

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

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED DECEMBER 30, 2006

OR

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

FOR THE TRANSITION PERIOD FROM ___ TO ___

COMMISSION FILE NUMBER 1-13292

THE SCOTTS MIRACLE-GRO COMPANY

(Exact Name of Registrant as Specified in Its Charter)

OHIO

(State or Other Jurisdiction of
Incorporation or Organization)

31-1414921

(I.R.S. Employer Identification No.)

14111 SCOTTSLAWN ROAD, MARYSVILLE, OHIO 43041

(Address of Principal Executive Offices) (Zip Code)

(937) 644-0011

(Registrant's Telephone Number, Including Area Code)

NO CHANGE

(Former Name, Former Address and Former Fiscal Year,
if Changed Since Last Report)

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

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

Large accelerated filer Accelerated filer Non-accelerated filer

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

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

67,800,822

OUTSTANDING AT FEBRUARY 1, 2007

Common Shares, voting, no par value

THE SCOTTS MIRACLE-GRO COMPANY AND SUBSIDIARIES

INDEX

	<u>PAGE NO.</u>
<u>PART I. FINANCIAL INFORMATION:</u>	
<u>Item 1. Financial Statements</u>	
<u>Condensed, Consolidated Statements of Operations — Three month periods ended December 30, 2006 and December 31, 2005</u>	3
<u>Condensed, Consolidated Statements of Cash Flows - Three month periods ended December 30, 2006 and December 31, 2005</u>	4
<u>Condensed, Consolidated Balance Sheets — December 30, 2006, December 31, 2005 and September 30, 2006</u>	5
<u>Notes to Condensed, Consolidated Financial Statements</u>	6
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	24
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	29
<u>Item 4. Controls and Procedures</u>	29
<u>PART II. OTHER INFORMATION:</u>	
<u>Item 1. Legal Proceedings</u>	30
<u>Item 1A. Risk Factors</u>	30
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	30
<u>Item 4. Submission of Matters to a Vote of Security Holders</u>	31
<u>Item 5. Other Information</u>	31
<u>Item 6. Exhibits</u>	31
<u>Signatures</u>	32
<u>Index to Exhibits</u>	33
<u>EX-10.1</u>	
<u>EX-10.2</u>	
<u>EX-10.3</u>	
<u>EX-10.4</u>	
<u>EX-10.5</u>	
<u>EX-10.6</u>	
<u>EX-10.7</u>	
<u>EX-10.8</u>	
<u>EX-31.A</u>	
<u>EX-31.B</u>	
<u>EX-32</u>	

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	THREE MONTHS ENDED	
	DECEMBER 30, 2006	DECEMBER 31, 2005
Net sales	\$ 271.2	\$ 249.5
Cost of sales	215.9	196.0
Gross profit	55.3	53.5
Operating expenses:		
Selling, general and administrative	142.2	126.0
Impairment, restructuring and other charges	—	5.7
Other income, net	(2.3)	(1.6)
Loss from operations	(84.6)	(76.6)
Interest expense	8.2	7.1
Loss before income taxes	(92.8)	(83.7)
Income tax benefit	(33.4)	(31.0)
Net loss	\$ (59.4)	\$ (52.7)
BASIC LOSS PER COMMON SHARE:		
Weighted-average common shares outstanding during the period	67.2	68.0
Basic loss per common share	\$ (0.88)	\$ (0.78)
DILUTED LOSS PER COMMON SHARE:		
Weighted-average common shares outstanding during the period	67.2	68.0
Diluted loss per common share	\$ (0.88)	\$ (0.78)
Dividends declared per common share	\$ 0.125	\$ 0.125

See notes to condensed, consolidated financial statements

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

	THREE MONTHS ENDED	
	DECEMBER 30, 2006	DECEMBER 31, 2005
OPERATING ACTIVITIES		
Net loss	\$ (59.4)	\$ (52.7)
Adjustments to reconcile net loss to net cash used in operating activities:		
Impairment of intangible assets	—	1.0
Stock-based compensation expense	4.2	4.3
Depreciation	12.7	12.2
Amortization	3.7	3.5
Gain on sale of property, plant and equipment	(0.3)	—
Changes in assets and liabilities, net of acquired businesses:		
Accounts receivable	120.7	82.0
Inventories	(215.3)	(222.2)
Prepaid and other current assets	(3.1)	(2.8)
Accounts payable	18.3	59.9
Accrued liabilities	(86.5)	(117.3)
Restructuring reserves	(2.8)	(5.0)
Other non-current items	1.8	2.9
Other, net	1.9	0.2
Net cash used in operating activities	<u>(204.1)</u>	<u>(234.0)</u>
INVESTING ACTIVITIES		
Proceeds from the sale of property, plant and equipment	0.3	—
Investment in property, plant and equipment	(16.2)	(14.3)
Investment in acquired businesses, net of cash acquired	(2.7)	(97.7)
Net cash used in investing activities	<u>(18.6)</u>	<u>(112.0)</u>
FINANCING ACTIVITIES		
Borrowings under revolving and bank lines of credit	197.9	337.2
Repayments under revolving and bank lines of credit	(0.9)	(33.9)
Dividends paid	(8.5)	(8.5)
Purchase of common shares	—	(1.2)
Payments on seller notes	—	(0.5)
Excess tax benefits from share-based payment arrangements	8.1	—
Cash received from the exercise of stock options	15.5	7.5
Net cash provided by financing activities	<u>212.1</u>	<u>300.6</u>
Effect of exchange rate changes on cash	(1.4)	3.0
Net decrease in cash	(12.0)	(42.4)
Cash and cash equivalents at beginning of period	48.1	80.2
Cash and cash equivalents at end of period	<u>\$ 36.1</u>	<u>\$ 37.8</u>
Supplemental cash flow information		
Interest paid, net of interest capitalized	10.4	8.6
Income taxes paid	3.4	3.8

See notes to condensed, consolidated financial statements

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

	DECEMBER 30, 2006	DECEMBER 31, 2005	SEPTEMBER 30, 2006
	UNAUDITED		(SEE NOTE 1)
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 36.1	\$ 37.8	\$ 48.1
Accounts receivable, less allowances of \$10.8, \$10.1 and \$11.3, respectively	264.5	250.8	380.4
Inventories, net	629.1	558.8	409.2
Prepaid and other assets	106.8	63.5	104.3
Total current assets	<u>1,036.5</u>	<u>910.9</u>	<u>942.0</u>
Property, plant and equipment, net of accumulated depreciation of \$385.8, \$336.9 and \$370.0, respectively	369.3	361.0	367.6
Goodwill	471.0	450.5	458.1
Intangible assets, net	425.4	472.3	424.7
Other assets	25.8	21.2	25.2
Total assets	<u>\$ 2,328.0</u>	<u>\$ 2,215.9</u>	<u>\$ 2,217.6</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of debt	\$ 15.2	\$ 13.9	\$ 6.0
Accounts payable	220.9	215.7	200.4
Accrued liabilities	205.0	204.4	289.8
Total current liabilities	<u>441.1</u>	<u>434.0</u>	<u>496.2</u>
Long-term debt	679.3	679.1	475.2
Other liabilities	166.0	126.5	164.5
Total liabilities	<u>1,286.4</u>	<u>1,239.6</u>	<u>1,135.9</u>
Commitments and contingencies (notes 3 and 9)			
Shareholders' equity:			
Common shares and capital in excess of \$.01 stated value per share, 68.2, 68.1, 66.6 shares issued, respectively	491.5	503.2	509.1
Retained earnings	622.7	530.6	690.7
Treasury stock, at cost; 0.5, 0.03, 1.5 shares, respectively	(21.4)	(1.2)	(66.5)
Accumulated other comprehensive loss	(51.2)	(56.3)	(51.6)
Total shareholders' equity	<u>1,041.6</u>	<u>976.3</u>	<u>1,081.7</u>
Total liabilities and shareholders' equity	<u>\$ 2,328.0</u>	<u>\$ 2,215.9</u>	<u>\$ 2,217.6</u>

See notes to condensed, consolidated financial statements

NOTES TO CONDENSED, CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The Scotts Miracle-Gro Company (“Scotts Miracle-Gro”) and its subsidiaries (collectively, the “Company”) are engaged in the manufacture, marketing and sale of lawn and garden care products. The Company’s major customers include home improvement centers, mass merchandisers, warehouse clubs, large hardware chains, independent hardware stores, nurseries, garden centers, food and drug stores, commercial nurseries and greenhouses, and specialty crop growers. The Company’s products are sold primarily in North America and the European Union. We also operate the Scotts LawnService® business which provides lawn and tree and shrub fertilization, insect control and other related services in the United States and Smith & Hawken®, a leading brand in the outdoor living and gardening lifestyle category. Effective November 18, 2005, the Company entered the North America wild bird food category with the acquisition of Gutwein & Co., Inc. (“Gutwein”).

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

ORGANIZATION AND BASIS OF PRESENTATION

The Company’s condensed, consolidated financial statements are unaudited; however, in the opinion of management, these financial statements are presented in accordance with accounting principles generally accepted in the United States of America. The condensed, consolidated financial statements include the accounts of Scotts Miracle-Gro and all wholly-owned and majority-owned subsidiaries. All intercompany transactions and accounts have been eliminated in consolidation. The Company’s criteria for consolidating entities is based on majority ownership (as evidenced by a majority voting interest in the entity) and an objective evaluation and determination of effective management control. Interim results reflect all normal and recurring adjustments and are not necessarily indicative of results for a full year. The interim financial statements and notes are presented as specified by Regulation S-X of the Securities and Exchange Commission, and should be read in conjunction with the consolidated financial statements and accompanying notes in Scotts Miracle-Gro’s Annual Report on Form 10-K for the fiscal year ended September 30, 2006.

The balance sheet at September 30, 2006 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

REVENUE RECOGNITION

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

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

PROMOTIONAL ALLOWANCES

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

[Table of Contents](#)

ADVERTISING

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

Scotts LawnService® promotes its service offerings primarily through direct response mail campaigns. External costs associated with these campaigns that qualify as direct response advertising costs are deferred and recognized as advertising expense in proportion to revenues over a period not beyond the end of the subsequent calendar year. The costs deferred at December 30, 2006, December 31, 2005 and September 30, 2006 were \$4.9 million, \$2.0 million and \$5.6 million, respectively.

STOCK-BASED COMPENSATION AWARDS

In fiscal 2003, the Company began expensing prospective grants of employee stock-based compensation awards in accordance with Statement of Financial Accounting Standards (SFAS) 123, "Accounting for Stock-Based Compensation." The Company adopted SFAS 123(R), "Share-Based Payment" effective October 1, 2005, following the modified prospective application approach. The Company was already in substantial compliance with SFAS 123(R) at the adoption date as SFAS 123(R) closely parallels SFAS 123. The fair value of awards is expensed ratably over the vesting period, generally three years, except for grants to members of the Board of Directors that have a shorter vesting period. The adoption of SFAS 123(R) did not have a significant effect on the Company's results of operations for the period ended December 31, 2005.

GOODWILL AND INDEFINITE-LIVED INTANGIBLE ASSETS

In accordance with SFAS 142, "Goodwill and Other Intangible Assets", goodwill and intangible assets determined to have indefinite lives are not subject to amortization. Goodwill and indefinite-lived intangible assets are reviewed for impairment by applying a fair-value based test on an annual basis or more frequently if circumstances indicate a potential impairment. The Company conducts its annual impairment review of indefinite-lived tradenames and goodwill during its first fiscal quarter. If it is determined that an impairment has occurred, an impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its estimated fair value and is classified as "Impairment, restructuring, and other charges" in the Condensed, Consolidated Statements of Operations.

The impairment analysis for the first quarter of fiscal 2007 indicated that no impairment charges were required. The \$1.0 million charge recorded in the first quarter of fiscal 2006 related to a tradename written off in the United Kingdom.

LOSS PER COMMON SHARE

Basic loss per common share is computed based on the weighted-average number of common shares outstanding each period. Diluted loss per common share is computed based on the weighted-average number of common shares and dilutive potential common shares (stock options, restricted stock, performance shares and stock appreciation rights) outstanding each period. Because of the first quarter loss, common stock equivalents were not included in the calculation of diluted loss per share because to do so would have been anti-dilutive. These common stock equivalents equate to 1.9 million common shares and 2.1 million common shares for the periods ended December 30, 2006 and December 31, 2005, respectively.

USE OF ESTIMATES

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

RECENT ACCOUNTING PRONOUNCEMENTS

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

In September 2006, the Financial Accounting Standards Board issued SFAS 157, "Fair Value Measurements." SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The Company will be required to adopt SFAS 157 no later than October 1, 2008, the beginning of its 2009 fiscal year. The Company has not yet determined the effect, if any, that the adoption of SFAS 157 will have on its condensed consolidated financial statements.

Statement of Financial Accounting Standards No. 158 — Employers' Accounting For Defined Benefit Pension And Other Postretirement Plans

The Financial Accounting Standards Board has issued SFAS 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)." SFAS 158 will require the Company to recognize the underfunded status of its defined benefit postretirement plans as a liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. SFAS 158 does not change the way the Company measures plan assets and benefit obligations as of the date of its balance sheet and in determining the amount of net periodic benefit cost.

The Company will be required to adopt the provisions of SFAS 158 as of September 30, 2007. At September 30, 2006, the Company's projected benefit obligation for its international defined benefit plans exceeded the accumulated benefit obligation and the accumulated plan benefit obligation for its post-retirement medical plan exceeded the recorded liability. If the provisions of SFAS 158 were adopted as of September 30, 2006, the Company would have been required to record an additional long-term liability of \$26.3 million, an additional long-term deferred tax asset of \$9.6 million, and charge the "Accumulated other comprehensive loss" component of shareholders' equity for \$16.7 million.

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

The Financial Accounting Standards Board has issued Interpretation (FIN) 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109." This Interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." This Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

The Company will be required to adopt the provisions of FIN 48 in respect of all the Company's tax positions as of October 1, 2007, the beginning of the 2008 fiscal year. The cumulative effect of applying the provisions of the Interpretation will be reported as an adjustment to the opening balance of retained earnings for the 2008 fiscal year. The Company has not completed its evaluation of FIN 48 and the effect the adoption of the Interpretation will have on the Company's condensed consolidated financial statements. It is possible that the adoption of this Interpretation will have a material effect on future results of operations.

2. DETAIL OF INVENTORIES, NET

Inventories, net of provisions for slow moving and obsolete inventory of \$15.7 million, \$16.1 million, and \$15.1 million, respectively, consisted of:

	<u>DECEMBER 30,</u> <u>2006</u>	<u>DECEMBER 31,</u> <u>2005</u> (IN MILLIONS)	<u>SEPTEMBER 30,</u> <u>2006</u>
Finished goods	\$ 460.0	\$ 414.3	\$ 267.4
Work-in-process	39.5	41.3	36.0
Raw materials	129.6	103.2	105.8
	<u>\$ 629.1</u>	<u>\$ 558.8</u>	<u>\$ 409.2</u>

3. MARKETING AGREEMENT

Under the terms of the Marketing Agreement with Monsanto, the Company is Monsanto's exclusive agent for the domestic and international marketing and distribution of consumer Roundup® herbicide products. Under the terms of the Marketing Agreement, the Company is entitled to receive an annual commission from Monsanto in consideration for the performance of the Company's duties as agent. The Marketing Agreement also requires the Company to make annual payments to Monsanto as a contribution against the overall expenses of the consumer Roundup® business.

