiplied by the number of years in the applicable Performance Period (not to exceed five years).

(b) *Restricted Stock or Restricted Stock Units:* The maximum number of Shares which may be subject to Restricted Stock or Restricted Stock Units granted to an Employee in any one Plan Year shall be three hundred thousand (300,000).

(c) *Options:* The maximum number of Shares which may be subject to Options granted to an Employee in any one Plan Year shall be five hundred thousand (500,000).

(d) *SARs:* The maximum number of Shares which may be subject to Stock Appreciation Rights granted to an Employee in any one Plan Year shall be five hundred thousand (500,000).

(e) *Dividends and Dividend Equivalents:* The maximum amount of normal cash dividends and Dividend Equivalents with respect to normal cash dividends that an Employee may accrue for any Plan Year with respect to Awards shall not exceed the greater of the value of seven million five hundred thousand dollars (\$7,500,000) or two hundred and fifty thousand (250,000) Shares.

(f) *Cash-Based Awards:* The maximum amount that may be awarded or credited to an Employee with respect to Cash-Based Awards in any one Plan Year shall not exceed the greater of the value of five million dollars (\$5,000,000) or one hundred thousand (100,000) Shares.

(g) *Other Stock-Based Awards:* The maximum number of Shares which may be granted to an Employee with respect to Other Stock-Based Awards in any one Plan Year shall not exceed one hundred fifty thousand (150,000) Shares.

4.4 *Adjustments in Authorized Shares.* In the event of any corporate event or transaction (including, but not limited to, a change in the Shares of the Company or the capitalization of the Company) such as a merger, consolidation, reorganization, recapitalization, separation, partial or complete liquidation, stock dividend, stock split, reverse stock split, split up, spin-off, or other distribution of stock or property of the Company, combination of Shares, exchange of Shares, dividend in kind, or other like change in capital structure, number of outstanding Shares or distribution (other than normal cash dividends)

to shareholders of the Company, or any similar corporate event or transaction, the Committee, in its sole discretion, in order to prevent dilution or enlargement of Participants' rights under this Plan, shall substitute or adjust, as applicable, the number and kind of Shares that may be issued under this Plan or under particular forms of Awards, the Full Value Factor set forth in Section 4.1, the number and kind of Shares subject to outstanding Awards, the Option Price or Grant Price applicable to outstanding Awards, the Annual Award Limits, and other value determinations applicable to outstanding Awards.

The Committee, in its sole discretion, may also make appropriate adjustments in the terms of any Awards under this Plan to reflect such changes or distributions and to modify any other terms of outstanding Awards, including modifications of performance goals and changes in the length of Performance Periods. The determination of the Committee as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under this Plan.

Notwithstanding anything to the contrary in this Section 4.4, an adjustment to an Option or SAR shall be made only to the extent such adjustment complies with the requirements of Code Section 409A.

Subject to the provisions of Article 18 and notwithstanding anything else herein to the contrary, without affecting the number of Shares reserved or available hereunder, the Committee may authorize the issuance or assumption of benefits under this Plan in connection with any merger, consolidation, acquisition of property or stock, or reorganization upon such terms and conditions as it may deem appropriate (including, but not limited to, a conversion of equity awards into Awards under this Plan in a manner consistent with paragraph 53 of FASB Interpretation No. 44), subject to compliance with the rules under Code Sections 409A, 422 and 424, as and where applicable.

Article 5.

Eligibility and Participation

5.1 *Eligibility.* Individuals eligible to participate in this Plan include all Employees, Directors, and Third Party Service Providers.

5.2 *Actual Participation.* Subject to the provisions of this Plan, the Committee may, from time to time, select from all eligible individuals, those individuals to whom Awards shall be granted and shall determine, in its sole discretion, the nature of, any and all terms permissible by law, and the amount of, each Award.

Article 6.

Stock Options

6.1 *Grant of Options.* Subject to the terms and provisions of this Plan, Options may be granted to Participants in such number, and upon such terms, and at any time and from time to time as shall be determined by the Committee, in its sole discretion; provided that ISOs may be granted only to eligible Employees of the Company or of any parent or subsidiary corporation (as permitted under Code Sections 422 and 424).

6.2 *Award Agreement.* Each Option grant shall be evidenced by an Award Agreement that shall specify the Option Price, the maximum duration of the Option, the number of Shares to which the Option pertains, the conditions upon which the Option shall become vested and exercisable, and such other provisions as the Committee shall determine which are not inconsistent with the terms of this Plan. The Award Agreement also shall specify whether the Option is intended to be an ISO or a NQSO.

6.3 *Option Price.* The Option Price for each grant of an Option under this Plan shall be determined by the Committee in its sole discretion and shall be specified in the Award Agreement; provided, however, the Option Price must be at least equal to one hundred percent (100%) of the FMV of the Shares as determined on the Grant Date; provided, further, however, that the Option Price must be at least equal to one hundred and ten percent (110%) of the FMV of a Share on the

Grant Date with respect to any ISO issued to a Participant who, on the Grant Date, owns (as defined in Code Section 424(d)) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of its subsidiary corporation (as defined in Code Section 424(f)) (a "10% Shareholder").

6.4 *Term of Options.* Each Option granted to a Participant shall expire at such time as the Committee shall determine at the time of grant; provided, however, no Option shall be exercisable later than the day before the tenth (10th) anniversary of the Grant Date; provided, further, however, that no ISO granted to a 10% Shareholder shall be exercisable later than the day before the fifth (5th) anniversary of its Grant Date.

6.5 *Exercise of Options.* Options granted under this Article 6 shall be exercisable at such times and be subject to such restrictions and conditions as the Committee shall in each instance approve, which terms and restrictions need not be the same for each grant or for each Participant. Notwithstanding anything in this Plan to the contrary, to the extent that the aggregate FMV of the Shares (determined as of the Grant Date of the applicable ISO) with respect to which ISOs are exercisable for the first time by a Participant during any calendar year (under all plans of the Company and its subsidiary corporations (as defined in Code Section 424(f)) exceeds \$100,000, such Options shall be treated as Nonqualified Stock Options.

6.6 *Payment.* Options granted under this Article 6 shall be exercised by the delivery of a notice of exercise to the Company or an agent designated by the Company in a form specified or accepted by the Committee, or by complying with any alternative procedures which may be authorized by the Committee, setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment for the Shares.

A condition of the issuance of the Shares as to which an Option shall be exercised shall be the payment of the Option Price. The Option Price of any Option shall be payable to the Company in full either: (a) in cash or its equivalent; (b) by tendering (either by actual delivery or attestation) previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the Option Price (provided that except as otherwise determined by the Committee, the Shares that are tendered must have been held by the Participant for at least six (6) months (or such other period, if any, as the Committee may permit) prior to their tender to satisfy the Option Price if acquired under this Plan or any other compensation plan maintained by the Company or have been purchased on the open market); (c) by a cashless (broker-assisted) exercise; (d) by a combination of (a), (b) and/or (c); or (e) any other method approved or accepted by the Committee in its sole discretion, including by the withholding of Shares subject to the exercisable Option, which have a Fair Market Value on the date of exercise equal to the Option Price, if permitted by the Committee.

Subject to any governing rules or regulations, as soon as practicable after receipt of written notification of exercise and full payment (including satisfaction of any applicable tax withholding), the Company shall deliver to the Participant evidence of book entry Shares, or upon the Participant's request, Share certificates in an appropriate amount based upon the number of Shares purchased under the Option(s).

Unless otherwise determined by the Committee, all payments under all of the methods indicated above shall be paid in United States dollars.

6.7 *Restrictions on Share Transferability.* The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option granted under this Article 6 as it may deem advisable, including, without limitation, minimum holding period requirements, restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed and/or traded, or under any blue sky or state securities laws applicable to such Shares.

6.8 *Termination of Employment or Service.* Each Participant's Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the Option following the Participant's Termination. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with each

Participant, need not be uniform among all Options issued pursuant to this Article 6, and may reflect distinctions based on the reasons for Termination.

6.9 *Notification of Disqualifying Disposition.* If any Participant shall make any disposition of Shares issued pursuant to the exercise of an ISO under the circumstances described in Code Section 421(b) (relating to certain disqualifying dispositions), such Participant shall notify the Company of such disposition within ten (10) calendar days thereof.

Article 7.

Stock Appreciation Rights

7.1 *Grant of SARs.* Subject to the terms and conditions of this Plan, SARs may be granted to Participants at any time and from time to time as shall be determined by the Committee.

Subject to the terms and conditions of this Plan, the Committee shall have complete discretion in determining the number of SARs granted to each Participant and, consistent with the provisions of this Plan, in determining the terms and conditions pertaining to such SARs.

The Grant Price for each grant of a SAR shall be determined by the Committee and shall be specified in the Award Agreement; provided, however, the Grant Price on the Grant Date must be at least equal to one hundred percent (100%) of the FMV of the Shares as determined on the Grant Date.

7.2 *SAR Agreement.* Each SAR Award shall be evidenced by an Award Agreement that shall specify the Grant Price, the term of the SAR, and such other provisions as the Committee shall determine.

7.3 *Term of SAR.* The term of a SAR granted under this Plan shall be determined by the Committee, in its sole discretion, and no SAR shall be exercisable later than the tenth (10th) anniversary date of its Grant Date.

7.4 *Exercise of SARs.* SARs may be exercised upon whatever terms and conditions the Committee, in its sole discretion, imposes.

7.5 *Settlement of SARs.* Upon the exercise of a SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying:

- (a) The excess of the Fair Market Value of a Share on the date of exercise over the Grant Price; by
- (b) The number of Shares with respect to which the SAR is exercised.

At the discretion of the Committee, the payment upon SAR exercise may be in cash, Shares, or any combination thereof, or in any other manner approved by the Committee in its sole discretion. The Committee's determination regarding the form of SAR payout may be set forth in the Award Agreement pertaining to the grant of the SAR.

7.6 *Termination of Employment or Service.* Each Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the SAR following the Participant's Termination. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with Participants, need not be uniform among all SARs issued pursuant to this Plan, and may reflect distinctions based on the reasons for Termination.

7.7 *Other Restrictions.* The Committee shall impose such other conditions and/or restrictions on any Shares received upon exercise of a SAR granted pursuant to this Plan as it may deem advisable or desirable. These restrictions may

include, but shall not be limited to, a requirement that the Participant hold the Shares received upon exercise of a SAR for a specified period of time.

Article 8.