The annual gross commission under the Marketing Agreement is calculated as a percentage of the actual earnings before interest and income taxes (EBIT) of the consumer Roundup® business, as defined in the Marketing Agreement. Each year's percentage varies in accordance with the terms of the Marketing Agreement based on the achievement of two earnings thresholds and on commission rates that vary by threshold and program year. The annual contribution payment is defined in the Marketing Agreement as \$20 million, however, portions of the annual contribution payments for the first three years of the Marketing Agreement were deferred.

Under the terms of the Marketing Agreement, the Company performs certain functions, primarily manufacturing conversion, selling and marketing support, on behalf of Monsanto in the conduct of the consumer Roundup® business. The actual costs incurred for these activities are charged to and reimbursed by Monsanto, for which the Company recognizes no gross profit or net income. The Company records costs incurred under the Marketing Agreement for which the Company is the primary obligor on a gross basis, recognizing such costs in "Cost of sales" and the reimbursement of these costs in "Net sales," with no effect on gross profit or net income. The related net sales and cost of sales were \$9.5 million and \$8.2 million for the three-month periods ended December 30, 2006 and December 31, 2005, respectively.

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

	THREE MONTHS ENDED	
	DECEMBER 30, 2006	DECEMBER 31, 2005
	(IN MILLIONS)	
Gross commission	\$ (0.3)	\$ —
Contribution expenses	(5.0)	(5.0)
Amortization of marketing fee	(0.2)	(0.2)
Net commission expense	(5.5)	(5.2)
Reimbursements associated with Marketing Agreement	9.5	8.2
Total net sales associated with Marketing Agreement	<u>\$ 4.0</u>	<u>\$ 3.0</u>

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

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

The Marketing Agreement provides Monsanto with the right to terminate the Marketing Agreement for an event of default (as defined in the Marketing Agreement) by the Company or a change in control of Monsanto or the sale of the consumer Roundup® business. The Marketing Agreement provides the Company with the right to terminate the Marketing Agreement in certain circumstances including an event of default by Monsanto or the sale of the consumer Roundup® business. Unless Monsanto terminates the Marketing Agreement for an event of default by the Company, Monsanto is required to pay a termination fee to the Company that varies by program year. If Monsanto terminates the Marketing Agreement upon a change of control of Monsanto or the sale of the consumer Roundup® business prior to September 30, 2008, the Company will be entitled to a termination fee in

[Table of Contents](#)

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

4. IMPAIRMENT, RESTRUCTURING AND OTHER CHARGES

FISCAL 2007 CHARGES

During the first quarter of fiscal 2007, the Company has not recorded impairment, restructuring and other charges.

FISCAL 2006 CHARGES

During the first quarter of fiscal 2006, the Company recorded \$4.7 million of restructuring and other charges relating to our profit improvement plan, consisting primarily of severance and related costs. The impairment charge of \$1.0 million was associated with a tradename no longer in use in our United Kingdom business.

The following is the detail of impairment, restructuring and other charges in the Condensed, Consolidated Statements of Operations:

	THREE MONTHS ENDED	
	DECEMBER 30, 2006	DECEMBER 31, 2005
	(IN MILLIONS)	
Restructuring and other charges:		
Severance	\$ —	\$ 2.9
Other related costs	—	1.8
	—	4.7
Impairment of other intangibles	—	1.0
	\$ —	\$ 5.7

The following is a roll-forward of the restructuring and other charges, which are included in “accrued liabilities.”

	THREE MONTHS ENDED	
	DECEMBER 30, 2006	DECEMBER 31, 2005
	(IN MILLIONS)	
Amounts reserved for restructuring and other charges at beginning of fiscal year	\$ 6.4	\$ 15.6
Restructuring charge	—	4.7
Payments and other	(2.8)	(9.7)
Amounts reserved for restructuring and other charges at end of period	\$ 3.6	\$ 10.6

5. LONG-TERM DEBT (See note 12)

	DECEMBER 30, 2006	DECEMBER 31, 2005	SEPTEMBER 30, 2006
	(IN MILLIONS)		
Revolver	\$ 458.3	\$ 464.2	\$ 253.8
Senior Subordinated 6 5/8% Notes	200.0	200.0	200.0
Notes due to sellers	16.0	7.7	15.4
Foreign bank borrowings and term loans	11.5	10.1	2.8
Other	8.7	11.0	9.2
	694.5	693.0	481.2
Less current portions	15.2	13.9	6.0
	\$ 679.3	\$ 679.1	\$ 475.2

[Table of Contents](#)**6. STATEMENT OF COMPREHENSIVE INCOME**

The components of other comprehensive loss and total comprehensive loss for the three months ended December 30, 2006 and December 31, 2005 are as follows:

	THREE MONTHS ENDED	
	DECEMBER 30, 2006	DECEMBER 31, 2005
	(IN MILLIONS)	
Net loss	\$ (59.4)	\$ (52.7)
Other comprehensive income (expense):		
Change in minimum pension liability	(0.4)	—
Change in valuation of derivative instruments	2.5	(0.2)
Foreign currency translation adjustments	(1.7)	0.5
Comprehensive loss	<u>\$ (59.0)</u>	<u>\$ (52.4)</u>

7. RETIREMENT AND RETIREE MEDICAL PLANS COST INFORMATION

The following summarizes the net periodic benefit cost for the various plans sponsored by the Company:

	THREE MONTHS ENDED	
	DECEMBER 30, 2006	DECEMBER 31, 2005
	(IN MILLIONS)	
Frozen defined benefit plans	\$0.4	\$0.5
International benefit plans	1.9	1.7
Retiree medical plan	0.7	0.8

8. STOCK-BASED COMPENSATION AWARDS

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

	THREE MONTHS ENDED	
	DECEMBER 30, 2006	DECEMBER 31, 2005
Options	790,100	729,900
Performance shares	—	30,000
Restricted stock	191,300	157,400
Total share-based awards	<u>981,400</u>	<u>917,300</u>
Fair value at grant dates (in millions).	<u>\$ 19.8</u>	<u>\$ 17.3</u>

As of December 30, 2006, Scotts Miracle-Gro had approximately 4.2 million common shares not subject to outstanding awards and available in support of the grant of new share-based awards.

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

	THREE MONTHS ENDED	
	DECEMBER 30, 2006	DECEMBER 31, 2005
Share-based compensation	4.2	4.3
Tax benefit recognized	1.5	1.6

[Table of Contents](#)**Stock Options/SARs**

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

	THREE MONTHS ENDED			
	DECEMBER 30, 2006		DECEMBER 31, 2005	
	No. of Options/SARs	WTD. Avg. Exercise Price	No. of Options/SARs	WTD. Avg. Exercise Price
Balance beginning of fiscal year	6.2	\$26.09	6.4	\$23.09
Granted	0.8	\$45.88	0.7	\$42.58
Exercised	(1.1)	\$20.40	(0.4)	\$20.08
Forfeited	—	—	(0.1)	\$18.38
Ending balance	<u>5.9</u>	<u>\$29.70</u>	<u>6.6</u>	<u>\$25.41</u>
Exercisable	3.7	\$22.29	3.8	\$19.36

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

	DECEMBER 30, 2006	DECEMBER 31, 2005
Outstanding	\$129.5	\$130.9
Exercisable	108.6	98.3

The fair value of each award granted has been estimated on the grant date using the Binomial model using the assumptions noted in the following table. Expected market price volatility is based on implied volatilities from traded options on Scotts Miracle-Gro's common shares and historical volatility on Scotts Miracle-Gro's common shares. Historical data, including demographic factors impacting historical exercise behavior, is used to estimate the expected life of an option (the average period of time an option is held before exercise), option exercise and employee termination within the valuation model. The risk-free interest rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The weighted average assumptions for those awards granted during the three months ended December 30, 2006, are as follows:

Expected market price volatility	26.3%
Risk-free interest rate	4.8%
Expected dividend yield	1.1%
Expected life of options/SARs	5.83
Estimated weighted-average fair value per share of options/SARs	\$14.00

Restricted Stock

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

	No. of Shares	WTD Avg. Grant Date Fair Value Per Share
Balance September 30, 2006	302,795	\$ 39.26
Granted	191,300	45.63
Vested	(93,800)	33.17
Forfeited	(5,000)	47.29
Balance December 30, 2006	<u>395,295</u>	<u>\$ 43.69</u>

As of December 30, 2006, there was \$28.3 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements. The unrecognized compensation cost is expected to be recognized over a weighted-average period of

Table of Contents

2.8 years. Unearned compensation is amortized over the vesting period for the particular grant and is recognized as a component of “Selling, general and administrative” expense within the Condensed, Consolidated Statements of Operations.

The total intrinsic value of options exercised was \$32.4 million and the total fair value of restricted stock vested was \$4.6 million during the three months ended December 30, 2006.

Cash received from option exercises under all share-based payment arrangements during the three months ended December 30, 2006 was \$15.5 million.

9. CONTINGENCIES

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

Environmental Matters

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

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

At December 30, 2006, \$3.0 million was accrued for environmental and regulatory matters, primarily related to the Marysville facility. Most of the accrued costs are expected to be paid in fiscal 2007; however, payments could be made for a period thereafter. While the amounts accrued are believed to be adequate to cover known environmental exposures based on current facts and estimates of likely outcome, the adequacy of these accruals is based on several significant assumptions:

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

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

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

On November 5, 2004, U.S. Horticultural Supply, Inc. (“Geiger”) filed suit against the Company in the U.S. District Court for the Eastern District of Pennsylvania. The complaint alleges that the Company conspired with another distributor, Griffin Greenhouse Supplies, Inc., to restrain trade in the horticultural products market, in violation of Section 1 of the Sherman Antitrust Act. Geiger has not specified the amount of monetary damages it is seeking. On June 2, 2006, the Court denied the Company’s motion to dismiss the complaint. The Company is currently engaged in discovery relating to Geiger’s claim. The deadline for fact discovery is March 8, 2007.

The Company intends to vigorously defend against Geiger’s claims. The Company believes that Geiger’s claims are without merit and that the likelihood of an unfavorable outcome is remote. Therefore, no accrual has been established related to this matter.

Table of Contents

However, the Company cannot predict the ultimate outcome with certainty. If the above action is determined adversely to the Company, the result could have a material adverse effect on the Company's results of operations, financial position and cash flows. Because Geiger has not specified an amount of monetary damages in the case (which may be trebled under the antitrust statutes) and discovery has not yet concluded, any potential exposure that the Company may face cannot be reasonably estimated at this time.

Other

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

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

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

10. ACQUISITIONS

The Company continues to view strategic acquisitions as a means to enhance the core businesses. During fiscal 2006, the Company made the following acquisitions:

June 2006 — Certain brands and assets of Landmark Seed Company (professional seed and turfgrasses)

May 2006 — Certain brands and assets of Turf-Seed, Inc. (commercial turfgrasses)

November 2005 — All the outstanding shares of Gutwein & Co., Inc. (bird food)

October 2005 — All the outstanding shares of Rod McLellan Company (soil and landscape products).

These acquisitions required cash outlays of \$115.0 million, the assumption of \$17.0 million in liabilities and deferred payments, and a commitment to pay in 2012 consideration based on future performance that may approximate \$15.0 million

The Company also continues to invest in the growth of the Scotts LawnService® business. In the first quarter of fiscal 2007, two businesses were acquired for a total cost of \$3.4 million. A total of five acquisitions were made during fiscal 2006 for a total cost of \$4.4 million.

11. SEGMENT INFORMATION

The Company is divided into the following segments — North America, Scotts LawnService®, International, and Corporate & Other. This division of reportable segments is consistent with how the segments report to and are managed by senior management of the Company. The following table presents segment financial information in accordance with SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." Pursuant to SFAS No. 131, the presentation of the segment financial information is consistent with the basis used by management (i.e., certain costs not allocated to business segments for internal management reporting purposes are not allocated for purposes of this presentation). Certain reclassifications were made to prior period amounts to reflect the inclusion of biotech costs and certain other items in the Corporate and Other segment instead of the North America segment to be consistent with fiscal 2007 reporting.

	THREE MONTHS ENDED		
	DECEMBER 30, 2006	DECEMBER 31, 2005	DECEMBER 31, 2005
	(IN MILLIONS)		
Net sales:			
North America	\$ 137.6	\$	125.6
Scotts LawnService®	25.8		23.6
International	63.4		58.3
Corporate & Other	44.6		42.2
Segment total	271.4		249.7
Roundup® amortization	(0.2)		(0.2)
	<u>\$ 271.2</u>	<u>\$</u>	<u>249.5</u>
Operating loss:			
North America	\$ (29.8)	\$	(27.3)
Scotts LawnService®	(16.4)		(11.3)
International	(7.9)		(5.1)
Corporate & Other	(26.8)		(23.7)
Segment total	(80.9)		(67.4)
Roundup® amortization	(0.2)		(0.2)
Other amortization	(3.5)		(3.3)
Impairment of intangibles	—		(1.0)
Restructuring	—		(4.7)
	<u>\$ (84.6)</u>	<u>\$</u>	<u>(76.6)</u>
	<u>DECEMBER 30, 2006</u>	<u>DECEMBER 31, 2005</u>	<u>SEPTEMBER 30, 2006</u>
	(IN MILLIONS)		
Total assets:			
North America	\$ 1,410.0	\$ 1,368.0	\$ 1,339.2
Scotts LawnService®	142.0	132.5	161.6
International	515.3	505.7	450.9
Corporate & Other	260.7	209.7	265.9
	<u>\$ 2,328.0</u>	<u>\$ 2,215.9</u>	<u>\$ 2,217.6</u>

Segment operating loss represents loss before amortization of intangible assets, interest and taxes, since this is the measure of profitability used by management. The Corporate & Other operating loss for the three months ended December 30, 2006 and December 31, 2005 includes unallocated corporate general and administrative expenses, and certain other income/expense items not allocated to the business segments.

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

12. SUBSEQUENT EVENT — RECAPITALIZATION

On December 12, 2006, the Company announced a recapitalization plan to return \$750 million to the Company's shareholders. This plan replaces the previously announced \$500 million share repurchase program (which has been canceled). Pursuant to this plan, the Company launched a modified "Dutch auction" tender offer on January 10, 2007, to repurchase up to 4.5 million of the Company's common shares for an aggregate purchase price of \$250 million (assuming the common shares are purchased at \$55.50 per share, the maximum price in the Dutch auction range). Unless extended by the Company, the tender offer is scheduled to expire on February 14, 2007. Following the consummation of the tender offer and subject to final Board approval, the Company intends to declare a special one-time cash dividend, currently anticipated to be \$500 million in the aggregate but subject to revision based on the success of the Dutch auction tender offer and other factors to be considered by the Board. The dividend payment date is expected to be no later than March 31, 2007.