Restricted Stock and Restricted Stock Units

8.1 *Grant of Restricted Stock or Restricted Stock Units.* Subject to the terms and provisions of this Plan or an Award Agreement, the Committee, at any time and from time to time, may grant Shares of Restricted Stock and/or Restricted Stock Units to Participants in such amounts as the Committee shall determine. Restricted Stock Units shall be similar to Restricted Stock except that no Shares are actually awarded to the Participant on the Grant Date.

8.2 *Restricted Stock or Restricted Stock Unit Agreement.* Each Restricted Stock and/or Restricted Stock Unit grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Shares of Restricted Stock or the number of Restricted Stock Units granted, and such other provisions as the Committee shall determine.

8.3 *Other Restrictions.* The Committee shall impose such other conditions and/or restrictions on any Shares of Restricted Stock or Restricted Stock Units granted pursuant to this Plan as it may deem advisable including, without limitation, a requirement that Participants pay a stipulated purchase price for each Share of Restricted Stock or each Restricted Stock Unit, restrictions based upon the achievement of specific performance goals, time-based restrictions on vesting following the attainment of the performance goals, time-based restrictions, and/or restrictions under applicable laws or under the requirements of any stock exchange or market upon which such Shares are listed or traded, or holding requirements or sale restrictions placed on the Shares by the Company upon vesting of such Restricted Stock or Restricted Stock Units.

To the extent deemed appropriate by the Committee, the Company may retain the certificates representing Shares of Restricted Stock in the Company's possession until such time as all conditions and/or restrictions applicable to such Shares have been satisfied or lapse.

Except as otherwise provided in this Article 8, Shares of Restricted Stock covered by each Restricted Stock Award shall become freely transferable by the Participant after all conditions and restrictions applicable to such Shares have been satisfied or lapse (including satisfaction of any applicable tax withholding obligations), and Restricted Stock Units shall be paid in cash, Shares, or a combination of cash and Shares as the Committee, in its sole discretion shall determine.

8.4 *Certificate Legend.* In addition to any legends placed on certificates pursuant to Section 8.3, each certificate representing Shares of Restricted Stock granted pursuant to this Plan may bear a legend such as the following or as otherwise determined by the Committee in its sole discretion:

The sale or transfer of the common shares of The Scotts Miracle-Gro Company represented by this certificate, whether voluntary, involuntary, or by operation of law, is subject to certain restrictions on transfer as set forth in The Scotts Miracle-Gro Company Long-Term Incentive Plan, and in the associated Award Agreement. A copy of this Plan and such Award Agreement will be provided by The Scotts Miracle-Gro Company, without charge, within five (5) days after receipt of a written request therefor.

8.5 *Voting Rights.* Unless otherwise determined by the Committee and set forth in a Participant's Award Agreement, to the extent permitted or required by law, as determined by the Committee, Participants holding Shares of Restricted Stock granted hereunder may be granted the right to exercise full voting rights with respect to those Shares during the Period of Restriction. A Participant shall have no voting rights with respect to any Restricted Stock Units granted hereunder.

8.6 *Termination of Employment or Service.* Each Award Agreement shall set forth the extent to which the Participant shall have the right to retain Restricted Stock and/or Restricted Stock Units following the Participant's Termination.

Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Shares of Restricted Stock or Restricted Stock Units issued pursuant to this Plan, and may reflect distinctions based on the reasons for Termination.

8.7 *Section 83(b) Election.* The Committee may provide in an Award Agreement that the Award of Restricted Stock is conditioned upon the Participant making or refraining from making an election with respect to the Award under Code Section 83(b). If a Participant makes an election pursuant to Code Section 83(b) concerning a Restricted Stock Award, the Participant shall be required to file promptly a copy of such election with the Company.

Article 9.

Performance Units/Performance Shares

9.1 *Grant of Performance Units/Performance Shares.* Subject to the terms and provisions of this Plan, the Committee, at any time and from time to time, may grant Performance Units and/or Performance Shares to Participants in such amounts and upon such terms as the Committee shall determine.

9.2 *Performance Goals.* For Performance Units and Performance Shares that are intended to be Performance-Based Compensation under Code Section 162(m), the Performance Units and Performance Shares shall be conditioned upon the achievement of pre-established goals relating to one or more Performance Measures as set forth in Article 12, which shall be established within 90 days after the beginning of the Performance Period (and before 25% of the Performance Period has been completed), as determined in writing by the Committee and subject to such modifications as specified by the Committee. Notwithstanding the foregoing, for Performance Units and Performance Shares intended to be Performance-Based Compensation under Code Section 162(m), the pre-established performance goals shall satisfy the requirements for Performance-Based Compensation under Code Section 162(m), including the requirement that the achievement of the goals be substantially uncertain at the time they are established and that the performance goals be established in such a way that a third party with knowledge of the relevant facts could determine whether and to what extent the performance goals have been met.

9.3 *Value of Performance Units/Performance Shares.* Each Performance Unit shall have an initial value that is established by the Committee at the Grant Date. Each Performance Share shall have an initial value equal to the Fair Market Value of a Share on the Grant Date. The Committee shall set performance goals in its discretion which, depending on the extent to which they are met, will determine the value and/or number of Performance Units/Performance Shares that will be paid out to the Participant.

9.4 *Earning of Performance Units/Performance Shares.* Subject to the terms of this Plan, after the applicable Performance Period has ended (unless otherwise specified in the Award Agreement), the holder of Performance Units/Performance Shares shall be entitled to receive payout on the value and number of Performance Units/Performance Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance goals have been achieved.

9.5 *Form and Timing of Payment of Performance Units/Performance Shares.* Payment of earned Performance Units/Performance Shares shall be as determined by the Committee and as evidenced in the Award Agreement. Subject to the terms of this Plan, the Committee, in its sole discretion, may pay earned Performance Units/Performance Shares in the form of cash or in Shares (or in a combination thereof) equal to the value of the earned Performance Units/Performance Shares at the close of the applicable Performance Period, or as soon as practicable after the end of the Performance Period (unless otherwise specified in the Award Agreement). Any Shares may be granted subject to any restrictions deemed appropriate by the Committee. The determination of the Committee with respect to the form of payout of such Awards shall be set forth in the Award Agreement pertaining to the grant of the Award.

9.6 *Termination of Employment or Service.* Each Award Agreement shall set forth the extent to which the Participant shall have the right to retain Performance Units and/or Performance Shares following the Participant's Termination. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Awards of Performance Units or Performance Shares issued pursuant to this Plan, and may reflect distinctions based on the reasons for Termination.

9.7 Performance Units and Performance Shares shall be transferred or paid to the Participant as determined by the Committee in the applicable Award Agreement, consistent with the requirements of Code Section 409A. The Committee may provide in the Award Agreement that Performance Units and/or Performance Shares that are intended to be Performance-Based Compensation may be payable, in whole or in part, in the event of the Participant's death or disability, a Change in Control or under other circumstances consistent with the Treasury regulations and rulings under Code Section 162(m).

Article 10.

Cash-Based Awards and Other Stock-Based Awards

10.1 *Grant of Cash-Based Awards.* Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Cash-Based Awards to Participants in such amounts and upon such terms as the Committee may determine. The term Cash-Based Awards shall not include dividends or Dividend Equivalents.

10.2 *Other Stock-Based Awards.* The Committee may grant other types of equity-based or equity-related Awards not otherwise described by the terms of this Plan (including the grant or offer for sale of unrestricted Shares) in such amounts and subject to such terms and conditions, as the Committee shall determine. Such Awards may involve the transfer of actual Shares to Participants, or payment in cash or otherwise of amounts based on the value of Shares and may include, without limitation, Awards designed to comply with or take advantage of the applicable local laws of jurisdictions other than the United States.

10.3 *Value of Cash-Based and Other Stock-Based Awards.* Each Cash-Based Award shall specify a payment amount or payment range as determined by the Committee. Each Other Stock-Based Award shall be expressed in terms of Shares or units based on Shares, as determined by the Committee. The Committee may establish performance goals in its discretion. If the Committee exercises its discretion to establish performance goals, the number and/or value of Cash-Based Awards or Other Stock-Based Awards that will be paid out to the Participant will depend on the extent to which the performance goals are met.

10.4 *Payment of Cash-Based Awards and Other Stock-Based Awards.* Payment, if any, with respect to a Cash-Based Award or an Other Stock-Based Award shall be made in accordance with the terms of the Award, in cash or Shares as the Committee determines and as specified in the Award Agreement.

10.5 *Termination of Employment or Service.* The Committee shall determine the extent to which the Participant shall have the right to receive Cash-Based Awards or Other Stock-Based Awards following the Participant's Termination. Such provisions shall be determined in the sole discretion of the Committee, shall be included in an agreement entered into with each Participant, need not be uniform among all Awards of Cash-Based Awards or Other Stock-Based Awards issued pursuant to the Plan, and may reflect distinctions based on the reasons for Termination.

Article 11.

Transferability of Awards

11.1 *Transferability.* Except as provided in Section 11.2 below, during a Participant's lifetime, his or her Awards shall be exercisable only by the Participant or the Participant's legal representative. Awards shall not be transferable other than by will or the laws of descent and distribution; no Awards shall be subject, in whole or in part, to attachment, execution, or levy

of any kind; and any purported transfer in violation hereof shall be null and void. The Committee may establish such procedures as it deems appropriate for a Participant to designate a beneficiary to whom any amounts payable or Shares issuable in the event of, or following, the Participant's death, may be provided.

11.2 *Committee Action.* The Committee may, in its discretion, determine that notwithstanding Section 11.1, any or all Awards (other than ISOs) shall be transferable to and exercisable by such transferees, and subject to such terms and conditions, as the Committee may deem appropriate; provided, however, no Award may be transferred for value (as defined in the General Instructions to Form S-8).

Article 12.

Performance Measures

12.1 *Performance Measures.* The performance goals upon which the payment or vesting of an Award to a Covered Employee that is intended to qualify as Performance-Based Compensation shall be limited to the following Performance Measures:

- (a) Net earnings or net income (before or after taxes);
- (b) Earnings per share (basic or diluted);
- (c) Net sales or revenue growth;
- (d) Net operating profit;
- (e) Return measures (including, but not limited to, return on assets, capital, invested capital, investor return, equity, sales, revenue or dividend yield);
- (f) Cash flow (including, but not limited to, operating cash flow, free cash flow, cash flow return on equity, and cash flow return on investment);
- (g) Earnings before or after taxes, interest, depreciation, and/or amortization;
- (h) Gross or operating margins;
- (i) Productivity ratios;
- (j) Share price (including, but not limited to, growth measures and total shareholder return);
- (k) Expense targets;
- (l) Margins;
- (m) Operating efficiency;
- (n) Market share;
- (o) Customer satisfaction;
- (p) Working capital targets;

- (q) Economic value added or EVA(R) (net operating profit after tax minus the sum of capital multiplied by the cost of capital);
- (r) Developing new products and lines of revenue;
- (s) Reducing operating expenses;
- (t) Developing new markets;
- (u) Meeting completion schedules;
- (v) Developing and managing relationships with regulatory and other governmental agencies;
- (w) Managing cash;
- (x) Managing claims against the Company, including litigation; and
- (y) Identifying and completing strategic acquisitions.