Table of Contents

In connection with this recapitalization plan, Scotts Miracle-Gro and certain of its subsidiaries have entered into the following loan facilities totaling in the aggregate up to \$2.15 billion: (a) a senior secured five-year term loan in the principal amount of \$560 million and (b) a senior secured five-year revolving loan facility in the aggregate principal amount of up to \$1.59 billion. The new \$2.15 billion senior secured credit facilities replaces the Company's \$1.05 billion senior credit facility. The representations and warranties, affirmative covenants, negative covenants and events of default under the new credit facilities are similar to prior facility, except that the new facility provides for the collateralization of domestic accounts receivable, inventory, and equipment.

On January 10, 2007, the Company also launched a cash tender offer for any and all of its outstanding 6 5/8% senior subordinated notes due 2013 in an aggregate principal amount of \$200 million. The tender offer is scheduled to expire on February 8, 2007, with the payment date expected to be on or about February 14, 2007. Proceeds from the new credit facilities will be used to fund the repurchase of the 6 5/8% senior subordinated notes. Substantially all of the 6 5/8% senior subordinated notes have been tendered as of February 8, 2007.

The Company expects to record charges of approximately \$18 million (to include approximately \$8.1 million of noncash charges associated with the write-off of deferred financing costs) during the second quarter of fiscal 2007 on the refinancing of the \$1.05 billion senior credit facility and the repurchase of the 6 5/8% senior subordinated notes.

13. FINANCIAL INFORMATION FOR SUBSIDIARY GUARANTORS AND NON-GUARANTORS

The 6 5/8% senior subordinated notes are general obligations of Scotts Miracle-Gro and are guaranteed by all of the existing wholly-owned, domestic subsidiaries and all future wholly-owned, significant (as defined in Regulation S-X of the Securities and Exchange Commission) domestic subsidiaries of Scotts Miracle-Gro. These subsidiary guarantors jointly and severally guarantee the obligations of Scotts Miracle-Gro under the Notes. The guarantees represent full and unconditional general obligations of each subsidiary that are subordinated in right of payment to all existing and future senior debt of that subsidiary but are senior in right of payment to any future junior subordinated debt of that subsidiary.

The following unaudited information presents condensed, consolidating Statements of Operations and Statements of Cash Flows for the three-month periods ended December 30, 2006 and December 31, 2005 and condensed, consolidating balance sheets as of December 30, 2006, December 31, 2005, and September 30, 2006.

THE SCOTTS MIRACLE-GRO COMPANY
CONDENSED, CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED DECEMBER 30, 2006
(IN MILLIONS)
(UNAUDITED)

	<u>Parent</u>	<u>Subsidiary Guarantors</u>	<u>Non- Guarantors</u>	<u>Eliminations</u>	<u>Consolidated</u>
Net sales	\$ —	\$ 194.0	\$ 77.2	\$ —	\$ 271.2
Cost of sales	—	162.6	53.3	—	215.9
Gross profit	—	31.4	23.9	—	55.3
Operating expenses:					
Selling, general and administrative	—	109.6	32.6	—	142.2
Equity loss in subsidiaries	55.2	—	—	(55.2)	—
Intracompany allocations	—	(1.8)	1.8	—	—
Other income, net	—	(2.0)	(0.3)	—	(2.3)
Loss from operations	(55.2)	(74.4)	(10.2)	55.2	(84.6)
Interest expense	4.2	0.2	3.8	—	8.2
Loss before income taxes	(59.4)	(74.6)	(14.0)	55.2	(92.8)
Income tax benefit	—	(33.0)	(0.4)	—	(33.4)
Net loss	<u>\$ (59.4)</u>	<u>\$ (41.6)</u>	<u>\$ (13.6)</u>	<u>\$ 55.2</u>	<u>\$ (59.4)</u>

THE SCOTTS MIRACLE-GRO COMPANY
 CONDENSED, CONSOLIDATING STATEMENT OF CASH FLOWS
 FOR THE THREE MONTHS ENDED DECEMBER 30, 2006
 (IN MILLIONS)
 (UNAUDITED)

	<u>Parent</u>	<u>Subsidiary Guarantors</u>	<u>Non- Guarantors</u>	<u>Eliminations</u>	<u>Consolidated</u>
OPERATING ACTIVITIES					
Net loss	\$ (59.4)	\$ (41.6)	\$ (13.6)	\$ 55.2	\$ (59.4)
Adjustments to reconcile net loss to net cash used in operating activities:					
Stock-based compensation expense	—	4.2	—	—	4.2
Depreciation	—	10.6	2.1	—	12.7
Amortization	—	2.5	1.2	—	3.7
Gain on sale of property, plant and equipment	—	(0.3)	—	—	(0.3)
Equity loss in subsidiaries	55.2	—	—	(55.2)	—
Net change in certain components of working capital	0.1	(126.3)	(42.5)	—	(168.7)
Net changes in other assets and liabilities and other adjustments	—	2.5	1.2	—	3.7
Net cash used in operating activities	<u>(4.1)</u>	<u>(148.4)</u>	<u>(51.6)</u>	<u>—</u>	<u>(204.1)</u>
INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment	—	0.3	—	—	0.3
Investment in property, plant and equipment	—	(7.8)	(8.4)	—	(16.2)
Investment in acquired businesses, net of cash acquired	—	(2.7)	—	—	(2.7)
Net cash used in investing activities	<u>—</u>	<u>(10.2)</u>	<u>(8.4)</u>	<u>—</u>	<u>(18.6)</u>
FINANCING ACTIVITIES					
Borrowings under revolving and bank lines of credit	—	94.2	103.7	—	197.9
Repayments under revolving and bank lines of credit	—	(0.4)	(0.5)	—	(0.9)
Dividends paid	(8.5)	—	—	—	(8.5)
Excess tax benefits from share-based payment arrangements	—	8.1	—	—	8.1
Cash received from the exercise of stock options	15.5	—	—	—	15.5
Intracompany financing	(2.9)	51.6	(48.7)	—	—
Net cash provided by financing activities	4.1	153.5	54.5	—	212.1
Effect of exchange rate changes on cash	—	(0.1)	(1.3)	—	(1.4)
Net decrease in cash	—	(5.2)	(6.8)	—	(12.0)
Cash and cash equivalents, beginning of period	—	10.2	37.9	—	48.1
Cash and cash equivalents, end of period	<u>\$ —</u>	<u>\$ 5.0</u>	<u>\$ 31.1</u>	<u>\$ —</u>	<u>\$ 36.1</u>

THE SCOTTS MIRACLE-GRO COMPANY
CONDENSED, CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 30, 2006
(IN MILLIONS)
(UNAUDITED)

	<u>Parent</u>	<u>Subsidiary Guarantors</u>	<u>Non- Guarantors</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ —	\$ 5.0	\$ 31.1	\$ —	\$ 36.1
Accounts receivable, net	—	150.9	113.6	—	264.5
Inventories, net	—	497.4	131.7	—	629.1
Prepaid and other assets	—	82.4	24.4	—	106.8
Total current assets	—	735.7	300.8	—	1,036.5
Property, plant and equipment, net	—	311.0	58.3	—	369.3
Goodwill	—	340.5	130.5	—	471.0
Intangible assets, net	—	342.2	83.2	—	425.4
Other assets	8.3	15.6	1.9	—	25.8
Investment in affiliates	927.2	—	—	(927.2)	—
Intracompany assets	306.3	—	—	(306.3)	—
Total assets	<u>\$ 1,241.8</u>	<u>\$ 1,745.0</u>	<u>\$ 574.7</u>	<u>\$ (1,233.5)</u>	<u>\$ 2,328.0</u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current portion of debt	\$ —	\$ 3.6	\$ 11.6	\$ —	\$ 15.2
Accounts payable	—	161.9	59.0	—	220.9
Accrued liabilities	0.2	103.6	101.2	—	205.0
Total current liabilities	0.2	269.1	171.8	—	441.1
Long-term debt	200.0	114.7	364.6	—	679.3
Other liabilities	—	135.6	30.4	—	166.0
Intracompany liabilities	—	116.6	189.7	(306.3)	—
Total liabilities	200.2	636.0	756.5	(306.3)	1,286.4
Shareholders' equity	1,041.6	1,109.0	(181.8)	(927.2)	1,041.6
Total liabilities and shareholders' equity	<u>\$ 1,241.8</u>	<u>\$ 1,745.0</u>	<u>\$ 574.7</u>	<u>\$ (1,233.5)</u>	<u>\$ 2,328.0</u>

THE SCOTTS MIRACLE-GRO COMPANY
CONDENSED, CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2005
(IN MILLIONS)
(UNAUDITED)

	<u>Parent</u>	<u>Subsidiary Guarantors</u>	<u>Non- Guarantors</u>	<u>Eliminations</u>	<u>Consolidated</u>
Net sales	\$ —	\$ 178.9	\$ 70.6	\$ —	\$ 249.5
Cost of sales	—	148.0	48.0	—	196.0
Gross profit	—	30.9	22.6	—	53.5
Operating expenses:					
Selling, general and administrative	—	97.9	28.1	—	126.0
Impairment, restructuring and other charges	—	4.5	1.2	—	5.7
Equity loss in subsidiaries	49.4	—	—	(49.4)	—
Intracompany allocations	—	(1.7)	1.7	—	—
Other income, net	—	(1.3)	(0.3)	—	(1.6)
Loss from operations	(49.4)	(68.5)	(8.1)	49.4	(76.6)
Interest expense	3.3	1.1	2.7	—	7.1
Loss before income taxes	(52.7)	(69.6)	(10.8)	49.4	(83.7)
Income tax benefit	—	(30.7)	(0.3)	—	(31.0)
Net loss	<u>\$ (52.7)</u>	<u>\$ (38.9)</u>	<u>\$ (10.5)</u>	<u>\$ 49.4</u>	<u>\$ (52.7)</u>

THE SCOTTS MIRACLE-GRO COMPANY
 CONDENSED, CONSOLIDATING STATEMENT OF CASH FLOWS
 FOR THE THREE MONTHS ENDED DECEMBER 31, 2005
 (IN MILLIONS)
 (UNAUDITED)

	<u>Parent</u>	<u>Subsidiary Guarantors</u>	<u>Non- Guarantors</u>	<u>Eliminations</u>	<u>Consolidated</u>
OPERATING ACTIVITIES					
Net loss	\$ (52.7)	\$ (38.9)	\$ (10.5)	\$ 49.4	\$ (52.7)
Adjustments to reconcile net loss to net cash used in operating activities:					
Impairment of intangible assets	—	—	1.0	—	1.0
Stock-based compensation expense	—	4.3	—	—	4.3
Depreciation	—	10.6	1.6	—	12.2
Amortization	—	1.9	1.6	—	3.5
Equity loss in subsidiaries	49.4	—	—	(49.4)	—
Net change in certain components of working capital	—	(160.5)	(44.9)	—	(205.4)
Net changes in other assets and liabilities and other adjustments	—	4.8	(1.7)	—	3.1
Net cash used in operating activities	<u>(3.3)</u>	<u>(177.8)</u>	<u>(52.9)</u>	<u>—</u>	<u>(234.0)</u>
INVESTING ACTIVITIES					
Investment in property, plant and equipment	—	(9.2)	(5.1)	—	(14.3)
Investment in acquired businesses, net of cash acquired	(97.1)	(0.6)	—	—	(97.7)
Net cash provided by (used in) investing activities	<u>(97.1)</u>	<u>(9.8)</u>	<u>(5.1)</u>	<u>—</u>	<u>(112.0)</u>
FINANCING ACTIVITIES					
Borrowings under revolving and bank lines of credit	—	106.8	230.4	—	337.2
Repayments under revolving and bank lines of credit	—	(8.0)	(25.9)	—	(33.9)
Dividends paid	(8.5)	—	—	—	(8.5)
Purchase of common stock	(1.2)	—	—	—	(1.2)
Payments on seller notes	—	(0.5)	—	—	(0.5)
Cash received from the exercise of stock options	7.5	—	—	—	7.5
Intracompany financing	102.6	52.0	(154.6)	—	—
Net cash provided by (used in) financing activities	100.4	150.3	49.9	—	300.6
Effect of exchange rate changes on cash	—	—	3.0	—	3.0
Net decrease in cash	—	(37.3)	(5.1)	—	(42.4)
Cash and cash equivalents, beginning of period	—	42.5	37.7	—	80.2
Cash and cash equivalents, end of period	<u>\$ —</u>	<u>\$ 5.2</u>	<u>\$ 32.6</u>	<u>\$ —</u>	<u>\$ 37.8</u>

THE SCOTTS MIRACLE-GRO COMPANY
CONDENSED, CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2005
(IN MILLIONS)
(UNAUDITED)

	<u>Parent</u>	<u>Subsidiary Guarantors</u>	<u>Non- Guarantors</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ —	\$ 5.2	\$ 32.6	\$ —	\$ 37.8
Accounts receivable, net	—	148.8	102.0	—	250.8
Inventories, net	—	440.6	118.2	—	558.8
Prepaid and other assets	—	40.1	23.4	—	63.5
Total current assets	—	634.7	276.2	—	910.9
Property, plant and equipment, net	—	315.2	45.8	—	361.0
Goodwill	—	334.7	115.8	—	450.5
Intangible assets, net	—	351.8	120.5	—	472.3
Other assets	10.7	10.2	0.3	—	21.2
Investment in affiliates	875.4	—	—	(875.4)	—
Intracompany assets	290.2	—	—	(290.2)	—
Total assets	<u>\$ 1,176.3</u>	<u>\$ 1,646.6</u>	<u>\$ 558.6</u>	<u>\$ (1,165.6)</u>	<u>\$ 2,215.9</u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities:					
Current portion of debt	\$ —	\$ 3.8	\$ 10.1	\$ —	\$ 13.9
Accounts payable	—	166.2	49.5	—	215.7
Accrued liabilities	—	111.0	93.4	—	204.4
Total current liabilities	—	281.0	153.0	—	434.0
Long-term debt	200.0	115.4	363.7	—	679.1
Other liabilities	—	104.2	22.3	—	126.5
Intracompany liabilities	—	149.6	140.6	(290.2)	—
Total liabilities	200.0	650.2	679.6	(290.2)	1,239.6
Shareholders' equity	976.3	996.4	(121.0)	(875.4)	976.3
Total liabilities and shareholders' equity	<u>\$ 1,176.3</u>	<u>\$ 1,646.6</u>	<u>\$ 558.6</u>	<u>\$ (1,165.6)</u>	<u>\$ 2,215.9</u>

THE SCOTTS MIRACLE-GRO COMPANY
CONDENSED, CONSOLIDATING BALANCE SHEET
AS OF SEPTEMBER 30, 2006
(IN MILLIONS)

	<u>Parent</u>	<u>Subsidiary Guarantors</u>	<u>Non- Guarantors</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ —	\$ 10.2	\$ 37.9	\$ —	\$ 48.1
Accounts receivable, net	—	292.9	87.5	—	380.4
Inventories, net	—	310.1	99.1	—	409.2
Prepaid and other assets	—	84.1	20.2	—	104.3
Total current assets	—	697.3	244.7	—	942.0
Property, plant and equipment, net	—	317.8	49.8	—	367.6
Goodwill	—	333.4	124.7	—	458.1
Intangible assets, net	—	343.6	81.1	—	424.7
Other assets	8.8	14.8	1.6	—	25.2
Investment in affiliates	973.8	—	—	(973.8)	—
Intracompany assets	299.2	—	—	(299.2)	—
Total assets	<u>\$ 1,281.8</u>	<u>\$ 1,706.9</u>	<u>\$ 501.9</u>	<u>\$ (1,273.0)</u>	<u>\$ 2,217.6</u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities:					
Current portion of debt	\$ —	\$ 3.1	\$ 2.9	\$ —	\$ 6.0
Accounts payable	—	155.2	45.2	—	200.4
Accrued liabilities	0.1	191.3	98.4	—	289.8
Total current liabilities	0.1	349.6	146.5	—	496.2
Long-term debt	200.0	20.9	254.3	—	475.2
Other liabilities	—	133.7	30.8	—	164.5
Intracompany liabilities	—	59.4	239.8	(299.2)	—
Total liabilities	200.1	563.6	671.4	(299.2)	1,135.9
Shareholders' equity	1,081.7	1,143.3	(169.5)	(973.8)	1,081.7
Total liabilities and shareholders' equity	<u>\$ 1,281.8</u>	<u>\$ 1,706.9</u>	<u>\$ 501.9</u>	<u>\$ (1,273.0)</u>	<u>\$ 2,217.6</u>

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

OVERVIEW

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

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

Executive Summary

We are dedicated to delivering strong, consistent financial results and outstanding shareholder returns by providing consumers with products of superior quality and value to enhance their outdoor living environments. We are a leading manufacturer and marketer of consumer branded products for lawn and garden care and professional horticulture in North America and Europe. We are Monsanto's exclusive agent for the marketing and distribution of consumer Roundup® non-selective herbicide products within the United States and other contractually specified countries. We entered the North America wild bird food category with the acquisition of Gutwein & Co., Inc. ("Gutwein") in November 2005, and the outdoor living category with the acquisition of Smith & Hawken® in October 2004. We have a presence in similar consumer branded and professional horticulture products in Australia, the Far East, Latin America and South America. In the United States, we operate the second largest residential lawn service business, Scotts LawnService®. In fiscal 2007, our operations are divided into the following reportable segments: North America, Scotts LawnService®, International, and Corporate & Other. The Corporate & Other segment consists of the Smith & Hawken® business and corporate general and administrative expenses.

As a leading consumer branded lawn and garden company, we focus our consumer marketing efforts, including advertising and consumer research, on creating consumer demand to pull products through the retail distribution channels. In the past three years, we have spent approximately 5% of our net sales annually on media advertising to support and promote our products and brands. We have applied this consumer marketing focus for a number of years, and we believe that we receive a significant return on these marketing expenditures. We expect we will continue to focus our marketing efforts toward the consumer and make additional targeted investments in consumer marketing expenditures in the future to continue to drive market share and sales growth.

Our sales are susceptible to global weather conditions. For instance, periods of wet weather can adversely impact sales of certain products, while increasing demand for other products. We believe that our past acquisitions have somewhat diversified both our product line risk and geographic risk to weather conditions. Due to the nature of our lawn and garden business, significant portions of our shipments occur in the second and third fiscal quarters. In recent years, retailers have reduced their pre-season inventories placing greater reliance on us to deliver products "in season" when consumers seek to buy our products.

	Percent Net Sales by Quarter		
	2006	2005	2004
First Quarter	9.3%	10.4%	8.7%
Second Quarter	33.6%	34.3%	35.2%
Third Quarter	38.9%	38.0%	38.2%
Fourth Quarter	18.2%	17.3%	17.9%

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

Given the Company's strong performance and consistent cash flows, our Board of Directors has undertaken several actions over the past eighteen months to return cash to our shareholders. We began paying a quarterly cash dividend of 12.5 cents per share in the fourth quarter of fiscal 2005. In fiscal 2006, our Board launched a five-year \$500 million share repurchase program pursuant to which we repurchased 2.0 million common shares for \$87.9 million during fiscal 2006.

[Table of Contents](#)

Most recently, on December 12, 2006, the Company announced a recapitalization plan to return \$750 million to the Company's shareholders. This plan replaces the previously announced \$500 million share repurchase program (which has been canceled). Pursuant to this plan, the Company launched a modified "Dutch auction" tender offer on January 10, 2007, to repurchase up to 4.5 million of the Company's common shares for an aggregate purchase price of \$250 million (assuming the common shares are purchased at \$55.50 per share, the maximum price in the Dutch auction range). Unless extended by the Company, the tender offer is scheduled to expire on February 14, 2007. Following the consummation of the tender offer and subject to final Board approval, the Company intends to declare a special one-time cash dividend, currently anticipated to be \$500 million in the aggregate but subject to revision based on the success of the Dutch auction tender offer and other factors to be considered by the Board. The dividend payment date is expected to be no later than March 31, 2007.

In connection with this recapitalization plan, Scotts Miracle-Gro and certain of its subsidiaries have entered into the following loan facilities totaling in the aggregate up to \$2.15 billion: (a) a senior secured five-year term loan in the principal amount of \$560 million and (b) a senior secured five-year revolving loan facility in the aggregate principal amount of up to \$1.59 billion. The new \$2.15 billion senior secured credit facilities replaces the Company's \$1.05 billion senior credit facility. The representations and warranties, affirmative covenants, negative covenants and events of default under the new credit facilities are similar to prior facility, except that the new facility provides for the collateralization of domestic accounts receivable, inventory, and equipment.

On January 10, 2007, we also launched a cash tender offer for any and all of our outstanding 6 5/8% senior subordinated notes due 2013 in an aggregate principal amount of \$200 million. The tender offer is scheduled to expire on February 8, 2007, with the payment date expected to be on or about February 14, 2007. Proceeds from the new credit facilities will be used to fund the repurchase of the 6 5/8% senior subordinated notes. Substantially all of the 6 5/8% senior subordinated notes have been tendered as of February 8, 2007.

The Company expects to record charges of approximately \$18 million (to include approximately \$8.1 million of noncash charges associated with the write-off of deferred financing costs) during the second quarter of fiscal 2007 on the refinancing of its existing \$1.05 billion senior credit facility and the repurchase of the 6 5/8% senior subordinated notes.

These actions reflect management's confidence in the continued growth of the Company coupled with strong and consistent cash flows that can support the higher levels of debt necessary to finance this plan. Even with an increase in borrowings under the new credit facilities, we believe we will maintain the capacity to pursue targeted, strategic acquisitions that leverage our core competencies.

RESULTS OF OPERATIONS

The following table sets forth the components of income and expense as a percentage of net sales for the three months ended December 30, 2006 and December 31, 2005:

	THREE MONTHS ENDED	
	DECEMBER 30, 2006	DECEMBER 31, 2005
	(UNAUDITED)	
Net sales	100.0%	100.0%
Cost of sales	79.6	78.6
Gross profit	20.4	21.4
Operating expenses:		
Selling, general and administrative	52.4	50.4
Impairment, restructuring and other charges	—	2.3
Other income, net	(0.8)	(0.6)
Loss from operations	(31.2)	(30.7)
Interest expense	3.0	2.8
Loss before income taxes	(34.2)	(33.5)
Income tax benefit	(12.3)	(12.4)
Net loss	(21.9)%	(21.1)%

Net sales for the three months ended December 30, 2006 were \$271.2 million, an increase of 8.7% from net sales of \$249.5 million for the three months ended December 31, 2005. Recent acquisitions favorably impacted sales growth for the quarter by 6%, while the impact of foreign exchange rates increased sales growth by 2.7%. Excluding these factors, sales for the quarter were essentially flat as compared to the first quarter of fiscal 2006. Net sales for our first quarter typically comprise between 9% to 11% of our total fiscal

[Table of Contents](#)

year net sales. Therefore, first quarter net sales trends are generally not indicative of the full fiscal year. The impact of price increases in the first quarter was not material to the discussion of net sales.

As a percentage of net sales, gross profit was 20.4% of sales in the first quarter of fiscal 2007 compared to 21.4% in the first quarter of fiscal 2006. Most of the first quarter fiscal 2007 margin pressure was anticipated and is primarily the result of strategic acquisitions of margin rate dilutive businesses and commodity cost increases that will not be offset until 2007 pricing to our retailers takes effect in our second fiscal quarter.

Selling, General and Administrative Expense:

	THREE MONTHS ENDED	
	DECEMBER 30, 2006	DECEMBER 31, 2005
	(IN MILLIONS) (UNAUDITED)	
Advertising	\$ 13.4	\$ 14.9
Selling, general and administrative	125.3	107.8
Amortization of intangibles	3.5	3.3
	<u>\$ 142.2</u>	<u>\$ 126.0</u>

Spending on selling, general and administrative expenses was \$142.2 million in the first quarter of fiscal 2007, compared to \$126.0 million for the first quarter of fiscal 2006, an increase of 12.9% or 10.7% excluding the effect of foreign exchange rates. We are expecting full year growth of SG&A of 10 to 12 percent. First quarter growth was driven by full year planned increases in technology and innovation, Scotts LawnService® spending in advance of growth, and overhead additions from acquisitions. In addition, approximately \$2.0 million of expense was incurred in our International segment primarily comprised of severance costs incurred to streamline management.

Impairment, Restructuring and Other Charges, net:

	THREE MONTHS ENDED	
	DECEMBER 30, 2006	DECEMBER 31, 2005
	(IN MILLIONS) (UNAUDITED)	
Impairment charges	\$ —	\$ 1.0
Restructuring — severance and related	—	4.7
	<u>\$ —</u>	<u>\$ 5.7</u>

The Company performs its annual impairment analysis of indefinite-lived intangibles and goodwill during the first quarter of the fiscal year. The impairment analysis for the first quarter of fiscal 2007 indicated that no impairment charges were required. The \$1.0 million charge recorded in the first quarter of fiscal 2006 related to a trademark written off in the United Kingdom. Restructuring activities in the first quarter of fiscal 2006 related to further organizational adjustments associated with Project Excellence initiated in the third quarter of fiscal 2005.

Interest expense for the first quarter of fiscal 2007 was \$8.2 million, compared to \$7.1 million for the first quarter of fiscal 2006. The increase in interest expense was due primarily to higher average borrowings and an increase in rates as compared to the prior year.

The income tax benefit was calculated assuming an effective tax rate of 36.0% for the first quarter of fiscal 2007, versus 37.0% for the comparable quarter in fiscal 2006. The effective tax rate used for interim reporting purposes is based on management's best estimate of factors impacting the effective tax rate for the fiscal year. Factors affecting the estimated rate include assumptions as to income by jurisdiction (domestic and foreign), the availability and utilization of tax credits, the existence of elements of income and expense that may not be taxable or deductible, as well as other items. There can be no assurance that the effective tax rate estimated for interim financial reporting purposes will approximate the effective tax rate determined at fiscal year end. The estimated effective tax rate is subject to revision in later interim periods and at fiscal year end as facts and circumstances change during the course of the fiscal year.

The Company reported a net loss of \$59.4 million for the first quarter of fiscal 2007, compared to a net loss of \$52.7 million for the first quarter of fiscal 2006. This increased seasonal loss was anticipated due to higher levels of spending in advance of the spring and summer selling season and, to a lesser extent, recent acquisitions. Average common shares outstanding decreased to 67.2 million for the quarter ended December 30, 2006 from 68.0 million for the quarter ended December 31, 2005. The decrease results from the repurchase of common shares during fiscal 2006 offset by common shares issued for option exercises. Common stock equivalents are not included in the shares used for the first quarter diluted earnings per share calculations due to their anti-dilutive effect.

[Table of Contents](#)

SEGMENT RESULTS

Consistent with fiscal 2006, our fiscal 2007 operations are divided into the following reportable segments: North America, Scotts LawnService®, International, and Corporate & Other. The Corporate & Other segment consists of Smith & Hawken® and corporate general and administrative expenses. Certain reclassifications were made to prior period amounts to reflect the inclusion of biotech costs and certain other items in the Corporate & Other segment instead of the North America segment to be consistent with fiscal 2007 reporting. Segment performance is evaluated based on several factors, including income from operations before amortization, and impairment, restructuring and other charges, which is a non-GAAP measure. Management uses this measure of operating profit to gauge segment performance because we believe this measure is the most indicative of performance trends and the overall earnings potential of each segment.

The following table sets forth net sales by segment:

	THREE MONTHS ENDED	
	DECEMBER 30, 2006	DECEMBER 31, 2005
	(IN MILLIONS) (UNAUDITED)	
North America	\$ 137.6	\$ 125.6
Scotts LawnService®	25.8	23.6
International	63.4	58.3
Corporate & other	44.6	42.2
Consolidated	271.4	249.7
Roundup® amortization	(0.2)	(0.2)
	<u>\$ 271.2</u>	<u>\$ 249.5</u>

The following table sets forth operating loss by segment:

	THREE MONTHS ENDED	
	DECEMBER 30, 2006	DECEMBER 31, 2005
	(IN MILLIONS) (UNAUDITED)	
North America	\$ (29.8)	\$ (27.3)
Scotts LawnService®	(16.4)	(11.3)
International	(7.9)	(5.1)
Corporate & other	(26.8)	(23.7)
Consolidated	(80.9)	(67.4)
Roundup® amortization	(0.2)	(0.2)
Other amortization	(3.5)	(3.3)
Impairment of intangibles	—	(1.0)
Restructuring and other charges	—	(4.7)
	<u>\$ (84.6)</u>	<u>\$ (76.6)</u>

North America

North America segment net sales were \$137.6 million in the first quarter of fiscal 2007, an increase of 9.6% from net sales of \$125.6 million for the first quarter of fiscal 2006. Excluding the impact of acquisitions that occurred during fiscal 2006, net sales were down about 2%. This slight decline is a function of timing of shipments to retailers on the traditionally low first quarter sales base. Point-of-sales in the North America segment increased 2% for the quarter, showing particularly strong consumer demand for our Ortho®, plant foods, and growing media products. It is important to note that our first quarter typically represents less than 7% of annual sales for this segment and falls at the end of the growing season for North America, contributing to the short-term discrepancy between retailer purchases and consumer take away of our products. Over the course of a complete season, retailer purchases and consumer take away of our products generally should align.

The first quarter fiscal 2007 operating loss generated by the North America segment increased by \$2.5 million as compared to the first quarter of fiscal 2006. First quarter fiscal 2007 gross margin pressures were the primary cause for this decline and were anticipated. Strategic acquisitions of margin rate dilutive businesses and commodity cost increases that will not be offset until 2007 pricing to our retailers takes effect in our second fiscal quarter were the primary causes.