Any Performance Measure(s) may be used to measure the performance of the Company, Subsidiary, and/or Affiliate as a whole or any business unit of the Company, Subsidiary, and/or Affiliate or any combination thereof, as the Committee may deem appropriate, or any of the above Performance Measures as compared to the performance of a group of comparator companies, or published or special index that the Committee, in its sole discretion, deems appropriate. The Committee also has the authority to provide for accelerated vesting of any Award based on the achievement of performance goals pursuant to the Performance Measures specified in this Article 12.

12.2 *Evaluation of Performance.* The Committee may provide in any such Award that any evaluation of performance may include or exclude any of the following events that occurs during a Performance Period: (a) asset write-downs, (b) litigation or claim judgments or settlements, (c) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results, (d) any reorganization and restructuring programs, (e) unusual and infrequently occurring items as described in applicable Accounting Principles Board opinions and in management's discussion and analysis of financial conditions and results of operations appearing in the Company's annual report to shareholders for the applicable year, (f) acquisitions or divestitures, (g) foreign exchange gains and losses, and (h) other appropriate events. To the extent such inclusions or exclusions affect Awards to Covered Employees, they shall be prescribed in a form that meets the requirements of Code Section 162(m) for deductibility.

12.3 *Adjustment of Performance-Based Compensation.* Awards that are intended to qualify as Performance-Based Compensation may not be adjusted upward to cause the Award to cease to meet the requirements of Code Section 162(m), except as authorized by Code Section 162(m). The Committee shall retain the discretion to adjust such Awards downward, either on a formula or discretionary basis or any combination, as the Committee determines.

12.4 *Committee Discretion.* In the event that applicable tax and/or securities laws change to permit Committee discretion to alter the governing Performance Measures without obtaining shareholder approval of such changes, the Committee shall have sole discretion to make such changes without obtaining shareholder approval. In addition, in the event that the Committee determines that it is advisable to grant Awards that shall not qualify as Performance-Based Compensation, the Committee may make such grants without satisfying the requirements of Code Section 162(m) and base vesting on Performance Measures other than those set forth in Section 12.1.

12.5 *Shareholder Approval for Performance-Based Awards.* The Plan must be reapproved by the Company's shareholders no later than the first shareholders meeting that occurs in the fifth year following the year in which the shareholders previously approved the provisions of this Article 12, if Performance-Based Compensation Awards are to be made

under Article 9 after the date of such shareholders meeting and if required by Section 162(m) of the Code or the regulations thereunder.

Article 13.

Non-employee Director Awards

The Board shall determine all Awards to Non-employee Directors. The terms and conditions of any grant to any such Non-employee Director shall be set forth in an Award Agreement.

Article 14.

Dividends or Dividend Equivalents

Any Participant selected by the Committee may be granted dividends or Dividend Equivalents based on the dividends declared on Shares that are subject to any Award (other than Options or SARs), to be credited as of dividend payment dates, during the period between the Grant Date and the date the Award becomes payable or as otherwise provided in an Award Agreement, as determined by the Committee; provided, however, that dividends or Dividend Equivalents on Shares shall be payable only when and to the extent that the underlying Awards vest and become payable. Such dividends and Dividend Equivalents shall be converted to cash or additional Shares by such formula and at such time and subject to such limitations as may be determined by the Committee.

Article 15.

Beneficiary Designation

Each Participant under this Plan may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under this Plan is to be paid in case of his death before he receives any or all of such benefit. Each such designation shall revoke all prior designations by the same Participant, shall be in a form prescribed by the Committee, and will be effective only when filed by the Participant in writing with the Company during the Participant's lifetime. In the absence of any such beneficiary designation, benefits remaining unpaid or rights remaining unexercised at the Participant's death shall be paid to or exercised by the Participant's spouse, executor, administrator, or legal representative in that order.

Article 16.

Rights of Participants

16.1 *Employment or Service.* Nothing in this Plan or an Award Agreement shall interfere with or limit in any way the right of the Company, its Affiliates, and/or its Subsidiaries, to Terminate any Participant at any time or for any reason not prohibited by law, nor confer upon any Participant any right to continue his employment or service as a Director or Third Party Service Provider for any specified period of time.

Neither an Award nor any benefits arising under this Plan shall constitute an employment contract with the Company, its Affiliates, and/or its Subsidiaries and, accordingly, subject to Articles 3 and 18, this Plan and the benefits hereunder may be terminated at any time in the sole and exclusive discretion of the Committee without giving rise to any liability on the part of the Company, its Affiliates, and/or its Subsidiaries.

16.2 *Participation.* No individual shall have the right to be selected to receive an Award under this Plan, or, having been so selected, to be selected to receive a future Award.

16.3 *Rights as a Shareholder.* Except as otherwise provided herein, a Participant shall have none of the rights of a shareholder with respect to Shares covered by any Award until the Participant becomes the record holder of such Shares.

Article 17.

Change in Control

17.1 *Accelerated Vesting and Settlement.* Subject to Section 17.2, on the date of any Change in Control:

(a) Each Option and SAR (other than Options and SARs of Non-employee Directors) outstanding on the date of a Change in Control (whether or not exercisable) will be cancelled in exchange (i) for cash equal to the excess of the Change in Control Price over the Option Price or Grant Price, as applicable, associated with the cancelled Option or SAR or, (ii) at the Committee's discretion, for whole Shares with a Fair Market Value equal to the excess of the Change in Control Price over the Option Price or Grant Price, as applicable, associated with the cancelled Option or SAR and the Fair Market Value of any fractional Share will be distributed in cash. However, the Committee, in its sole discretion, may offer the holders of the Options or SARs to be cancelled a reasonable opportunity (not longer than 15 days beginning on the date of the Change in Control) to exercise all their outstanding Options and SARs (whether or not otherwise then exercisable);

(b) Except as otherwise provided in an Award Agreement, all performance goals associated with Awards for which performance goals have been established will be deemed to have been met on the date of the Change in Control, all Performance Periods accelerated to the date of the Change in Control and all outstanding Awards for which performance goals have been established (including those subject to the acceleration described in this subsection) will be distributed in a single lump sum cash payment within thirty (30) days following such Change in Control; and

(c) All other then-outstanding Awards whose exercisability or vesting depends merely on the satisfaction of a service obligation by a Participant to the Company, Subsidiary, or Affiliate ("Service Award") shall vest in full and be free of restrictions related to the vesting of such Awards. All Service Awards whose vesting is so accelerated will be distributed, if not already held by a Participant and to the extent applicable, (i) in a single lump-sum cash payment within thirty (30) days following such Change in Control based on the Change in Control Price or, (ii) at the Committee's discretion, in the form of whole Shares based on the Change in Control Price.

17.2 *Alternative Awards.* Section 17.1 will not apply to the extent that the Committee reasonably concludes in good faith before the Change in Control occurs that Awards will be honored or assumed, or new rights will be substituted (collectively, "Alternative Awards"), by the Employee's employer (or the parent or a subsidiary of that employer), or (if the Company is the surviving company) that the Awards in effect immediately prior to the Change in Control shall continue without change following the Change in Control ("Continued Award"), provided that any Alternative Award or Continued Award must, as applicable:

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

(b) Provide the Employee with the rights and entitlements substantially equivalent to or better than the rights, terms and conditions of each Award for which it is substituted, including an identical or better exercise or vesting schedule and identical or, in the case of an Award that is not subject to Code Section 409A, better timing and methods of payment;

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

(d) Provide that, if the Employee is involuntarily Terminated without Cause or the Employee constructively Terminates within twenty-four (24) months following the Change in Control, any conditions on the Employee's rights under, or any restrictions on transfer or exercisability applicable to, each Alternative Award or Continued Award will be waived or lapse. For purposes of this section, a constructive Termination means a Termination by an Employee following a material reduction in the Employee's compensation or job responsibilities (when compared to the Employee's compensation and job responsibilities on the date of the Change in Control) or the relocation of the Employee's principal place of employment to a location at least fifty (50) miles from his or her principal place of employment on the date of the Change in Control (or other location to which the Employee has been reassigned with his or her written consent), in each case without the Employee's written consent.

Notwithstanding anything herein to the contrary, no Alternative Award shall be made with respect to an Option or SAR if it would cause the Option or SAR to fail to comply with the requirements of Code Section 409A.

17.3 *Non-employee Directors' Awards.* Upon a Change in Control, each outstanding:

(a) Option or SAR held by a Non-employee Director will be cancelled unless (i) the Shares continues to be traded on an established securities market after the Change in Control or (ii) the Non-employee Director continues to be a Board member after the Change in Control. In the situations just described, the Options or SARs held by a Non-employee Director will be unaffected by a Change in Control. Any Options and SARs held by a Non-employee Director to be cancelled under the next preceding sentence will be exchanged (iii) for cash equal to the excess of the Change in Control Price over the Option Price or Grant Price, as applicable, associated with the cancelled Option or SAR held by a Non-employee Director or, (iv) at the Board's discretion, for whole Shares with a Fair Market Value equal to the excess of the Change in Control Price over the Option Price or Grant Price, as applicable, associated with the cancelled Option or SAR held by a Non-employee Director and the Fair Market Value of any fractional Share will be distributed in cash. However, the Board, in its sole discretion, may offer Non-employee Directors holding Options or SARs to be cancelled a reasonable opportunity (not longer than 15 days beginning on the date of the Change in Control) to exercise all their outstanding Options and SARs (whether or not otherwise then exercisable).

(b) Restricted Stock or Restricted Stock Unit held by a Non-employee Director will be settled within thirty (30) days following such Change in Control for a lump sum cash payment equal to the Change in Control Price.

(c) All other types of Awards held by a Non-employee Director will be settled within thirty (30) days following such Change in Control for a lump sum cash payment equal to the Change in Control Price less any amount the Non-employee Director would be required to pay in order for the Award to be exercised or settled, other than any such amount related to taxes.

Article 18.