Scotts LawnService®

Scotts LawnService® revenues increased 9.3% from \$23.6 million in the first quarter of fiscal 2006 to \$25.8 million in the first quarter of fiscal 2007. Continued strong organic growth and improved customer retention are the primary drivers behind this increase. Fiscal 2006 ended with our customer count up 12%, which increased to 15% year-over-year as of December 30, 2006. This increase in customer count was partially offset as first quarter fiscal 2006 sales were favorably impacted due to late season hurricanes in fiscal 2005 which delayed treatments in some southern markets until the first quarter of fiscal 2006. While not material to annual revenues, this revenue shift is significant in this seasonally low revenue quarter.

The higher operating loss for Scotts LawnService® in the first quarter of fiscal 2007 was primarily attributable to higher SG&A spending as the business continues its rapid growth track.

International

Net sales for the International segment in the first quarter of fiscal 2007 were \$63.4 million, an increase of \$5.1 million, or 8.7%, versus the first quarter of fiscal 2006. Excluding the effect of exchange rates, net sales decreased by \$1.2 million or 2.0%. This was slightly behind our expectations for the quarter. We were anticipating some delay of shipments relative to last fiscal year as European retailers push inventory closer to consumer demand.

The International operating loss for the first quarter of fiscal 2007 increased by \$2.8 million from the first quarter of fiscal 2006 to \$7.9 million. This increase was attributed primarily to approximately \$2.0 million of costs incurred during the first quarter of fiscal 2007 in the ongoing streamlining of the management structure in Europe, coupled with the impact of higher foreign exchange rates.

Corporate & other

Net sales for the Corporate & Other segment, which pertain primarily to Smith & Hawken®, increased \$2.4 million or 5.7%, from the first quarter of fiscal 2006. This increase was attributable to 4.0% growth in retail store sales coupled with stronger business-to-business sales.

The net operating loss for Corporate & Other increased by \$3.1 million in the first quarter of 2007 as compared to the first quarter of fiscal 2006. A higher Smith & Hawken® operating loss coupled with the effect of cost offsets from legal recoveries in the first quarter of fiscal 2006 that were not repeated in the first quarter of fiscal 2007 were the primary drivers behind the increase.

LIQUIDITY AND CAPITAL RESOURCES

Cash used in operating activities amounted to \$204.1 million and \$234.0 million for the three months ended December 30, 2006 and December 31, 2005, respectively. The use of cash in the first fiscal quarter is due to the seasonal nature of our operations. The first quarter is the low point for net sales while at the same time we are building inventories in preparation for the spring selling season that begins in our second fiscal quarter. The decrease in cash used in operating activities in the first quarter of fiscal 2007 as compared to the first quarter of fiscal 2006 relates primarily to the \$43.0 million Roundup® deferred contribution amount paid in October 2005.

Cash used in investing activities was \$18.6 million and \$112.0 million for the three months ended December 30, 2006 and December 31, 2005, respectively. Our acquisitions of Gutwein and RMC required a net cash outlay of approximately \$97.7 million in the first quarter of 2006, which were financed with borrowings under our existing lines of credit. Acquisition activity in the first quarter of fiscal 2007 was insignificant, with \$2.7 million spent on acquisitions relating to our Scotts LawnService® business. Other capital spending on property, plant and equipment done in the normal course of business was fairly consistent, with \$16.2 million spent during the first quarter of fiscal 2007 as compared to the \$14.3 million spent in the first quarter of fiscal 2006.

Financing activities provided cash of \$212.1 million and \$300.6 million for the three months ended December 30, 2006 and December 31, 2005, respectively. The higher financing needs in the first quarter of fiscal 2006 were primarily due to acquisitions.

Our primary sources of liquidity are cash generated by operations and borrowings under our credit agreements. Our Revolving Credit Agreement consists of an aggregate \$1.05 billion multi-currency commitment that extends through July 21, 2010. Under our current structure, we may request an additional \$100 million in revolving credit commitments, subject to approval from our lenders. As of December 30, 2006, there was \$570.9 million of availability under the Revolving Credit Agreement. As of December 30, 2006, we

Table of Contents

also had \$200.0 million of 6 5/8% senior subordinated notes outstanding. We were in compliance with all of our debt covenants throughout the first quarter of fiscal 2007.

The recapitalization plan announced on December 12, 2006, to return \$750 million to shareholders during the second quarter of fiscal 2007, will be financed by replacing the Company's principal borrowing arrangements. Effective February 7, 2007, our prior Revolving Credit Agreement was replaced with new senior secured \$2.15 billion multicurrency credit facilities that provide for revolving credit and term loans. The representations and warranties, affirmative covenants, negative covenants and events of default under the new credit facilities are similar to the prior facility, except that the new facility provides for the collateralization of domestic accounts receivable, inventory, and equipment. As part of the refinancing, our \$200 million of 6 5/8% senior subordinated notes outstanding will be repurchased. We believe our new facilities will continue to provide the Company with the capacity to pursue targeted, strategic acquisitions that leverage our core competencies.

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

In our opinion, cash flows from operations and capital resources will be sufficient to meet debt service and working capital needs during fiscal 2007 and thereafter for the foreseeable future. However, we cannot ensure that our business will generate sufficient cash flow from operations or that future borrowings will be available under our credit facilities in amounts sufficient to pay indebtedness or fund other liquidity needs. Actual results of operations will depend on numerous factors, many of which are beyond our control.

ENVIRONMENTAL MATTERS

We are subject to local, state, federal and foreign environmental protection laws and regulations with respect to our business operations and believe we are operating in substantial compliance with, or taking actions aimed at ensuring compliance with, such laws and regulations. We are involved in several legal actions with various governmental agencies related to environmental matters. While it is difficult to quantify the potential financial impact of actions involving environmental matters, particularly remediation costs at waste disposal sites and future capital expenditures for environmental control equipment, in the opinion of management, the ultimate liability arising from such environmental matters, taking into account established reserves, should not have a material adverse effect on our financial position. However, there can be no assurance that the resolution of these matters will not materially affect our future quarterly or annual results of operations, financial condition or cash flows. Additional information on environmental matters affecting us is provided in the fiscal 2006 Annual Report on Form 10-K under "ITEM 1. BUSINESS — Environmental and Regulatory Considerations," "ITEM 1. BUSINESS — Regulatory Actions" and "ITEM 3. LEGAL PROCEEDINGS."

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preceding discussion and analysis of the consolidated results of operations and financial position should be read in conjunction with our Condensed, Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q. Our Annual Report on Form 10-K for the fiscal year ended September 30, 2006 includes additional information about the Company, our operations, our financial position, our critical accounting policies and accounting estimates, and should be read in conjunction with this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risks have not changed significantly from those disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2006.

ITEM 4. CONTROLS AND PROCEDURES

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

Table of Contents

10-Q. Based upon that evaluation, the Company's principal executive officer and principal financial officer have concluded that:

- (A) information required to be disclosed by the Company in this Quarterly Report on Form 10-Q and the other reports that the Company files or submits under the Exchange Act would be accumulated and communicated to the Company's management, including its principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure,
- (B) information required to be disclosed by the Company in this Quarterly Report on Form 10-Q and the other reports that the Company files or submits under the Exchange Act would be recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms; and
- (C) the Company's disclosure controls and procedures are effective as of the end of the fiscal quarter covered by this Quarterly Report on Form 10-Q to ensure that material information relating to the Company and its consolidated subsidiaries is made known to them, particularly during the period in which the Company's periodic reports, including this Quarterly Report on Form 10-Q, are being prepared.

In addition, there were no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the Company's fiscal quarter ended December 30, 2006, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Pending material legal proceedings have not changed significantly from those disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2006.

ITEM IA. RISK FACTORS

Cautionary Statement on forward-looking Statements

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

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

Some forward-looking statements that we make in this Quarterly Report on Form 10-Q and in other contexts represent challenging goals for the Company, and the achievement of these goals is subject to a variety of risks and assumptions and numerous factors beyond our control. Important factors that could cause actual results to differ materially from the forward-looking statements we make are included in Part I, "Item IA. Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended September 30, 2006. All forward-looking statements attributable to us or persons working on our behalf are expressly qualified in their entirety by those cautionary statements.

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

(c) Issuer Purchases of Equity Securities

On December 12, 2006, Scotts Miracle-Gro announced its intent to implement a recapitalization plan which included the termination of the Scotts Miracle-Gro share repurchase program that was approved by the Board of Directors and publicly announced on October 27, 2005 (the "Share Repurchase Program"). There were no repurchases of Scotts Miracle-Gro's common shares made by or on behalf of Scotts Miracle-Gro or any "affiliated purchaser" of Scotts Miracle-Gro as defined in

Table of Contents

Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended, during the first quarter of fiscal 2007. Scotts Miracle-Gro had been authorized to purchase up to \$100 million of its common shares each fiscal year through 2010.

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

The Annual Meeting of Shareholders of Scotts Miracle-Gro (the "Annual Meeting") was held in Marysville, Ohio on January 25, 2007.

The result of the vote of the shareholders in the election of four directors, for terms of three years each to expire at the 2010 Annual Meeting of Shareholders, was as follows:

<u>NOMINEE</u>	<u>VOTES FOR</u>	<u>VOTES WITHHELD</u>
Mark R. Baker	62,952,856	322,431
Joseph P. Flannery	59,992,604	3,282,682
Katherine Hagedorn Littlefield	59,964,336	3,310,951
Patrick J. Norton	59,968,881	3,306,406

Each of the nominees designated by the Scotts Miracle-Gro Board of Directors was elected. The other directors whose terms of office continue after the Annual Meeting are James Hagedorn, Karen G. Mills, Stephanie M. Shern, Arnold W. Donald, Gordon F. Brunner and Thomas N. Kelly. Also on January 25, 2007, John Walker Ph.D. and John M. Sullivan retired from the Board of Directors. John S. Shiely was appointed to the Scotts Miracle-Gro Board of Directors on January 25, 2007 to fill the vacancy created by Mr. Sullivan's retirement.

The Proposal submitted by Boston Common Asset Management, LLC and John C. Harrington requesting reports on efforts to oppose local environmental health policies was rejected by shareholders. The result of the vote was:

<u>VOTES FOR</u>	<u>VOTES AGAINST</u>	<u>ABSTENTIONS</u>	<u>BROKER NON-VOTES</u>
5,296,927	51,489,791	2,004,430	4,484,139

ITEM 5. OTHER INFORMATION

At Scotts Miracle-Gro's 2006 Annual Meeting of Shareholders held on January 26, 2006, The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (the "2006 Plan") was approved by shareholders. The 2006 Plan authorizes grants to individuals who perform services for and are designated as employees of Scotts Miracle-Gro, its affiliates, and/or its subsidiaries on the payroll records thereof outside of the United States of America (the "International Associates") as well as within the United States of America. The Company currently has International Associates in Australia, Austria, Belgium, Canada, France, Germany, Netherlands, Poland and The United Kingdom. Under the 2006 Plan, International Associates may receive grants of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, cash-based awards, or other stock-based awards not described by one of the foregoing awards. A copy of the 2006 Plan was filed as Exhibit 10.2 to Scotts Miracle-Gro's Current Report on Form 8-K on February 2, 2006. The respective specimen forms of award agreements to evidence awards to International Associates in Australia, Austria, Belgium, Canada, France, Germany, Netherlands, Poland and The United Kingdom under the 2006 Plan are filed with this Quarterly Report on Form 10-Q as Exhibits 10.1 through 10.7.

ITEM 6. EXHIBITS

See Index to Exhibits at page 33 for a list of the exhibits included herewith.

[Table of Contents](#)

SIGNATURES

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

THE SCOTTS MIRACLE-GRO COMPANY

Date: February 8, 2007

/s/ DAVID C. EVANS

David C. Evans

Executive Vice President and Chief Financial Officer
(Principal Financial and Principal Accounting Officer)
(Duly Authorized Officer)

THE SCOTTS MIRACLE-GRO COMPANY
QUARTERLY REPORT ON FORM 10-Q
FOR THE FISCAL QUARTER ENDED DECEMBER 30, 2006

INDEX TO EXHIBITS

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>	<u>LOCATION</u>
10.1	Specimen form of Award Agreement for Non-Qualified Stock Options, Restricted Stock and Restricted Stock Units granted and to be granted to employees under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (Standard International form covering Australian, Canadian and The Netherlands Specimens)	*
10.2	Specimen form of Award Agreement for Non-Qualified Stock Options, Restricted Stock and Restricted Stock Units granted and to be granted to employees under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (Austrian Specimen)	*
10.3	Specimen form of Award Agreement for Non-Qualified Stock Options granted and to be granted to employees under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (Belgian Specimen)	*
10.4	Specimen form of Award Agreement for Non-Qualified Stock Options, Restricted Stock, Restricted Stock Units and Performance Shares granted and to be granted to employees under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (French Specimen)	*
10.5	Specimen form of Award Agreement for Non-Qualified Stock Options granted and to be granted to employees under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (German Specimen)	*
10.6	Specimen form of Award Agreement for Non-Qualified Stock Options granted and to be granted to employees under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (Polish Specimen)	*
10.7	Specimen form of Award Agreement for Non-Qualified Stock Options, Restricted Stock and Restricted Stock Units granted and to be granted to employees under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (United Kingdom Specimen)	*
10.8	Summary of Compensation for Directors of The Scotts Miracle-Gro Company	*
10.9	Employment Agreement for Christopher Nagel, entered into effective as of October 1, 2006, by and between Christopher Nagel and The Scotts Miracle-Gro Company	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed December 7, 2006 (File No. 1-13292) [Exhibit 10.1]
10.10	The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Award Agreement for Employees, evidencing Restricted Stock Award of 38,000 Restricted Common Shares Awarded to Christopher Nagel on October 1, 2006 by The Scotts Miracle-Gro Company	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed December 7, 2006 (File No. 1-13292) [Exhibit 10.2]
10.11	Separation Agreement and Release of All Claims, dated December 1, 2006, between The Scotts Company LLC and Robert F. Bernstock	Incorporated herein by reference to the Registrant's Current Report on Form 8-K filed December 7, 2006 (File No. 1-13292) [Exhibit 10.3]

[Table of Contents](#)

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>	<u>LOCATION</u>
31(a)	Rule 13a-14(a)/15d-14(a) Certification (Principal Executive Officer)	*
31(b)	Rule 13a-14(a)/15d-14(a) Certification (Principal Financial Officer)	*
32	Section 1350 Certification (Principal Executive Officer and Principal Financial Officer)	*

* Filed herewith

STANDARD INTERNATIONAL FORM

**THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES THAT HAVE BEEN REGISTERED
UNDER THE SECURITIES ACT OF 1933.**

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

AWARD AGREEMENT FOR EMPLOYEES

[FORM OF AWARD] AWARDED TO [GRANTEE'S NAME] ON [GRANT DATE]

The Scotts Miracle-Gro Company ("Company") and its shareholders believe that their business interests are best served by ensuring that you have an opportunity to share in the Company's business success. To this end, the Company adopted and its shareholders approved The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan ("Plan") through which key employees, like you, may acquire (or share in the appreciation of) common shares of the Company.