Amendment, Modification, Suspension, and Termination

18.1 *Amendment, Modification, Suspension, and Termination.* Subject to Section 18.3, the Committee may, at any time and from time to time, alter, amend, modify, suspend, or terminate this Plan and any Award Agreement in whole or in part; provided, however, that except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of Shares), the Company shall not, without the prior approval of the Company's shareholders, (i) amend the terms of outstanding Options or SARs to reduce the exercise price of such outstanding Options or SARs, (ii) cancel outstanding Options or SARs in exchange for Options or SARs with an exercise price that is less than the exercise price of the original Options or SARs, or (iii) cancel outstanding Options or SARs with an exercise price above the current stock price in exchange for cash or other securities. No material amendment of this Plan shall be made without shareholder approval if shareholder approval is required by law, regulation, or stock exchange rule.

18.2 *Adjustment of Awards Upon the Occurrence of Certain Unusual and Infrequently Occurring Events.* The Committee may make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or infrequently occurring events (including, without limitation, the events described in Section 4.4 hereof) affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent unintended dilution or enlargement of the benefits or potential benefits intended to be made available under this Plan. The determination of the Committee as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under this Plan. Notwithstanding anything to the contrary in this Section 18.2, an adjustment to an Option or SAR shall be made only to the extent such adjustment complies with the requirements of Code Section 409A.

18.3 *Awards Previously Granted.* Notwithstanding any other provision of this Plan to the contrary (other than Section 18.4), no termination, amendment, suspension, or modification of this Plan or an Award Agreement shall adversely affect in any material way any Award previously granted under this Plan, without the written consent of the Participant holding such Award.

18.4 *Amendment to Conform to Law.* Notwithstanding any other provision of this Plan to the contrary, the Board may amend the Plan or an Award Agreement, to take effect retroactively or otherwise, as deemed necessary or advisable for the purpose of conforming the Plan or an Award Agreement to any present or future law relating to plans of this or similar nature (including, but not limited to, Code Section 409A), and to the administrative regulations and rulings promulgated thereunder. By accepting an Award under this Plan, each Participant agrees to any amendment made pursuant to this Section 18.4 to any Award granted under the Plan without further consideration or action.

Article 19.

Tax Withholding

The Company has the right to withhold from any payment of cash or Shares to a Participant or other person under the Plan an amount sufficient to cover any required withholding taxes, including the Participant's social security and Medicare taxes (FICA) and federal, state, local income tax or such other applicable taxes ("Taxes") with respect to an Award. The Company may require the payment of any Taxes before issuing any Shares pursuant to an Award. The Committee may, if it deems appropriate in the case of a Participant, withhold such Taxes through a reduction of the number of Shares issued to such Participant, or allow the Participant to elect to cover all or any part of such withholding for Taxes, through a reduction of the number of Shares issued to the Participant or a subsequent return to the Company of Shares held by the Participant, in each case valued in the same manner as used in computing the withholding taxes under the applicable laws and in each case up to the minimum applicable withholding tax rate.

Article 20.

Successors

All obligations of the Company under this Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

Article 21.

General Provisions

21.1 *Forfeiture Events.*

(a) The Committee may specify in an Award Agreement that the Participant's rights, payments, and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture, or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events may include, but shall not be limited to, Termination for Cause, termination of the Participant's provision of services to the Company, Affiliate, and/or Subsidiary, violation of material Company, Affiliate, and/or Subsidiary policies, breach of noncompetition, confidentiality, or other restrictive covenants that may apply to the Participant, or other conduct by the Participant that is detrimental to the business or reputation of the Company, its Affiliates, and/or its Subsidiaries.

(b) If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, if the Participant knowingly or grossly negligently engaged in the misconduct, or knowingly or grossly negligently failed to prevent the misconduct, or if the Participant is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, the Participant shall reimburse the Company the amount of any payment in settlement of an Award earned or accrued during the twelve (12)-month period following the first public issuance or filing with the United States Securities and Exchange Commission (whichever first occurs) of the financial document embodying such financial reporting requirement.

21.2 *Legend.* The certificates for Shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer of such Shares.

21.3 *Gender and Number.* Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

21.4 *Severability.* In the event any provision of this Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Plan, and this Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

21.5 *Requirements of Law.* The granting of Awards and the issuance of Shares under this Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or stock exchange as may be required.

21.6 *Delivery of Title.* The Company shall have no obligation to issue or deliver evidence of title for Shares issued under this Plan prior to:

(a) Obtaining any approvals from governmental agencies that the Company determines are necessary; and

(b) Completion of any registration or other qualification of the Shares under any applicable national or foreign law or ruling of any governmental body that the Company determines to be necessary.

21.7 *Inability to Obtain Authority.* The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

21.8 *Investment Representations.* The Committee may require any individual receiving Shares pursuant to an Award under this Plan to represent and warrant in writing that the individual is acquiring the Shares for investment and without any present intention to sell or distribute such Shares.

21.9 *Employees Based Outside of the United States.* Notwithstanding any provision of this Plan to the contrary, in order to comply with the laws in other countries in which the Company, its Affiliates, and/or its Subsidiaries operate or have Employees, Directors, or Third Party Service Providers, the Committee, in its sole discretion, shall have the power and authority to:

- (a) Determine which Affiliates and Subsidiaries shall be covered by this Plan;
- (b) Determine which Employees, Directors, and/or Third Party Service Providers outside the United States are eligible to participate in this Plan;
- (c) Modify the terms and conditions of any Award granted to Employees and/or Third Party Service Providers outside the United States to comply with applicable foreign laws;
- (d) Establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable. Any subplans and modifications to Plan terms and procedures established under this Section 21.9 by the Committee shall be attached to this Plan document as appendices; and
- (e) Take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local government regulatory exemptions or approvals.

Notwithstanding the above, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate applicable law.

21.10 *Uncertificated Shares.* To the extent that this Plan provides for issuance of certificates to reflect the transfer of Shares, the transfer of such Shares may be effected on a noncertificated basis, to the extent not prohibited by applicable law or the rules of any stock exchange.

21.11 *Unfunded Plan.* Participants shall have no right, title, or interest whatsoever in or to any investments that the Company, and/or its Subsidiaries, and/or its Affiliates may make to aid it in meeting its obligations under this Plan. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, beneficiary, legal representative, or any other individual. To the extent that any individual acquires a right to receive payments from the Company, its Subsidiaries, and/or its Affiliates under this Plan, such right shall be no greater than the right of an unsecured general creditor of the Company, a Subsidiary, or an Affiliate, as the case may be. All payments to be made hereunder shall be paid from the general funds of the Company, a Subsidiary, or an Affiliate, as the case may be and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in this Plan.

21.12 *No Fractional Shares.* No fractional Shares shall be issued or delivered pursuant to this Plan or any Award. The Committee shall determine whether cash, Awards, or other property shall be issued or paid in lieu of fractional Shares or whether such fractional Shares or any rights thereto shall be forfeited or otherwise eliminated.

21.13 *Retirement and Welfare Plans.* Neither Awards made under this Plan nor Shares or cash paid pursuant to such Awards may be included as “compensation” for purposes of computing the benefits payable to any Participant under the Company’s or any Subsidiary’s or Affiliate’s retirement plans (both qualified and non-qualified) or welfare benefit plans unless such other plan expressly provides that such compensation shall be taken into account in computing a Participant’s benefit.

21.14 *Deferred Compensation.* This Plan is intended to comply with the requirements of Code Section 409A, to the extent applicable. All Awards shall be construed and administered such that the Award either (i) qualifies for an exemption from the requirements of Code Section 409A or (ii) satisfies the requirements of Code Section 409A. If an Award is subject to Code Section 409A, unless the Agreement specifically provides otherwise: (i) distributions shall only be made in a manner and upon an event permitted under Code Section 409A, (ii) payments to be made upon a termination of employment shall only be made upon a “separation from service” under Code Section 409A, (iii) payments to be made upon a Change in Control shall only be made upon a “change of control event” under Code Section 409A, (iv) each payment shall be treated as a separate payment for purposes of Code Section 409A, and (v) in no event shall a Participant, directly or indirectly, designate the calendar year in which a distribution is made except in accordance with Code Section 409A. Any Award granted under this Plan that is subject to Code Section 409A and that is to be distributed to a “specified employee” (as defined below) upon Termination shall be administered so that any distribution with respect to such Award shall be postponed for six months following the date of the Participant’s Termination, if required by Code Section 409A. If a distribution is delayed pursuant to Code Section 409A, the distribution shall be paid within 30 days after the end of the six-month period. If the Participant dies during such six-month period, any postponed amounts shall be paid within 90 days of the Participant’s death. The determination of “specified employees”, including the number and identity of persons considered “specified employees” and the identification date, shall be made by the Committee or its delegate each year in accordance with Code Section 416(i) and the “specified employee” requirements of Code Section 409A. In no event shall the Company have any responsibility or liability if any Award does not meet the applicable requirements of Code Section 409A. Although the Company intends to administer the Plan to prevent taxation under Code Section 409A, the Company does not represent or warrant that the Plan or any Award complies with any provision of federal, state, local or other tax law.

21.15 *Company Policies.* All Awards granted under the Plan shall be subject to any applicable Company clawback or recoupment policies, share trading policies and other policies that may be implemented by the Company from time to time.

21.16 *Nonexclusivity of this Plan.* The adoption of this Plan shall not be construed as creating any limitations on the power of the Board or Committee to adopt such other compensation arrangements as it may deem desirable for any Participant.

21.17 *No Constraint on Corporate Action.* Nothing in this Plan shall be construed to: (i) limit, impair, or otherwise affect the Company’s or a Subsidiary’s or an Affiliate’s right or power to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell, or transfer all or any part of its business or assets; or, (ii) limit the right or power of the Company or a Subsidiary or an Affiliate to take any action which such entity deems to be necessary or appropriate.

21.18 *Governing Law.* The Plan and each 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 this Plan to the substantive law of another jurisdiction. Unless otherwise provided in the Award Agreement, recipients of an Award under this Plan are deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of Ohio, to resolve any and all issues that may arise out of or relate to this Plan or any related Award Agreement.

21.19 *Indemnification.* Subject to requirements of Ohio law, each individual who is or shall have been a member of the Board, or a Committee appointed by the Board, or an officer of the Company to whom authority was delegated in accordance with Article 3, shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under this Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company’s approval, or paid by him or her in satisfaction of any judgment in any such action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his/her own behalf, unless such loss, cost, liability, or expense is a result of his/her own willful misconduct or except as expressly provided by statute.

The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such individuals may be entitled under the Company's Articles of Incorporation or Code of Regulations, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

21.20 *Controlling Language.* Unless otherwise specified herein, in the event of a conflict between the terms of the Plan and the terms of an Award Agreement, the terms of the Plan shall control.

**THE SCOTTS MIRACLE-GRO COMPANY
LONG-TERM INCENTIVE PLAN
(Effective January 27, 2017)**

**PROJECT FOCUS
PERFORMANCE UNIT AWARD AGREEMENT FOR EMPLOYEES
(with related Dividend Equivalents)**

**PROJECT FOCUS PERFORMANCE 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.

1. DESCRIPTION OF YOUR PERFORMANCE UNITS. You have received a grant of [**Number**] Performance Units (“Performance Units”), based on a target level of performance, and an equal number of related Dividend Equivalents. Each Performance Unit represents the right to receive one full Share at the time and in the manner described in this Award Agreement based upon the performance criteria described in the attached Exhibit A. Subject to Section 6 of this Award Agreement, each Dividend Equivalent represents the right to receive an amount equal to the dividends that are declared and paid during the period beginning on the Grant Date and ending on the Settlement Date (as described in Section 5(a) of this Award Agreement) with respect to the Share represented by the related Performance Unit. As described herein, the Performance Units and related Dividend Equivalents that will actually be awarded to you may be more or less than the number of Performance Units granted. See Exhibit A for more details.

The “Grant Date” of your Award is [**Grant Date**]. To accept this Award Agreement, you must return a signed copy of this Award Agreement no later than [**Date 45 Days After Grant Date**], to [**Third Party Administrator**] (the “Third Party Administrator”) as follows:

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

2. INCORPORATION OF PLAN AND DEFINITIONS.

- (a) This Award Agreement and your Performance Units are granted pursuant to the terms and conditions of The Scotts Miracle-Gro Company Long-Term Incentive Plan effective January 27, 2017 (the “Plan”) and this Award Agreement. All provisions of the Plan are incorporated herein by reference, and your Performance Units and related Dividend Equivalents are subject to the terms of the Plan. To the extent there is a conflict between this Award Agreement and the Plan, the Plan will govern.
- (b) Capitalized terms that are not defined in this Award Agreement have the same meanings as in the Plan.

3. PERFORMANCE UNIT ACHIEVEMENT. The number of “Performance Units Achieved” will be calculated as follows: $Performance\ Units\ Achieved = Performance\ Units * Payout\ Percentage$. The number of Performance Units Achieved, if any, is subject to satisfaction of the performance criteria set forth on **Exhibit A** over the period beginning on **[Beginning Date]** and ending on **[Ending Date]** (the “Performance Period”), and will be determined at the end of the Performance Period. Each whole Performance Unit Achieved represents the right to receive one full Share at the time and in the manner described in this Award Agreement.

4. VESTING. Except as provided in Section 8 of this Award Agreement, the Performance Units Achieved are subject to the following vesting criteria:

- (a) **General Vesting.** If your employment continues from the Grant Date until **[Fifth Anniversary of Grant Date]** (the “Vesting Date”) the number of Performance Units Achieved shall become 100% vested on the Vesting Date; or
- (b) **Accelerated Vesting.** Under the following circumstances, the Performance Units Achieved will be deemed to become 100% vested, even if you Terminate prior to the Vesting Date (subject to the performance criteria as described in Section 3 and Exhibit A):
 - (i) If you Terminate because of your death or due to a disability for which you qualify for benefits under The Scotts Miracle-Gro Company’s Long-term Disability Plan or another long-term disability plan sponsored by the Company (“Disabled”), the number of Performance Units Achieved will vest based on the Target level of performance as identified in Exhibit A prorated based upon the number of days you were employed or providing service to the Company during the Performance Period over 1,862 ; or
 - (ii) If you Terminate for a reason other than Cause after reaching age 55 and completing at least 10 years of employment with the Company, its Affiliates and/or its Subsidiaries, the number of Performance Units Achieved will be deemed to become % vested as of the Vesting Date as follows:

Months of Service	Cumulative Vesting Percentage
1-12	14.3%
13-24	28.6%
25-36	42.9%
37-48	57.1%
49-59	71.4%
60	100%

The vested portion of your Award shall remain subject to the Performance Criteria as described in Exhibit A.

For purposes of this Award Agreement, “Cause” shall have the definition set forth in the Plan, except that whether an event described in subsection (e) of that definition shall be deemed to constitute Cause shall be determined by the Committee in its sole discretion.

- (iii) If you Terminate due to an involuntary Termination by the Company without Cause no earlier than 180 days before the Vesting Date, and Section 4(b)(ii) above does not apply, your Termination will be deemed to have occurred on the Vesting Date such that the number of Performance Units Achieved will be deemed to become 100% vested as of the Vesting Date as follows:

Months of Service	Cumulative Vesting Percentage
1-12	0%
13-24	0%
25-36	0%
37-48	14.3%
49-59	28.6%
60	100%

The vested portion of your Award shall remain subject to the Performance Criteria as described in Exhibit A.

- (iv) In the event that there is a Change in Control before the Vesting Date, the number of Performance Units Achieved, as set forth below, will be deemed to become 100% vested as of the closing date of the Change in Control event. Performance will be deemed to be achieved at Actual performance based on the Actual performance as of the most recently completed fiscal year prior to the Change in Control, plus Target performance for the remaining years of the Performance Period; the combined result will be measured against the original Plan Target amounts.

For purposes of this Award Agreement, “Change in Control” shall have the definition set forth in the Plan, except that an event described in subsection (e) of that definition shall not constitute a Change in Control.

- (v) Except as provided in Section 4(b)(ii), if you voluntarily Terminate from the Company, you forfeit the entire Award.

5. SETTLEMENT.

- (a) Subject to the terms of the Plan and this Award Agreement, the number of vested Performance Units Achieved, minus any Shares that are withheld for taxes as provided under Section 5(c), shall be settled in a lump sum as soon as administratively practicable, but no later than 90 days following the Vesting Date (the “Settlement Date”) unless you elect to defer settlement of your Performance Units Achieved in accordance with Section 6 below. Your whole Performance Units Achieved shall

be settled in full Shares, and any fractional Performance Unit Achieved shall be settled in cash, determined based upon the Fair Market Value of a Share on the Settlement Date equal to the closing price of a Share on the Settlement date if it is a trading day or, if such date is not a trading day, on the next preceding trading day.

- (b) Except as provided in Section 7 of this Award Agreement, you will have none of the rights of a shareholder with respect to Shares underlying the Performance Units unless and until you become the record holder of such Shares.
- (c) You may use one of the following methods to pay the required withholding taxes related to the settlement of your Performance Units Achieved. You will decide on the method at the time prescribed by the Company. If you do not elect one of these methods, the Company will apply the Net Settlement method described below:
 - (i) **CASH PAYMENT:** If you elect this alternative, you will be responsible for paying the Company through the Third Party Administrator cash equal to the minimum statutory withholding Taxes applicable on your Performance Units.
 - (ii) **NET SETTLEMENT:** If you elect this alternative, the Company will retain the number of Shares with a Fair Market Value equal to the minimum statutory withholding Taxes applicable on your Performance Units.
- (d) The number of Performance Units Achieved will vest and be settled only under the circumstances described above, unless there is a Change in Control, in which case your Performance Units may vest earlier in accordance with Section 4(b)(iv) and will be settled as of the effective date of Change in Control based on the performance achieved.

6. DEFERRAL ELECTION. You may defer your right to receive any vested Performance Units Achieved and related Dividend Equivalents that may be achieved under this Award Agreement so long as you properly execute and deliver the Deferral Election Form as provided in **Exhibit B**. This may be done only on the attached Deferral Election Form in Exhibit B and by following the rules described in that Form. The Deferral Election Form must be completed within 45 days of the Grant Date and must be delivered to [_____]. If you do not complete the Deferral Election Form within 45 days of the Grant Date, you will receive your vested Performance Units Achieved as provided in Section 5(a).

7. DIVIDEND EQUIVALENTS. Each Dividend Equivalent represents the right to receive an amount equal to the dividends that are declared and paid during the period beginning on the Grant Date and ending on the Settlement Date with respect to the Share represented by the related Performance Unit Achieved, subject to the same terms and conditions. The Dividend Equivalents on Performance Units Achieved shall be payable only when and to the extent that the underlying Performance Unit vests and becomes payable. Any Dividend Equivalents will be distributed to you in accordance with Section 5 of this Award Agreement or forfeited, depending on whether or not you have met the conditions described in this Award Agreement and the Plan. Any such

distributions will be made in (i) cash, for any Dividend Equivalents relating to cash dividends and/or (ii) Shares, for any Dividend Equivalents relating to Share dividends.

8. FORFEITURE.

- (a) Except as otherwise provided in Section 4 or Section 5(d) of this Award Agreement, you will forfeit your unvested Performance Units if you Terminate prior to the Vesting Date, whether the performance criteria are achieved or not.
- (b) If you engage in “Conduct That Is Harmful To The Company” (as described below), you will forfeit your Performance Units and related Dividend Equivalents and must return to the Company all Shares and other amounts you have received through the Plan or this Award Agreement 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 breach any confidentiality, nondisclosure, and/or noncompetition obligations under any agreement or plan with the Company or any Affiliate or Subsidiary;
 - (ii) You fail or refuse 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) You fail to return all property (other than personal property), including vehicles, computer or other equipment or electronic devices, 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 provided to you in the course of your employment with the Company or any Affiliate or Subsidiary; or
 - (v) 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.

9. ADDITIONAL PAYMENT.

- (a) In the event that it shall be determined that any payment or distribution by the Company to or for your benefit, paid or payable or distributed or distributable pursuant to the terms of this Award Agreement (the “Payment”), would cause the Payment hereunder, in combination with any payments paid

or payable, or distributed or distributable to you under any other agreement or arrangement, to constitute an “excess parachute payment” within the meaning of Section 280G of the Code, you shall be paid an additional amount (the “Gross-Up Payment”) such that the net amount retained by you after deduction of any excise tax imposed under Section 4999 of the Code, and any federal, state and local income and employment tax and excise tax imposed upon the Gross-Up Payment shall be equal to the Payment. For purposes of determining the amount of the Gross-Up Payment, (i) you shall be deemed to pay federal income tax and employment taxes at the highest marginal rate of federal income and employment taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of your residence (or, if greater, the state and locality in which you are required to file a nonresident income tax return with respect to the Payment), net of the maximum reduction in federal income taxes that may be obtained from the deduction of such state and local taxes, (ii) the Payment shall be deemed to be the last of the amounts due to you, and (iii) the Gross-Up Payment shall relate solely to the Payment and shall not take into account, in determining the amount of the Gross-Up (except to determine the total amount in excess of the limit under Section 280G of the Code), any other payments.