We cannot guarantee that the value of your Award (or the value of the common shares you acquire through an Award) will increase. This is because the value of the Company's common shares is affected by many factors. However, the Company believes that your efforts contribute to the value of the Company's common shares and that the Plan (and the Awards made through the Plan) is an appropriate means of sharing with you the value of your contribution to the Company's business success.

This Award Agreement describes the type of Award that you have been granted and the conditions that must be met before you may receive the value associated with your Award. To ensure you fully understand these terms and conditions, you should:

- Read the Plan and the Plan's Prospectus, as supplemented, carefully to ensure you understand how the Plan works;
- Read this Award Agreement carefully to ensure you understand the nature of your Award and what you must do to earn it; and
- Contact **[Contact's Name at Company]**, **[Contact's Title]** at **[Telephone Number]** if you have any questions about your Award. Or, you may send a written inquiry to the address shown below:

The Scotts Miracle-Gro Company
Attention: **[Contact's Name at Company]**
[Contact's Title]
14111 Scottslawn Road
Marysville, Ohio 43041

You must return a signed copy of this Award Agreement no later than **[___ Days Post Grant Date]** to:

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

STANDARD INTERNATIONAL FORM

If you do not do this, your Award will be forfeited and you will not be entitled to receive anything on account of this Award.

Description of Your Nonqualified Stock Options

You have been awarded Nonqualified Stock Options (or “NSOs”) to purchase [Number Granted] common shares of the Company. You may purchase one of the Company’s common shares for each NSO, but only if you pay US \$[Price] (“Exercise Price”) for each common share you purchase, you exercise the NSOs on or before [Expiration Date] (“Expiration Date”) and you meet the terms and conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented. You also must arrange to pay any taxes due on exercise using one of the procedures described later in this Award Agreement.

Limits on Exercising Your NSOs

Normally, your NSOs will vest (and become exercisable) on [Vesting Date] but only if you are actively employed by the Company or any Subsidiary or Affiliate (as defined in the Plan) on [Vesting Date] and all other conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented, are met.

This does not mean that you must exercise your NSOs on this date; this is merely the first date that you may do so. However, your NSOs will expire unless they are exercised on or before the Expiration Date ([Expiration Date]).

There are some special situations in which your NSOs may vest earlier. These are described later in this Award Agreement.

At any one time, you may not exercise NSOs to buy fewer than 100 common shares of the Company (or, if smaller, the number of your outstanding vested NSOs). Also, you may never exercise an NSO to purchase a fractional common share of the Company; NSOs for fractional common shares will always be redeemed for cash.

Exercising Your NSOs

After they vest, you may exercise your NSOs by completing an Exercise Notice. A copy of this Exercise Notice is attached to this Award Agreement. Also, a copy of this Exercise Notice and a description of the procedures that you must follow to exercise your NSOs are available from [Third Party Administrator] at [TPA Telephone Number] or at the address shown below.

You may use one of three methods to exercise your NSOs and to pay any taxes related to that exercise. You will decide on the method at the time of exercise.

Cashless Exercise and Sell: If you elect this alternative, you will be deemed to have simultaneously exercised the NSOs and to have sold the common shares underlying those NSOs. When the transaction is complete, you will receive cash (but no common shares of the Company) equal to the difference between the aggregate value of the common shares deemed to have been acquired through the exercise *minus* the NSOs’ aggregate exercise price and related taxes.

Combination Exercise: If you elect this alternative, you will be deemed to have simultaneously exercised the NSOs and to have sold a number of those common shares with a value equal to the NSOs’ aggregate exercise price and related taxes. When the transaction is complete, the balance of the common shares subject to the NSOs you exercised will be transferred to you.

STANDARD INTERNATIONAL FORM

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 common shares of the Company having a 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 one common share for each NSO exercised.

Before choosing an exercise method, you should read the Prospectus, as supplemented, to ensure you understand the federal income tax effect of exercising your NSOs and of the exercise method you choose.

If you do not elect one of these methods, we will apply the Cashless Exercise and Sell method described above.

Tax Treatment of Your NSOs

The federal income tax treatment of your NSOs is discussed in the Plan's Prospectus, as supplemented.

General Terms and Conditions

You May Forfeit Your NSOs if Your Employment Ends

Normally, you may exercise your NSOs after they vest and before the Expiration Date (**[Expiration Date]**). However, your NSOs may be cancelled earlier than the Expiration Date if you terminate employment before **[Vesting Date]**.

[a] If your employment is terminated for "cause" (as defined in the Plan), the NSOs will expire on the date your employment ends; or

[b] If your employment is terminated because of your **[i]** death or **[ii]** disability (as defined in the Plan), your NSOs will expire on the earlier of the Expiration Date or 12 months after you terminate; or

[c] If your employment is terminated after you have reached either **[i]** age 55 and completed at least 10 years of employment or **[ii]** age 62 regardless of your years of service, the NSOs will expire on the earlier of the Expiration Date or 12 months after you terminate; or

[d] If your employment is terminated for any reason other than "cause," death, or disability, your NSOs will expire on the earlier of the Expiration Date or 90 days after you terminate.

Note: it is your responsibility to keep track of when your NSOs expire.

You May Forfeit Your NSOs if You Engage in Conduct That is Harmful to the Company (or any Affiliate or Subsidiary)

You also will forfeit any outstanding NSOs and, to the extent permitted by law, must return to the Company all common shares and other amounts you have received through the Plan if, without our consent, you do any of the following within 180 days before and 730 days after terminating employment (as defined in the Plan) with the Company or any Affiliate or Subsidiary:

[a] You serve (or agree to serve) as an officer, director, consultant or employee of any proprietorship, partnership, corporation or other entity or become the owner of a business or a member of a partnership that competes with any portion of the Company's (or any Affiliate's or

STANDARD INTERNATIONAL FORM

Subsidiary's) business with which you have been involved any time within five years before termination of employment or render any service (including, without limitation, advertising or business consulting) to entities that compete with any portion of the Company's (or any Affiliate's or Subsidiary's) business with which you have been involved any time within five years before termination of employment;

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

[c] 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;

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

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

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

[g] You engaged in conduct that the Committee (as defined in the Plan) reasonably concludes would have given rise to a termination for "cause" (as defined in the Plan) had it been discovered before you terminated your employment.

Your NSOs May Vest Earlier Than Described Above. Normally, your NSOs will vest only in the circumstances described above. However, if there is a "Change in Control" (as defined in the Plan), your NSOs may vest earlier. You should read the Plan and the Prospectus carefully to ensure that you understand how this may happen.

Amendment/Termination. We may amend or terminate the Plan at any time.

Rights Before Your NSOs Are Exercised: You may not vote, or receive any dividends associated with, the common shares underlying your NSOs.

Beneficiary Designation: You may name a beneficiary or beneficiaries to receive or to exercise any vested NSOs that are unexercised when you die. This may be done only on the attached Beneficiary

STANDARD INTERNATIONAL FORM

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.

Transferring Your NSOs: Normally your NSOs may not be transferred to another person. However, you may complete a Beneficiary Designation Form to name the person who may exercise your NSOs if you die before the Expiration Date of your NSOs. Also, the Committee may allow you to place your NSOs into a trust established for your benefit or for the benefit of your family. Contact **[Third Party Administrator]** at **[TPA Telephone Number]** or at the address given below if you are interested in doing this.

Governing Law: This Award Agreement will be construed in accordance with and governed by the laws of the United States of America and of the State of Ohio (other than laws governing conflicts of laws).

Other Agreements: Also, your NSOs 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.

Adjustments to NSOs: Your NSOs will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of your NSOs and the Exercise Price will be adjusted to reflect a stock split).

No Right to Employment: Your award of NSOs is a voluntary, discretionary bonus being made on a one-time basis and it does not constitute a commitment to make any future awards. This award of NSOs and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. Nothing in this Award Agreement will give you any right to continue employment with the Company or any Subsidiary or Affiliate, as the case may be, or interfere in any way with the right of the Company or a Subsidiary or an Affiliate to terminate your employment.

Data Privacy: Information about you and your participation in the Plan, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all NSOs or other entitlement to shares of stock awarded, cancelled, exercised, vested, unvested or outstanding in your favor, may be collected, recorded, held, used and disclosed for any purpose related to the administration of the Plan. You understand that the Company and its Subsidiaries or Affiliates may transfer such information to any third party administrators, regardless of whether such persons are located within your country of residence, the European Economic Area or in countries outside of the European Economic Area, including the United States of America. You consent to the processing of information relating to you and your participation in the Plan in any one or more of the ways referred to above.

Other Rules: Your NSOs also are subject to more rules described in the Plan and in the Plan's Prospectus, as supplemented. You should read both of these documents carefully to ensure you fully understand all the terms and conditions of the grant of NSOs made to you under this Award Agreement.

You may contact **[Third Party Administrator]** at **[TPA Telephone Number]** or at the address given below if you have any questions about your Award or this Award Agreement.

Your Acknowledgment of Award Conditions

Note: You must sign and return a copy of this Award Agreement to [Third Party Administrator] at the address given below no later than [__Days Post Grant Date].

By signing below, I acknowledge and agree that:

- A copy of the Plan has been made available to me;
- I have received a copy of the Plan's Prospectus, as supplemented;
- I understand and accept the conditions placed on my NSOs and understand what I must do to earn and exercise my NSOs. I also have had the opportunity to seek advice from independent counsel regarding the terms and conditions of my NSOs;
- I will consent (on my own behalf and on behalf of my beneficiaries and without any further consideration) to any necessary change to my NSOs or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the U.S. Internal Revenue Code, even if those changes affect the terms of my NSOs and reduce their value or potential value; and
- If I do not return a signed copy of this Award Agreement to the address shown below on or before [__Days Post Grant Date], my NSOs will be forfeited and I will not be entitled to receive anything on account of this Award.

[Grantee's Name]

THE SCOTTS MIRACLE-GRO COMPANY

By: _____

By: _____

Date signed: _____

Name: _____

Title: _____

Date signed: _____

A signed copy of this Award Agreement must be sent to the following address no later than [__Days Post Grant Date]:

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

After it is received, The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee will acknowledge receipt of your signed Award Agreement.

**THE SCOTTS MIRACLE-GRO COMPANY
2006 LONG-TERM INCENTIVE PLAN
NONQUALIFIED STOCK OPTION EXERCISE NOTICE
AFFECTING NONQUALIFIED STOCK OPTIONS GRANTED TO
[GRANTEE'S NAME] ON [GRANT DATE]**

Additional copies of this Nonqualified Stock Option Exercise Notice (and any further information you may need about this Exercise Notice or exercising your NSOs) are available from **[Third Party Administrator]** at the address given below.

By completing this Exercise Notice and returning it to **[Third Party Administrator]** at the address given below, I elect to exercise the NSOs described below:

NOTE: You must complete a separate Nonqualified Stock Option Exercise Notice each time you exercise NSOs granted under each Award Agreement (e.g., if you are exercising 200 NSOs granted January 1, 2007 and 100 NSOs granted January 1, 2008 under a separate award agreement, you must complete two Nonqualified Stock Option Exercise Notices, one for each set of NSOs being exercised).

AFFECTED NSOS: This exercise relates to the following NSOs (fill in the blanks):

GRANT DATE: **[GRANT DATE]**

NUMBER OF NSOS BEING EXERCISED WITH THIS EXERCISE NOTICE:

EXERCISE PRICE: The Exercise Price due is US \$ _____

NOTE: This amount must be the product of US \$**[Price]** multiplied by the number of NSOs being exercised.

PAYMENT OF EXERCISE PRICE: I have decided to pay the Exercise Price and any related taxes by (check one):

NOTE: These methods are described in the Award Agreement.

Cashless Exercise and Sell.

Combination Exercise.

Exercise and Hold.

Note:

- If you select the Exercise and Hold method of exercise, you must also follow the procedures described in the Award Agreement to pay the Exercise Price and the taxes related to this exercise. You should contact **[Third Party Administrator]** at the address given below to find out the amount of the taxes due.
-

STANDARD INTERNATIONAL FORM

- If you select either the Cashless Exercise and Sell or the Combination Exercise methods of paying the Exercise Price, you should contact **[Third Party Administrator]** at the address given below to be sure you understand how your choice of payment will affect the number of common shares of the Company you will receive.
-

YOUR ACKNOWLEDGEMENT OF EFFECT OF EXERCISE

By signing below, I acknowledge and agree that:

- I fully understand the effect (including the investment effect) of exercising my NSOs and buying common shares of the Company and understand that there is no guarantee that the value of these common shares will appreciate or will not depreciate;
- This Exercise Notice will have no effect if it is not returned to **[Third Party Administrator]** at the address given below before the Expiration Date specified in the Award Agreement under which these NSOs were granted; and
- The common shares of the Company I am buying by completing and returning this Exercise Notice will be issued to me as soon as administratively practicable.

[Grantee's Name]

(signature)

Date signed: _____

A signed copy of this Nonqualified Stock Option Exercise Notice must be sent to the following address no later than the Expiration Date:

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

ACKNOWLEDGEMENT OF RECEIPT

A signed copy of this Nonqualified Stock Option Exercise Notice was received on:

_____.

[Grantee's Name]:

Has effectively exercised the NSOs described in this Notice; or

Has not effectively exercised the NSOs described in this Notice because

describe deficiency

The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee

By: _____

Date: _____

Note: Keep a copy of this Exercise Notice as part of the Plan's permanent records.

Description of Your Restricted Stock

You have been awarded [Number Granted] shares of Restricted Stock. If you satisfy the conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented, the restrictions imposed on your Restricted Stock will be removed and you will own the underlying common shares. You also must arrange to pay any taxes due.

When Your Restricted Stock Will Be Settled

Normally, on **[Vesting Date]**, the Committee (as defined in the Plan) will ascertain if you have satisfied the conditions imposed on your Restricted Stock. If you have not, your Restricted Stock will be forfeited. If you have, as soon as administratively practicable after **[Vesting Date]**, these common shares will be distributed to you, free of any restrictions. Your Restricted Stock will be held in escrow until it is settled or forfeited.

The restrictions imposed on your Restricted Stock normally will be met if you are actively employed by the Company or any Affiliate or Subsidiary (as defined in the Plan) on **[Vesting Date]** and all other conditions described in this Award Agreement, the Plan and the Prospectus are met.

Tax Treatment of Your Restricted Stock

The federal income tax treatment of your Restricted Stock is discussed in the Plan's Prospectus, as supplemented.

General Terms and Conditions

You Will Forfeit Your Restricted Stock if Your Employment Ends

Normally, your Restricted Stock will be settled on **[Vesting Date]**. However, the unvested portion of your Restricted Stock will be forfeited if you terminate employment before **[Vesting Date]**.

You May Forfeit Your Restricted Stock if You Engage in Conduct That is Harmful to the Company (or any Affiliate or Subsidiary)

You also will forfeit any outstanding Restricted Stock and, to the extent permitted by law, must return to the Company all common shares and other amounts you have received through the Plan if, without our consent, you do any of the following within 180 days before and 730 days after terminating employment:

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

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

STANDARD INTERNATIONAL FORM

[c] 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;

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

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

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

[g] You engaged in conduct that the Committee reasonably concludes would have given rise to a termination for "cause" (as defined in the Plan) had it been discovered before you terminated your employment.