- (b) All determinations to be made under this Section 9 shall be made by the Company's independent public accountant immediately prior to the Change of Control (the “Accounting Firm”), which firm shall provide its determinations and any supporting calculations both to the Company and you at least 10 days prior to any payment. Any such determination by the Accounting Firm shall be binding upon the Company and you. Within five days after the Accounting Firm’s determination, the Company shall pay (or cause to be paid) or distribute (or cause to be distributed) to or for the benefit of you such amounts as are then due to you under this Award Agreement. In addition, you must comply with such other rules as the Company or the Committee may require at the time of a Change in Control.
- (c) All of the fees and expenses of the Accounting Firm in performing the determination referred to in subsections (b) above shall be borne solely by the Company. The Company agrees to indemnify and hold harmless the Accounting Firm of and from any and all claims, damages and expenses resulting from or relating to its determination pursuant to subsections (b) above, except for claims, damages or expenses resulting from the gross negligence or willful misconduct of the Accounting Firm.

10. 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.

11. BENEFICIARY DESIGNATION. You may name a beneficiary or beneficiaries to receive any vested Performance Units and related Dividend Equivalents that may be achieved under this Award Agreement but are settled after you die. This may be done only on the 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.

12. TRANSFERRING YOUR PERFORMANCE UNITS AND RELATED DIVIDEND EQUIVALENTS. Except as described in Section 11, your Performance Units and related Dividend Equivalents may not be transferred to another person. Also, the Committee may allow you to place your Performance Units and related Dividend Equivalents into a trust established for your benefit or the benefit of your family. Contact the Third Party Administrator for further details.

13. 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.

14. OTHER AGREEMENTS AND POLICIES. Your Performance Units and related Dividend Equivalents, whether achieved or not, 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. Your Performance Units and related Dividend Equivalents granted under the Plan shall be subject to any applicable Company clawback or recoupment policies, share trading policies and other policies that may be implemented by the Company from time to time.

15. ADJUSTMENTS TO YOUR PERFORMANCE UNITS. Subject to the terms of the Plan, your Performance Units and related Dividend Equivalents will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of Shares underlying your Performance Units will be adjusted to reflect a stock split).

16. YOUR ACKNOWLEDGMENT OF AND AGREEMENT TO 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) By accepting this Award under the Plan, you agree to all Committee determinations as described in the Plan and this Award Agreement.
- (d) 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

- (e) You must return a signed copy of this Award Agreement to the address given above before **[Date 45 Days After Grant Date]**.

[Grantee's Name]

THE SCOTTS MIRACLE-GRO COMPANY

By: _____

By: _____

Date signed: _____

[Name of Company Representative]

[Title of Company Representative]

Date signed: _____

EXHIBIT A

PERFORMANCE CRITERIA

The number of Performance Units Achieved under this Award Agreement is subject to the satisfaction of the following performance criteria and will be determined as of the end of the Performance Period, as follows:

Performance Period: [Start Date] to [End Date]

*Performance Units Achieved = Performance Units * Payout Percentage*

Payout Percentage = Portion of Performance Units achieved

	Metric Weighting	Minimum (x%)	Target (x%)	Maximum (x%)
Metric 1	X%			
Metric 2	X%			
Metric 3	X%			

Note: If actual performance is below the Minimum performance level indicated, no Performance Units will be achieved

Metric Definition 1:

Metric Definition 2:

Metric Definition 3:

EXHIBIT B

DEFERRAL ELECTION

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

**DEFERRAL ELECTION FORM
FOR PROJECT FOCUS PERFORMANCE UNIT AWARD AGREEMENT**

As outlined in section 6 of the Project Focus Award Agreement granted on [_____], ("Award Agreement"), the Performance Units Achieved may, at my direction, be deferred so that distribution of the vested Performance Units Achieved occurs at a date later than the Settlement Date outlined in the Award Agreement. All terms capitalized but not defined herein shall have the definition subscribed to them in the Plan. You must submit this Election Form no later than 45 days of the Grant Date if you wish to defer your Performance Units Achieved. If you do not execute and submit this Deferral Election Form to [_____] within 45 days of your Grant Date, your Performance Units Achieved shall be settled in accordance with Section 5 of your Award Agreement.

By completing this Deferral Election Form, I elect to defer all or a portion of vested Performance Units Achieved pursuant to my Award Agreement for the period specified below ("Deferral Period").

By executing this Form, you understand that if you defer, your deferred Shares, when distributed, will be distributed in Shares equal to the Fair Market Value at the time of actual distribution following the Deferral Period.

1. Participant Information

Name (please print) Date of Birth

Current Address

2. Deferral Election

Subject to the terms of the Plan and the applicable Award Agreement:

(a) I elect to defer the following percentage (choose one) of my vested Performance Units Achieved pursuant to my Award Agreement:

___25% ___50% ___75% ___100%

Any portion of my 2017 Project Focus Award that I do not elect to defer shall be settled in Shares on the Settlement Date. Any Dividend Equivalents granted to you in your Award Agreement will continue to accrue during the Deferral Period.

(b) I elect to have my vested Performance Units Achieved distributed in Shares on the following Settlement Date (choose one):

(i) _____ As soon as practicable following the earliest to occur of: (1) my Termination;
(2) my death; or (3) my Disability; or

(ii) _____ As soon as practicable:

_____ 5-years from the Settlement Date

_____ 10-years from the Settlement Date

_____ 15-years from the Settlement Date

Note: If you do not make an election under this Section 2(b), your vested Performance Units Achieved will be distributed in accordance with Section 2(b)(i) of this Deferral Election Form.

3. Miscellaneous

- (a) My Performance Units will be subject to the terms and conditions set forth in the Plan and an Award Agreement.. If there is a conflict between the terms of this Deferral Election Form and the terms of the Plan, the terms of the Plan will control.
- (b) Subject to the terms of the Plan and the applicable Award Agreement, my entire vested Performance Unit shall be settled in full Shares, and any fractional amount shall be settled in cash, based upon the Fair Market Value of a Share at the end of the Deferral Period.
- (c) No change to an election under Section 2(a) of this Election Form may be made after [_____]. Changes to elections other than an election under Section 2(a) of this Election Form must meet the requirements set forth in the Award Agreement and the subsequent deferral election rules under Section 409A of the Code.

Return this signed and completed Election Form **by no later than 45 days following the Grant Date** via e-mail to:

[Contact Person]

Or send a hard copy to the following address:

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

Date Signature

Name (please print)

**THE SCOTTS MIRACLE-GRO COMPANY
LONG-TERM INCENTIVE PLAN
(Effective January 27, 2017)**

**PERFORMANCE UNIT AWARD AGREEMENT FOR EMPLOYEES
(with related Dividend Equivalents)**

**PERFORMANCE 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.

1. DESCRIPTION OF YOUR PERFORMANCE UNITS. You have received a grant of [Number] Performance Units (“Performance Units”), based on a target level of performance, and an equal number of related Dividend Equivalents. Each Performance Unit represents the right to receive one full Share at the time and in the manner described in this Award Agreement based upon the performance criteria described in the attached Exhibit A. Subject to Section 6 of this Award Agreement, each Dividend Equivalent represents the right to receive an amount equal to the dividends that are declared and paid during the period beginning on the Grant Date and ending on the Settlement Date (as described in Section 5(a) of this Award Agreement) with respect to the Shares represented by the related Performance Units. As described herein, the Performance Units and related Dividend Equivalents that will actually be awarded to you may be more or less than the number of Performance Units granted. See Exhibit A for more details.

The “Grant Date” of your Award is [Grant Date]. To accept this Award Agreement, you must return a signed copy of this Award Agreement no later than [Date 30 Days After Grant Date], to [Third Party Administrator] (the “Third Party Administrator”) as follows:

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

2. INCORPORATION OF PLAN AND DEFINITIONS.

- (a) This Award Agreement and your Performance Units are granted pursuant to the terms and conditions of The Scotts Miracle-Gro Company Long-Term Incentive Plan effective January 27, 2017 (the “Plan”) and this Award Agreement. All provisions of the Plan are incorporated herein by reference, and your Performance Units and related Dividend Equivalents are subject to the terms of the Plan. To the extent there is a conflict between this Award Agreement and the Plan, the Plan will govern.
- (b) Capitalized terms that are not defined in this Award Agreement have the same meanings as in the Plan.

3. PERFORMANCE UNIT ACHIEVEMENT. The number of “Performance Units Achieved” will be calculated as follows: $Performance\ Units\ Achieved = Performance\ Units * Payout\ Percentage$. The number of Performance Units Achieved, if any, is subject to satisfaction of the performance criteria set forth on **Exhibit A** over the period beginning on [**Beginning Date**] and ending on [**Ending Date**] (the “Performance Period”), and will be determined at the end of the Performance Period. Each whole Performance Unit Achieved represents the right to receive one full Share at the time and in the manner described in this Award Agreement.

4. VESTING. Except as provided in Section 7 of this Award Agreement, the Performance Units Achieved are subject to the following vesting criteria:

(a) **General Vesting.** If your employment continues from the Grant Date until [**Third Anniversary of Grant Date**] (the “Vesting Date”) the number of Performance Units Achieved shall become 100% vested on the Vesting Date; or

(b) **Accelerated Vesting.** Under the following circumstances, the Performance Units Achieved will be deemed to become 100% vested, even if you Terminate prior to the Vesting Date (subject to the performance criteria as described in Section 3 and Exhibit A):

(i) If you Terminate because of your death or due to a disability for which you qualify for benefits under The Scotts Miracle-Gro Company’s Long-term Disability Plan or another long-term disability plan sponsored by the Company (“Disabled”), the number of Performance Units Achieved will be deemed to become 100% vested as of the Vesting Date; or

(ii) If you Terminate for a reason other than Cause after reaching age 55 and completing at least 10 years of employment with the Company, its Affiliates and/or its Subsidiaries, the number of Performance Units Achieved will be deemed to become 100% vested as of the Vesting Date.

(iii) If you Terminate due to an involuntary Termination by the Company without Cause no earlier than 180 days before the Vesting Date, your Termination will be deemed to have occurred on the Vesting Date such that the number of Performance Units Achieved will be deemed to become 100% vested as of the Vesting Date.

5. SETTLEMENT.

(a) Subject to the terms of the Plan and this Award Agreement, the number of vested Performance Units Achieved, minus any Shares that are withheld for taxes as provided under Section 5(c), shall be settled in a lump sum as soon as administratively practicable, but no later than 90 days following the Vesting Date (the “Settlement Date”). Your whole Performance Units Achieved shall be settled in full Shares, and any fractional Performance Unit Achieved shall be settled in cash, determined based

upon the Fair Market Value of a Share on the Settlement Date, which shall equal to the closing price of a Share on the Settlement date if it is a trading day or, if such date is not a trading day, on the next preceding trading day.

- (b) Except as provided in Section 6 of this Award Agreement, you will have none of the rights of a shareholder with respect to Shares underlying the Performance Units unless and until you become the record holder of such Shares.
- (c) You may use one of the following methods to pay the required withholding taxes related to the settlement of your Performance Units Achieved. You will decide on the method at the time prescribed by the Company. If you do not elect one of these methods, the Company will apply the Net Settlement method described below:
 - (i) **CASH PAYMENT:** If you elect this alternative, you will be responsible for paying the Company through the Third Party Administrator cash equal to the minimum statutory withholding requirements applicable on your Performance Units.
 - (ii) **NET SETTLEMENT:** If you elect this alternative, the Company will retain the number of shares with a Fair Market Value equal to the minimum statutory withholding requirements applicable on your Performance Units.
- (d) The number of Performance Units Achieved will vest and be settled only under the circumstances described above, unless there is a Change in Control, in which case your Performance Units may vest earlier at Target in accordance with the Plan and pursuant to the discretion of the Committee. See the Plan for further details.

6. DIVIDEND EQUIVALENTS. Each Dividend Equivalent represents the right to receive an amount equal to the dividends that are declared and paid during the period beginning on the Grant Date and ending on the Settlement Date with respect to the Shares represented by the related Performance Units Achieved, subject to the same terms and conditions. The Dividend Equivalents on Performance Units Achieved shall be payable only when and to the extent that the underlying Performance Unit vests and becomes payable. Any Dividend Equivalents will be distributed to you in accordance with Section 5 of this Award Agreement or forfeited, depending on whether or not you have met the conditions described in this Award Agreement and the Plan. Any such distributions will be made in (i) cash, for any Dividend Equivalents relating to cash dividends and/or (ii) Shares, for any Dividend Equivalents relating to Share dividends.

7. FORFEITURE.

- (a) Except as otherwise provided in Section 4 or Section 5(d) of this Award Agreement, you will forfeit your unvested Performance Units if you Terminate prior to the Vesting Date, whether the performance criteria are achieved or not.

- (b) If you engage in “Conduct That Is Harmful To The Company” (as described below), you will forfeit your Performance Units and related Dividend Equivalents and must return to the Company all Shares and other amounts you have received through the Plan or this Award Agreement 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 breach any confidentiality, nondisclosure, and/or noncompetition obligations under any agreement or plan with the Company or any Affiliate or Subsidiary;
 - (ii) You fail or refuse 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) You fail to return all property (other than personal property), including vehicles, computer or other equipment or electronic devices, 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 provided to you in the course of your employment with the Company or any Affiliate or Subsidiary; or
 - (v) 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.

8. 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.

9. BENEFICIARY DESIGNATION. You may name a beneficiary or beneficiaries to receive any vested Performance Units and related Dividend Equivalents that may be achieved under this Award Agreement but are settled after you die. This may be done only on the 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.

10. TRANSFERRING YOUR PERFORMANCE UNITS AND RELATED DIVIDEND EQUIVALENTS. Except as described in Section 9, your Performance Units and related Dividend Equivalents may not be transferred to another person. Also, the Committee may allow you to place

your Performance Units and related Dividend Equivalents into a trust established for your benefit or the benefit of your family. Contact the Third Party Administrator for further details.

11. 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.

12. OTHER AGREEMENTS AND POLICIES. Your Performance Units and related Dividend Equivalents, whether achieved or not, 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. Your Performance Units and related Dividend Equivalents granted under the Plan shall be subject to any applicable Company clawback or recoupment policies, share trading policies and other policies that may be implemented by the Company from time to time.

13. ADJUSTMENTS TO YOUR PERFORMANCE UNITS. Subject to the terms of the Plan, your Performance Units and related Dividend Equivalents will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of Shares underlying your Performance Units will be adjusted to reflect a stock split).

14. YOUR ACKNOWLEDGMENT OF AND AGREEMENT TO 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) By accepting this Award under the Plan, you agree to all Committee determinations as described in the Plan and this Award Agreement.
- (d) 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
- (e) 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 A

PERFORMANCE CRITERIA

The number of Performance Units Achieved under this Award Agreement is subject to the satisfaction of the following performance criteria and will be determined as of the end of the Performance Period, as follows:

Performance Period: [Start Date] to [End Date]

*Performance Units Achieved = Performance Units * Payout Percentage*

Payout Percentage = Portion of Performance Units achieved

	Metric Weighting	Minimum (x%)	Target (x%)	Maximum (x%)
Metric 1	X%			
Metric 2	X%			
Metric 3	X%			

Note: If actual performance is below the Minimum performance level indicated, no Performance Units will be achieved

Metric Definition 1:

Metric Definition 2:

Metric Definition 3:

**THE SCOTTS MIRACLE-GRO COMPANY
LONG-TERM INCENTIVE PLAN
(Effective January 27, 2017)**

**RESTRICTED STOCK UNIT AWARD AGREEMENT FOR EMPLOYEES
(with related Dividend Equivalents)**

**RESTRICTED 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.

1. DESCRIPTION OF YOUR RESTRICTED STOCK UNITS. You have been granted [**Number**] Restricted Stock Units (“RSUs”) and an equal number of related Dividend Equivalents. Each whole RSU represents the right to receive one full Share at the time and in the manner described in this Award Agreement. Subject to Section 5 of this Award Agreement, each Dividend Equivalent represents the right to receive an amount equal to the dividends that are declared and paid during the period beginning on the Grant Date and ending on the Settlement Date (as described in Section 4(a) of this Award Agreement) with respect to the Share represented by the related RSU.

The “Grant Date” of your Award is [**Grant Date**]. To accept this Award Agreement, you must return a signed copy of this Award Agreement no later than [**Date 30 Days After Grant Date**], to [**Third Party Administrator**] (the “Third Party Administrator”) as follows:

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

2. INCORPORATION OF PLAN AND DEFINITIONS.

- (a) This Award Agreement and your RSUs are granted pursuant to and in accordance with The Scotts Miracle-Gro Company Long-Term Incentive Plan effective January 27, 2017 (the “Plan”). All provisions of the Plan are incorporated herein by reference, and your RSUs and related Dividend Equivalents are subject to the terms of the Plan and this Award Agreement. To the extent there is a conflict between this Award Agreement and the Plan, the Plan will govern.
- (b) Capitalized terms that are not defined in this Award Agreement have the same meanings as in the Plan.

3. VESTING. Except as provided in Section 6 of this Award Agreement, the RSUs described in this Award Agreement will vest as follows:

- (a) **General Vesting.** If your employment continues from the Grant Date until the third anniversary of the Grant Date, in this case [**Vesting Date**] (the “Vesting Date”), your

RSUs described in this Award Agreement will become 100% vested on the Vesting Date; or

- (b) **Accelerated Vesting.** Under the following circumstances, your RSUs described in this Award Agreement will vest earlier than the Vesting Date:
- (i) If you Terminate because of your death or due to a disability for which you qualify for benefits under The Scotts Miracle-Gro Company's Long-term Disability Plan or another long-term disability plan sponsored by the Company ("Disabled"), your RSUs described in this Award Agreement will become 100% vested as of the date of such event and will be settled in accordance with Section 4 of this Award Agreement; or
 - (ii) If you Terminate for a reason other than Cause after reaching age 55 and completing at least 10 years of employment with the Company, its Affiliates and/or its Subsidiaries, your RSUs described in this Award Agreement will be deemed to become 100% vested as of the Vesting Date and will be settled in accordance with Section 4 of this Award Agreement.
 - (iii) If you Terminate due to an involuntary Termination by the Company without Cause no earlier than 180 days before the Vesting Date, your Termination will be deemed to have occurred on the Vesting Date such that the RSUs described in this Award Agreement will be deemed to become 100% vested as of the Vesting Date.

4. SETTLEMENT.

- (a) Subject to the terms of the Plan and this Award Agreement, your vested RSUs, minus any Shares that are withheld for taxes as provided under Section 4(c), shall be settled in a lump sum as soon as administratively practicable, but no later than 90 days following the earliest date to occur of: (i) your Termination due to your death or Disability; or (ii) the third anniversary of the Grant Date (the "Settlement Date"). Your whole RSUs shall be settled in full Shares, and any fractional RSU shall be settled in cash, determined based upon the Fair Market Value of a Share on the Settlement Date equal to the closing price of a Share on the Settlement date if it is a trading day or, if such date is not a trading day, on the next preceding trading day.
- (b) Except as provided in Section 5 of this Award Agreement, you will have none of the rights of a shareholder with respect to Shares underlying the RSUs unless and until you become the record holder of such Shares.
- (c) You may use one of the following methods to pay the required withholding taxes related to the vesting of your RSUs. You will decide on the method at the time prescribed by the Company. If you do not elect one of these methods, the Company will apply the Net Settlement method described below:

- (i) **CASH PAYMENT:** If you elect this alternative, you will be responsible for paying the Company through the Third Party Administrator cash equal to the minimum statutory withholding requirements applicable on your RSUs.
 - (ii) **NET SETTLEMENT:** If you elect this alternative, the Company will retain the number of shares with a Fair Market Value equal to the minimum statutory withholding requirements applicable on your RSUs.
- (d) If there is a Change in Control, your RSUs may vest earlier in accordance with the Plan and pursuant to the discretion of the Committee. See the Plan for further details.

5. DIVIDEND EQUIVALENTS. You will be entitled to receive a Dividend Equivalent equal to any dividends declared and paid on each Share represented by a related RSU, subject to the same terms and conditions as the related RSU. Any Dividend Equivalents will be distributed to you in accordance with Section 4 of this Award Agreement or forfeited, depending on whether or not you have met the conditions described in this Award Agreement and the Plan. Any such distributions will be made in (i) cash, for any Dividend Equivalents relating to cash dividends and/or (ii) Shares, for any Dividend Equivalents relating to Share dividends.