Your Restricted Stock May Vest Earlier Than Described Above. Normally, your Restricted Stock will vest only in the circumstances described above. However, if there is a "Change in Control" (as defined in the Plan), your Restricted Stock may vest earlier. You should read the Plan and the Prospectus, as supplemented, carefully to ensure that you understand how this may happen.

Rights Before Your Restricted Stock Vests: Even though your Restricted Stock is held in escrow until it is settled or forfeited, you may exercise any voting rights associated with the common shares underlying your Restricted Stock while it is held in escrow. You also will be entitled to receive any dividends paid on these common shares during this period, although these dividends also will be held in escrow until the Restricted Stock is settled and distributed to you (or forfeited) depending on whether or not you have met the conditions described in this Award Agreement and in the Plan and the Prospectus.

Beneficiary Designation: You may name a beneficiary or beneficiaries to receive any Restricted Stock that is settled after you die. This may be done only on the attached Beneficiary Designation Form and by following the rules described in that Form. The Beneficiary Designation Form 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.

Transferring Your Restricted Stock: Normally your Restricted Stock may not be transferred to another person. However, you may complete a Beneficiary Designation Form to name the person to receive any

STANDARD INTERNATIONAL FORM

Restricted Stock that is settled after you die. Also, the Committee may allow you to place your Restricted Stock into a trust established for your benefit or the benefit of your family. Contact **[Third Party Administrator]** at **[TPA Telephone Number]** or the address given below if you are interested in doing this.

Governing Law: This Award Agreement will be construed in accordance with and governed by the laws of the United States of America and of the State of Ohio (other than laws governing conflicts of laws).

Other Agreements: Also, your Restricted Stock will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement.

Adjustments to Your Restricted Stock: Your Restricted Stock will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of common shares underlying your Restricted Stock will be adjusted to reflect a stock split).

No Right to Employment: Your award of Restricted Stock is a voluntary, discretionary bonus being made on a one-time basis and it does not constitute a commitment to make any future awards. This award of Restricted Stock and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. Nothing in this Award Agreement will give you any right to continue employment with the Company or any Subsidiary or Affiliate, as the case may be, or interfere in any way with the right of the Company or a Subsidiary or an Affiliate to terminate your employment.

Data Privacy: Information about you and your participation in the Plan, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Restricted Stock or other entitlement to shares of stock awarded, cancelled, exercised, vested, unvested or outstanding in your favor, may be collected, recorded, held, used and disclosed for any purpose related to the administration of the Plan. You understand that the Company and its Subsidiaries or Affiliates may transfer such information to any third party administrators, regardless of whether such persons are located within your country of residence, the European Economic Area or in countries outside of the European Economic Area, including the United States of America. You consent to the processing of information relating to you and your participation in the Plan in any one or more of the ways referred to above.

Other Rules: Your Restricted Stock also is subject to more rules described in the Plan and in the Plan's Prospectus, as supplemented. You should read both of these documents carefully to ensure you fully understand all the terms and conditions of the grant of Restricted Stock under this Award Agreement.

You may contact **[Third Party Administrator]** at **[TPA Telephone Number]** or at the address given below if you have any questions about your Award or this Award Agreement.

Your Acknowledgment of Award Conditions

Note: You must sign and return a copy of this Award Agreement to [Third Party Administrator] at the address given below no later than [__Days Post Grant Date].

By signing below, I acknowledge and agree that:

- A copy of the Plan has been made available to me;
- I have received a copy of the Plan's Prospectus, as supplemented;
- I understand and accept the conditions placed on my Award and understand what I must do to earn my Award. I also have had the opportunity to seek advice from independent counsel regarding the terms and conditions of my Award;
- I will consent (on my own behalf and on behalf of my beneficiaries and without any further consideration) to any necessary change to my Award or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the U.S. Internal Revenue Code, even if those changes affect the terms of my Award and reduce their value or potential value; and
- If I do not return a signed copy of this Award Agreement to the address shown below on or before [__Days Post Grant Date], my Award will be forfeited and I will not be entitled to receive anything on account of this Award.

[Grantee's Name]

THE SCOTTS MIRACLE-GRO COMPANY

By: _____

By: _____

Date signed: _____

Name: _____

Title: _____

Date signed: _____

A signed copy of this Award Agreement must be sent to the following address no later than [__Days Post Grant Date]:

[Third Party Administrator]

Attention: **[TPA Contact's Name]**

[Contact's Address]

[TPA Telephone Number]

After it is received, The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee will acknowledge receipt of your signed Award Agreement.

Description of Your Restricted Stock Units

You have been awarded [Number Granted] Restricted Stock Units (or "RSUs"). If you satisfy the conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented, you will be issued [Number Granted] common shares of the Company. You also must arrange to pay any taxes due.

When Your RSUs Will Be Settled

Normally, on [Vesting Date] ("Settlement Date"), the Company will ascertain if you have satisfied the conditions imposed on your RSUs. If you have not, your RSUs will be forfeited. If you have, as soon as administratively practicable after [Vesting Date], [Number Granted] common shares will be distributed to you.

The restrictions imposed on your RSUs normally will be met if you are actively employed by the Company or any Affiliate or Subsidiary (as defined in the Plan) on [Vesting Date] and all other conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented, are met.

Tax Treatment of Your RSUs

The federal income tax treatment of your RSUs is discussed in the Plan's Prospectus, as supplemented.

General Terms and Conditions

You Will Forfeit Your RSUs if Your Employment Ends

Normally, your RSUs will be settled on the date shown earlier in this Award Agreement. However, the unvested portion of your RSUs will be forfeited if you terminate employment before [Vesting Date].

You May Forfeit Your RSUs if You Engage in Conduct That is Harmful to the Company (or any Affiliate or Subsidiary)

You also will forfeit any outstanding RSUs and, to the extent permitted by law, must return to the Company all common shares and other amounts you have received through the Plan if, without our consent, you do any of the following within 180 days before and 730 days after terminating employment:

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

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

[c] 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;

STANDARD INTERNATIONAL FORM

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

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

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

[g] You engaged in conduct that the Committee (as defined in the Plan) reasonably concludes would have given rise to a termination for "cause" (as defined in the Plan) had it been discovered before you terminated your employment.

Your RSUs May Vest Earlier Than Described Above. Normally, your RSUs will vest only in the circumstances described above. However, if there is a "Change in Control" (as defined in the Plan), your RSUs may vest earlier. You should read the Plan and the Prospectus, as supplemented, carefully to ensure that you understand how this may happen.

Rights Before Your RSUs Vest: You may not vote, or receive any dividends associated with the common shares underlying your RSUs.

Beneficiary Designation: You may name a beneficiary or beneficiaries to receive any RSUs that are settled after you die. This may be done only on the attached Beneficiary Designation Form and by following the rules described in that Form. The Beneficiary Designation Form 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.

Transferring Your RSUs: Normally your RSUs may not be transferred to another person. However, you may complete a Beneficiary Designation Form to name the person to receive any RSUs that are settled after you die. Also, the Committee may allow you to place your RSUs into a trust established for your benefit or the benefit of your family. Contact **[Third Party Administrator]** at **[TPA Telephone Number]** or at the address given below if you are interested in doing this.

Governing Law: This Award Agreement will be construed in accordance with and governed by the laws of the United States of America and of the State of Ohio (other than laws governing conflicts of laws).

STANDARD INTERNATIONAL FORM

Other Agreements: Also, your RSUs 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.

Adjustments to Your RSUs: Your RSUs will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of your RSUs will be adjusted to reflect a stock split).

Compliance with Section 409A of the Code: To the extent applicable, it is intended that this Award Agreement and the Plan comply with the provisions of Section 409A of the U.S. Internal Revenue Code, so that the income inclusion provisions of Section 409A(a)(1) do not apply to you. This Award Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Award Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without your consent). In particular, to the extent the RSUs become nonforfeitable pursuant to a "Change in Control" and the event causing the RSUs to become nonforfeitable is your retirement or an event that does not constitute a permitted distribution event under Section 409A(a)(2) of the Code, then notwithstanding anything to the contrary in this Award Agreement, issuance of the Common Shares will be made, to the extent necessary to comply with the provisions of Section 409A of the Code, to you on the earlier of (a) your "separation from service" with the Company (determined in accordance with Section 409A); provided, however, that if you are a "specified employee" (within the meaning of Section 409A), your date of issuance of the Common Shares shall be the date that is six months after the date of your separation of service with the Company, (b) the end of the Deferral Period, or (c) your death. Reference to Section 409A of the Code is to Section 409A of the Internal Revenue Code of 1986, as amended, and will also include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service. This section applies only if you are a citizen or resident of the United States or if the compensation is for services performed in the United States that is not otherwise exempt from United States federal income taxation.

No Right to Employment: Your award of RSUs is a voluntary, discretionary bonus being made on a one-time basis and it does not constitute a commitment to make any future awards. This award of RSUs and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. Nothing in this Award Agreement will give you any right to continue employment with the Company or any Subsidiary or Affiliate, as the case may be, or interfere in any way with the right of the Company or a Subsidiary or an Affiliate to terminate your employment.

Data Privacy: Information about you and your participation in the Plan, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all RSUs or other entitlement to shares of stock awarded, cancelled, exercised, vested, unvested or outstanding in your favor, may be collected, recorded, held, used and disclosed for any purpose related to the administration of the Plan. You understand that the Company and its Subsidiaries or Affiliates may transfer such information to any third party administrators, regardless of whether such persons are located within your country of residence, the European Economic Area or in countries outside of the European Economic Area, including the United States of America. You consent to the processing of information relating to you and your participation in the Plan in any one or more of the ways referred to above.

STANDARD INTERNATIONAL FORM

Other Rules: Your RSUs also are subject to more rules described in the Plan and in the Plan's Prospectus, as supplemented. You should read both of these documents carefully to ensure you fully understand all the terms and conditions of the grant of RSUs made to you under this Award Agreement.

You may contact [**Third Party Administrator**] at [**TPA Telephone Number**] or at the address given below if you have any questions about your Award or this Award Agreement.

Your Acknowledgment of Award Conditions

Note: You must sign and return a copy of this Award Agreement to [Third Party Administrator] at the address given below no later than [__Days Post Grant Date].

By signing below, I acknowledge and agree that:

- A copy of the Plan has been made available to me;
- I have received a copy of the Plan's Prospectus, as supplemented;
- I understand and accept the conditions placed on my Award and understand what I must do to earn my Award. I also have had the opportunity to seek advice from independent counsel regarding the terms and conditions of my Award;
- I will consent (on my own behalf and on behalf of my beneficiaries and without any further consideration) to any necessary change to my Award or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the U.S. Internal Revenue Code, even if those changes affect the terms of my Award and reduce their value or potential value; and
- If I do not return a signed copy of this Award Agreement to the address shown below on or before [__Days Post Grant Date], my Award will be forfeited and I will not be entitled to receive anything on account of this Award.

[Grantee's Name]

THE SCOTTS MIRACLE-GRO COMPANY

By: _____

By: _____

Date signed: _____

Name: _____

Title: _____

Date signed: _____

A signed copy of this Award Agreement must be sent to the following address no later than [__Days Post Grant Date]:

[Third Party Administrator]

Attention: [TPA Contact's Name]

[Contact's Address]

[TPA Telephone Number]

After it is received, The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee will acknowledge receipt of your signed Award Agreement.

Committee's Acknowledgment of Receipt

A signed copy of this Award Agreement was received on ____.

By: _____

[Grantee's Name]

___Has complied with the conditions imposed on the grant and the Award Agreement remains in effect; or

___Has not complied with the conditions imposed on the grant and the **[Name of Award(s)]** are forfeited because

describe deficiency

The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee

By: _____

Date: _____

Note: Send a copy of this completed Award Agreement to **[Grantee's Name]** and keep a copy as part of the Plan's permanent records.

**THE SCOTTS MIRACLE-GRO COMPANY
2006 LONG-TERM INCENTIVE PLAN
BENEFICIARY DESIGNATION FORM
RELATING TO [FORM OF AWARD] AWARD GRANTED TO
[GRANTEE'S NAME] ON [GRANT DATE]**

1.00 Instructions for Completing This Beneficiary Designation Form

You may use this Beneficiary Designation Form to **[1]** name the person you want to receive any amount due under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan after your death or **[2]** change the person who will receive these benefits.

There are several things you should know before you complete this Beneficiary Designation Form.

First, if you do not elect a beneficiary, any amount due to you under the Plan when you die will be paid to your surviving spouse or, if you have no surviving spouse, to your estate.

Second, your election will not be effective (and will not be implemented) unless you complete all applicable portions of this Beneficiary Designation Form and return it to **[Third Party Administrator]** at the address given below.

Third, all elections will remain in effect until they are changed (or until all death benefits are paid).

Fourth, if you designate your spouse as your beneficiary but are subsequently divorced from that person (or your marriage is annulled), your beneficiary designation will be revoked automatically.

Fifth, if you have any questions about this Beneficiary Designation Form or if you need additional copies of this Form, please contact **[Third Party Administrator]** at **[TPA Telephone Number]** or at the address or number given below.

1.00 Designation of Beneficiary

1.01 Primary Beneficiary:

I designate the following person(s) as my Primary Beneficiary or Beneficiaries to receive any amount due after my death under the terms of the Award Agreement described at the top of this **Beneficiary Designation** Form. This benefit will be paid, in the proportion specified, to:

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)



STANDARD INTERNATIONAL FORM

Address: _____
_____ % to _____
(Name) (Relationship)

Address: _____

1.02 Contingent Beneficiary

If one or more of my Primary Beneficiaries die before I die, I direct that any amount due after my death under the terms of the Award described at the top of this **Beneficiary Designation** Form:

___ Be paid to my other named Primary Beneficiaries in proportion to the allocation given above (ignoring the interest allocated to the deceased Primary Beneficiary); or

___ Be distributed among the following Contingent Beneficiaries:

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

Elections made on this Beneficiary Designation Form will be effective only after this Form is received by [Third Party Administrator] and only if it is fully and properly completed and signed.

[Grantee's Name]

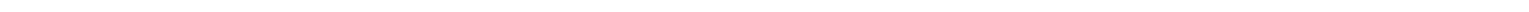
Date of Birth: _____

Address: _____

Sign and return this Beneficiary Designation Form to **[Third Party Administrator]** at the address given below.

Date

Signature



STANDARD INTERNATIONAL FORM

Return this signed *Beneficiary Designation Form* to **[Third Party Administrator]** at the following address:

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

Received on: _____

By: _____

AUSTRIAN FORM

**THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES
THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.**

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

AWARD AGREEMENT FOR EMPLOYEES

[FORM OF AWARD] AWARDED TO [GRANTEE'S NAME] ON [GRANT DATE]

The Scotts Miracle-Gro Company ("Company") and its shareholders believe that their business interests are best served by ensuring that you have an opportunity to share in the Company's business success. To this end, the Company adopted and its shareholders approved The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan ("Plan") through which key employees, like you, may acquire (or share in the appreciation of) common shares of the Company.