6. FORFEITURE.

- (a) Except as otherwise provided in Section 3 or Section 4(d) of this Award Agreement, you will forfeit your unvested RSUs if you Terminate prior to the Vesting Date.
- (b) If you engage in “Conduct That Is Harmful To The Company” (as described below), you will forfeit your RSUs and related Dividend Equivalents and must return to the Company all Shares and other amounts you have received through the Plan or this Award Agreement 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 breach any confidentiality, nondisclosure, and/or noncompetition obligations under any agreement or plan with the Company or any Affiliate or Subsidiary;
 - (ii) You fail or refuse 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) You fail to return all property (other than personal property), including vehicles, computer or other equipment or electronic devices, 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 provided to you in the course of your employment with the Company or any Affiliate or Subsidiary; or

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

7. 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.

8. BENEFICIARY DESIGNATION. You may name a beneficiary or beneficiaries to receive any RSUs and related Dividend Equivalents that vest before you die but are settled after you die. This may be done only on the 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.

9. TRANSFERRING YOUR RSUs AND RELATED DIVIDEND EQUIVALENTS. Except as described in Section 8, your RSUs and related Dividend Equivalents may not be transferred to another person. Also, the Committee may allow you to place your RSUs and related Dividend Equivalents into a trust established for your benefit or the benefit of your family. Contact the Third Party Administrator for further details.

10. 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.

11. OTHER AGREEMENTS AND POLICIES. Your RSUs and related Dividend Equivalents will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement. Your RSUs and related Dividend Equivalents granted under the Plan shall be subject to any applicable Company clawback or recoupment policies, share trading policies and other policies that may be implemented by the Company from time to time.

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

13. YOUR ACKNOWLEDGMENT OF AND AGREEMENT TO 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) By accepting this Award under the Plan, you agree to all Committee determinations as described in the Plan and this Award Agreement.
- (d) 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
- (e) 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]

THE SCOTTS MIRACLE-GRO COMPANY

By: _____

By: _____

Date signed: _____

[Name of Company Representative]

[Title of Company Representative]

Date signed: _____

THE SCOTTS MIRACLE-GRO COMPANY
LONG-TERM INCENTIVE PLAN
(Effective January 27, 2017)

NONQUALIFIED STOCK OPTION AWARD AGREEMENT FOR EMPLOYEES

NONQUALIFIED STOCK OPTION 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.

1. DESCRIPTION OF YOUR NONQUALIFIED STOCK OPTION. You have been granted a Nonqualified Stock Option (“NSO”) to purchase [Number of Common Shares] Shares at an exercise price of \$[Exercise Price] for each Share (“Exercise Price”) on or before [Day Prior to Tenth Anniversary of Grant Date] (“Expiration Date”).

The Grant Date of the NSO is [Grant Date]. To accept this Award Agreement, you must return a signed copy of this Award Agreement no later than [Date 30 Days After Grant Date], to [Third Party Administrator] (the “Third Party Administrator”) as follows:

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

2. INCORPORATION OF PLAN AND DEFINITIONS.

- (a) This Award Agreement and your NSO are granted pursuant to and in accordance with The Scotts Miracle-Gro Company Long-Term Incentive Plan effective January 27, 2017 (the “Plan”). All provisions of the Plan are incorporated herein by reference, and your NSO is subject to the terms of the Plan. To the extent there is a conflict between this Award Agreement and the Plan, the Plan will govern.
- (b) Capitalized terms that are not defined in this Award Agreement have the same meanings as in the Plan.

3. VESTING. Except as provided in Section 6 of this Award Agreement, the NSO described in this Award Agreement will vest as follows:

- (a) **General Vesting.** If your employment continues from the Grant Date until the third anniversary of the Grant Date, in this case [Vesting Date] (the “Vesting Date”), your NSO described in this Award Agreement will vest (and become exercisable) on the Vesting Date;

- (b) **Accelerated Vesting.** Under the following circumstances, the NSO described in this Award Agreement will vest earlier than the Vesting Date:
- (i) If you Terminate because of your death or due to a disability for which you qualify for benefits under The Scotts Miracle-Gro Company's Long-term Disability Plan or another long-term disability plan sponsored by the Company, your NSO described in this Award Agreement will become fully vested and expire on the Expiration Date; or
 - (ii) If you Terminate for a reason other than Cause after reaching age 55 and completing at least 10 years of employment with the Company, its Affiliates and/or its Subsidiaries, your NSO described in this Award Agreement will become fully vested as of the date of such event and expire on the Expiration Date;
 - (iii) If you Terminate due to an involuntary Termination by the Company without Cause no earlier than 180 days before the Vesting Date, your Termination will be deemed to have occurred on the Vesting Date such that your NSO described in this Award Agreement will be deemed to become fully vested as of the date of such event and expire on the Expiration Date.
 - (iv) If there is a Change in Control, your NSO may vest earlier in accordance with the Plan and pursuant to the discretion of the Committee. See the Plan for further details.

4. RIGHTS BEFORE YOUR NSO IS EXERCISED. You may not vote, or receive any dividends associated with, the Shares underlying your NSO before your NSO is exercised with respect to such Shares.

5. EXERCISING YOUR NSO.

- (a) After your NSO vests, you may exercise the NSO at any time prior to the Expiration Date. To exercise the NSO you must complete an Exercise Notice on the form provided by the Company, which is available from Third Party Administrator. At any one time, you must exercise your NSO to buy no fewer than 100 Shares, or, you must exercise the balance of your NSO if the value is less than 100 Shares.
- (b) You may use one of the following four methods to exercise your NSO and to pay any taxes related to that exercise. You will decide on the method at the time of exercise. If you do not elect one of these methods, the Company will apply the Broker-Assisted Cashless Exercise and Sell method described below:
 - (i) **BROKER-ASSISTED CASHLESS EXERCISE AND SELL:** If you elect this alternative, you will be deemed to have simultaneously exercised the

NSO and to have sold the Shares underlying the portion of the NSO you exercised. When the transaction is complete, you will receive cash (but no Shares) from the broker equal to the difference between the aggregate Fair Market Value of the Shares deemed to have been acquired through the exercise minus the aggregate Exercise Price and related taxes.

- (ii) **COMBINATION EXERCISE:** If you elect this alternative, you will be deemed to have simultaneously exercised the NSO and to have sold a number of those Shares with a Fair Market Value equal to the aggregate Exercise Price and for taxes that are required to be withheld on account of the exercise. When the transaction is complete, the balance of the Shares subject to the portion of the NSO you exercised will be transferred to you.
- (iii) **EXERCISE AND HOLD:** If you elect this alternative, you must pay the full Exercise Price plus related taxes (in cash, a cash equivalent or in Shares having a Fair Market Value equal to the Exercise Price and which you have owned for at least six months before the exercise date). When the transaction is complete, you will receive the number of Shares purchased.
- (iv) **DISCRETIONARY EXERCISE:** The Committee may, in its sole discretion, approve or accept any other method of exercise.

- (c) You may never exercise your NSO to purchase a fractional Share. Any fractional Share shall be redeemed for cash equal to the Fair Market Value of such fractional Share.

6. EXPIRATION AND FORFEITURE. It is your responsibility to keep track of when your NSO expires. Your NSO will expire and/or you will forfeit your NSO (i.e. you will no longer have the right to exercise any portion of your NSO) under each of the following circumstances:

- (a) **General Expiration Rules.** In general, your NSO will expire on the Expiration Date.
- (b) **Forfeiture Rules.** In the following instances, your NSO will expire and you will forfeit your NSO prior to the Expiration Date:
 - (i) If you Terminate before the Vesting Date, except as provided in Section 3 above, you will forfeit your NSO in its entirety;
 - (ii) If you engage in “Conduct That Is Harmful To The Company” (as described below), you will forfeit your NSO and must return to the Company all Shares and other amounts you have received through the Plan or this Award Agreement if, without the Company’s written consent, you do any of the following within 180 days before and 730 days after you Terminate:

- 1) You breach any confidentiality, nondisclosure, and/or noncompetition obligations under any agreement or plan with the Company or any Affiliate or Subsidiary;
 - 2) You fail or refuse to consult with, supply information to or otherwise cooperate with the Company or any Affiliate or Subsidiary after having been requested to do so;
 - 3) 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;
 - 4) You fail to return all property (other than personal property), including vehicles, computer or other equipment or electronic devices, 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 provided to you in the course of your employment with the Company or any Affiliate or Subsidiary; or
 - 5) You engage in conduct that the Committee reasonably concludes would have given rise to a Termination for Cause had it been discovered before you Terminated.
- (iii) If you Terminate for Cause after the Vesting Date, the portion of your NSO that has not been exercised will be forfeited (whether or not then vested) on the date you Terminate; or
- (iv) If you Terminate for any other reason after the Vesting Date, the portion of your NSO that is vested but has not been exercised will expire on the earlier of the Expiration Date or 180 days after you Terminate.

7. 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.

8. BENEFICIARY DESIGNATION. You may name a beneficiary or beneficiaries to receive or to exercise the vested portion of your NSO that is unexercised when you die. This may be done only on the Beneficiary Designation Form and by following the rules described in that Form. The Beneficiary Designation Form need not be completed now and is not required as a condition of receiving your Award. If you die without completing a Beneficiary Designation Form or if you do not complete that Form correctly, your beneficiary will be your surviving spouse or, if you do not have a surviving spouse, your estate.

9. TRANSFERRING YOUR NSO. Except as described in Section 8, your NSO may not be transferred to another person. The Committee may allow you to place your NSO into a trust established for your benefit or for the benefit of your family. Contact the **Third Party Administrator** for further details.

10. 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.

11. OTHER AGREEMENTS AND POLICIES. Your NSO will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement. Your NSO granted under the Plan shall be subject to any applicable Company clawback or recoupment policies, share trading policies and other policies that may be implemented by the Company from time to time.

12. ADJUSTMENTS TO YOUR NSO. Subject to the terms of the Plan, your NSO and the terms of this Award Agreement will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of Shares underlying your NSO and the Exercise Price will be adjusted to reflect a stock split) in connection with a corporate transaction involving the Company.

13. YOUR ACKNOWLEDGMENT OF AND AGREEMENT TO AWARD CONDITIONS

By signing below, you acknowledge and agree that:

- (a) A copy of the Plan has been made available to you;
- (b) You understand and accept the terms and conditions of your NSO;
- (c) By accepting this Award under the Plan, you agree to all Committee determinations as described in the Plan and this Award Agreement.
- (d) You consent (on your own behalf and on behalf of your beneficiaries and transferees and without any further consideration) to any necessary change to your NSO or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the Code, even if those changes affect the terms of your NSO and reduce its value or potential value; and
- (e) 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]

THE SCOTTS MIRACLE-GRO COMPANY

BY: _____

BY: _____

Date signed: _____

[Name of Company representative]

[Title of Company representative]

Date signed: _____