We cannot guarantee that the value of your Award (or the value of the common shares you acquire through an Award) will increase. This is because the value of the Company's common shares is affected by many factors. However, the Company believes that your efforts contribute to the value of the Company's common shares and that the Plan (and the Awards made through the Plan) is an appropriate means of sharing with you the value of your contribution to the Company's business success.

This Award Agreement describes the type of Award that you have been granted and the conditions that must be met before you may receive the value associated with your Award. To ensure you fully understand these terms and conditions, you should:

- Read the Plan and the Plan's Prospectus, as supplemented, carefully to ensure you understand how the Plan works;
- Read this Award Agreement carefully to ensure you understand the nature of your Award and what you must do to earn it; and
- Contact **[Contact's Name at Company]**, **[Contact's Title]** at **[Telephone Number]** if you have any questions about your Award. Or, you may send a written inquiry to the address shown below:

The Scotts Miracle-Gro Company
Attention: **[Contact's Name at Company]**
[Contact's Title]
14111 Scottslawn Road
Marysville, Ohio 43041

You must return a signed copy of this Award Agreement no later than **[___ Days Post Grant Date]** to:

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

AUSTRIAN FORM

If you do not do this, your Award will be forfeited and you will not be entitled to receive anything on account of this Award.

Description of Your Nonqualified Stock Options

You have been awarded Nonqualified Stock Options (or “NSOs”) to purchase [Number Granted] common shares of the Company. You may purchase one of the Company’s common shares for each NSO, but only if you pay US \$[Price] (“Exercise Price”) for each common share you purchase, you exercise the NSOs on or before [Expiration Date] (“Expiration Date”) and you meet the terms and conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented. You also must arrange to pay any taxes due on exercise using one of the procedures described later in this Award Agreement.

Limits on Exercising Your NSOs

Normally, your NSOs will vest (and become exercisable) on [Vesting Date] but only if you are actively employed by the Company or any Subsidiary or Affiliate (as defined in the Plan) on [Vesting Date] and all other conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented, are met.

This does not mean that you must exercise your NSOs on this date; this is merely the first date that you may do so. However, your NSOs will expire unless they are exercised on or before the Expiration Date ([Expiration Date]).

There are some special situations in which your NSOs may vest earlier. These are described later in this Award Agreement.

At any one time, you may not exercise NSOs to buy fewer than 100 common shares of the Company (or, if smaller, the number of your outstanding vested NSOs). Also, you may never exercise an NSO to purchase a fractional common share of the Company; NSOs for fractional common shares will always be redeemed for cash.

Exercising Your NSOs

After they vest, you may exercise your NSOs by completing an Exercise Notice. A copy of this Exercise Notice is attached to this Award Agreement. Also, a copy of this Exercise Notice and a description of the procedures that you must follow to exercise your NSOs are available from [Third Party Administrator] at [TPA Telephone Number] or at the address shown below.

You may use one of three methods to exercise your NSOs and to pay any taxes related to that exercise. You will decide on the method at the time of exercise.

Cashless Exercise and Sell: If you elect this alternative, you will be deemed to have simultaneously exercised the NSOs and to have sold the common shares underlying those NSOs. When the transaction is complete, you will receive cash (but no common shares of the Company) equal to the difference between the aggregate value of the common shares deemed to have been acquired through the exercise *minus* the NSOs’ aggregate exercise price and related taxes.

Combination Exercise: If you elect this alternative, you will be deemed to have simultaneously exercised the NSOs and to have sold a number of those common shares with a value equal to the NSOs’ aggregate exercise price and related taxes. When the transaction is complete, the balance of the common shares subject to the NSOs you exercised will be transferred to you.

AUSTRIAN FORM

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 common shares of the Company having a 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 one common share for each NSO exercised.

Before choosing an exercise method, you should read the Prospectus, as supplemented, to ensure you understand the federal income tax effect of exercising your NSOs and of the exercise method you choose.

If you do not elect one of these methods, we will apply the Cashless Exercise and Sell method described above.

Tax Treatment of Your NSOs

The federal income tax treatment of your NSOs is discussed in the Plan's Prospectus, as supplemented.

General Terms and Conditions

You May Forfeit Your NSOs if Your Employment Ends

Normally, you may exercise your NSOs after they vest and before the Expiration Date (**[Expiration Date]**). However, your NSOs may be cancelled earlier than the Expiration Date if you terminate employment before **[Vesting Date]**.

[a] If your employment is terminated for "cause" (as defined in the Plan), the NSOs will expire on the date your employment ends; or

[b] If your employment is terminated because of your **[i]** death or **[ii]** disability (as defined in the Plan), the NSOs will expire on the earlier of the Expiration Date or 12 months after you terminate; or

[c] If your employment is terminated after you have reached either **[i]** age 55 and completed at least 10 years of employment or **[ii]** age 62 regardless of your years of service, the NSOs will expire on the earlier of the Expiration Date or 12 months after you terminate; or

[d] If your employment is terminated for any reason other than "cause," death or disability, your NSOs will expire on the earlier of the Expiration Date or 90 days after you terminate.

Note: it is your responsibility to keep track of when your NSOs expire.

You May Forfeit Your NSOs if You Engage in Conduct That is Harmful to the Company (or any Affiliate or Subsidiary)

You also will forfeit any outstanding NSOs and must return to the Company all common shares and other amounts you have received through the Plan if, without our consent, you do any of the following within 180 days before and 730 days after terminating employment (as defined in the Plan) with the Company or any Affiliate or Subsidiary:

[a] You serve (or agree to serve) as an officer, director, consultant or employee of any proprietorship, partnership, corporation or other entity or become the owner of a business or a member of a partnership that competes with any portion of the Company's (or any Affiliate's or

AUSTRIAN FORM

Subsidiary's) business with which you have been involved any time within five years before termination of employment or render any service (including, without limitation, advertising or business consulting) to entities that compete with any portion of the Company's (or any Affiliate's or Subsidiary's) business with which you have been involved any time within five years before termination of employment;

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

[c] 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;

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

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

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

[g] You engaged in conduct that the Committee (as defined in the Plan) reasonably concludes would have given rise to a termination for "cause" (as defined in the Plan) had it been discovered before you terminated your employment.

Your NSOs May Vest Earlier Than Described Above. Normally, your NSOs will vest only in the circumstances described above. However, if there is a "Change in Control" (as defined in the Plan), your NSOs may vest earlier. You should read the Plan and the Prospectus carefully to ensure that you understand how this may happen.

Amendment/Termination. We may amend or terminate the Plan at any time.

Rights Before Your NSOs Are Exercised: You may not vote, or receive any dividends associated with, the common shares underlying your NSOs.

Beneficiary Designation: You may name a beneficiary or beneficiaries to receive or to exercise any vested NSOs that are unexercised when you die. This may be done only on the attached Beneficiary

AUSTRIAN FORM

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.

Transferring Your NSOs: Normally your NSOs may not be transferred to another person. However, you may complete a Beneficiary Designation Form to name the person who may exercise your NSOs if you die before the Expiration Date of your NSOs. Also, the Committee may allow you to place your NSOs into a trust established for your benefit or for the benefit of your family. Contact **[Third Party Administrator]** at **[TPA Telephone Number]** or at the address given below if you are interested in doing this.

Governing Law: This Award Agreement will be construed in accordance with and governed by the laws of the United States of America and of the State of Ohio (other than laws governing conflicts of laws).

Other Agreements: Also, your NSOs 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.

Adjustments to NSOs: Your NSOs will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of your NSOs and the Exercise Price will be adjusted to reflect a stock split).

No Right to Employment: Your award of NSOs is a voluntary, discretionary bonus being made on a one-time basis and it does not constitute a commitment to make any future awards. This award of NSOs and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. Nothing in this Award Agreement will give you any right to continue employment with the Company or any Subsidiary or Affiliate, as the case may be, or interfere in any way with the right of the Company or a Subsidiary or an Affiliate to terminate your employment.

Data Privacy: Information about you and your participation in the Plan (*i.e.*, your name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all NSOs or other entitlement to shares of stock awarded, cancelled, exercised, vested, unvested or outstanding in your favor) may be collected, recorded, held, used and disclosed by the Company, and the **[Third Party Administrator]** for any purpose related to the administration of the Plan. You understand that the Company and its Subsidiaries or Affiliates may transfer such information to any third party administrators, regardless of whether such persons are located within your country of residence, the European Economic Area or in countries outside of the European Economic Area, including the United States of America. You consent to the processing of information relating to you and your participation in the Plan in any one or more of the ways referred to above. This consent may be withdrawn at any time in writing by sending a declaration of withdrawal to the **[Third Party Administrator]**.

Other Rules: Your NSOs also are subject to more rules described in the Plan and in the Plan's Prospectus, as supplemented. You should read both of these documents carefully to ensure you fully understand all the terms and conditions of the grant of NSOs made to you under this Award Agreement.

AUSTRIAN FORM

You may contact [**Third Party Administrator**] at [**TPA Telephone Number**] or at the address given below if you have any questions about your Award or this Award Agreement.

Your Acknowledgment of Award Conditions

Note: You must sign and return a copy of this Award Agreement to [Third Party Administrator] at the address given below no later than [__Days Post Grant Date].

By signing below, I acknowledge and agree that:

- A copy of the Plan has been made available to me;
- I have received a copy of the Plan's Prospectus, as supplemented;
- I understand and accept the conditions placed on my NSOs and understand what I must do to earn and exercise my NSOs. I also have had the opportunity to seek advice from independent counsel regarding the terms and conditions of my NSOs.
- I acknowledge that information about me and my participation in the Plan (i.e., my name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all NSOs or other entitlement to shares of stock awarded, cancelled, exercised, vested, unvested or outstanding in my favor) may be collected, recorded, held, used and disclosed by the Company and the [Third Party Administrator] for any purpose related to the administration of the Plan. I also understand that the Company and its Subsidiaries may transfer such information to any third party administrators, regardless of whether such persons are located within my country of residence, the European Economic Area or in countries outside of the European Economic Area, including the United States of America. I consent to the processing of information relating to me and my participation in the Plan in any one or more of the ways referred to above. This consent may be withdrawn at any time in writing by sending a declaration of withdrawal to the [Third Party Administrator];
- I will consent (on my own behalf and on behalf of my beneficiaries and without any further consideration) to any necessary change to my NSOs or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the U.S. Internal Revenue Code, even if those changes affect the terms of my NSOs and reduce their value or potential value; and
- If I do not return a signed copy of this Award Agreement to the address shown below on or before [__Days Post Grant Date], my NSOs will be forfeited and I will not be entitled to receive anything on account of this Award.

[Grantee's Name]

THE SCOTTS MIRACLE-GRO COMPANY

By: _____

By: _____

Date signed: _____

Name: _____

Title: _____

Date signed: _____

A signed copy of this Award Agreement must be sent to the following address no later than [__Days Post Grant Date]:

AUSTRIAN FORM

[Third Party Administrator]

Attention: **[TPA Contact's Name]**

[Contact's Address]

[TPA Telephone Number]

After it is received, The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee will acknowledge receipt of your signed Award Agreement.

**THE SCOTTS MIRACLE-GRO COMPANY
2006 LONG-TERM INCENTIVE PLAN
NONQUALIFIED STOCK OPTION EXERCISE NOTICE
AFFECTING NONQUALIFIED STOCK OPTIONS GRANTED TO
[GRANTEE'S NAME] ON [GRANT DATE]**

Additional copies of this Nonqualified Stock Option Exercise Notice (and any further information you may need about this Exercise Notice or exercising your NSOs) are available from **[Third Party Administrator]** at the address given below.

By completing this Exercise Notice and returning it to **[Third Party Administrator]** at the address given below, I elect to exercise the NSOs described below:

NOTE: You must complete a separate Nonqualified Stock Option Exercise Notice each time you exercise NSOs granted under each Award Agreement (e.g., if you are exercising 200 NSOs granted January 1, 2007 and 100 NSOs granted January 1, 2008 under a separate award agreement, you must complete two Nonqualified Stock Option Exercise Notices, one for each set of NSOs being exercised).

AFFECTED NSOS: This exercise relates to the following NSOs (fill in the blanks):

GRANT DATE: **[GRANT DATE]**

NUMBER OF NSOS BEING EXERCISED WITH THIS EXERCISE NOTICE:

EXERCISE PRICE: The Exercise Price due is US \$ _____

NOTE: This amount must be the product of US \$**[Price]** multiplied by the number of NSOs being exercised.

PAYMENT OF EXERCISE PRICE: I have decided to pay the Exercise Price and any related taxes by (check one):

NOTE: These methods are described in the Award Agreement.

- _____ Cashless Exercise and Sell.
 _____ Combination Exercise.
 _____ Exercise and Hold.

Note:

- If you select the Exercise and Hold method of exercise, you must also follow the procedures described in the Award Agreement to pay the Exercise Price and the taxes related to this exercise. You should contact **[Third Party Administrator]** at the address given below to find out the amount of the taxes due.
-

AUSTRIAN FORM

- If you select either the Cashless Exercise and Sell or the Combination Exercise methods of paying the Exercise Price, you should contact **[Third Party Administrator]** at the address given below to be sure you understand how your choice of payment will affect the number of common shares of the Company you will receive.
-

YOUR ACKNOWLEDGEMENT OF EFFECT OF EXERCISE

By signing below, I acknowledge and agree that:

- I fully understand the effect (including the investment effect) of exercising my NSOs and buying common shares of the Company and understand that there is no guarantee that the value of these common shares will appreciate or will not depreciate;
- This Exercise Notice will have no effect if it is not returned to **[Third Party Administrator]** at the address given below before the Expiration Date specified in the Award Agreement under which these NSOs were granted; and
- The common shares of the Company I am buying by completing and returning this Exercise Notice will be issued to me as soon as administratively practicable.

[Grantee's Name]

(signature)

Date signed: _____

A signed copy of this Nonqualified Stock Option Exercise Notice must be sent to the following address no later than the Expiration Date:

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

ACKNOWLEDGEMENT OF RECEIPT

A signed copy of this Nonqualified Stock Option Exercise Notice was received on:

_____.

[Grantee's Name]:

_____ Has effectively exercised the NSOs described in this Notice; or

_____ Has not effectively exercised the NSOs described in this Notice because

describe deficiency

The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee

By: _____

Date: _____

Note: Keep a copy of this Exercise Notice as part of the Plan's permanent records.

Description of Your Restricted Stock

You have been awarded [Number Granted] shares of Restricted Stock. If you satisfy the conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented, the restrictions imposed on your Restricted Stock will be removed and you will own the underlying common shares. You also must arrange to pay any taxes due.

When Your Restricted Stock Will Be Settled

Normally, on **[Vesting Date]**, the Committee (as defined in the Plan) will ascertain if you have satisfied the conditions imposed on your Restricted Stock. If you have not, your Restricted Stock will be forfeited. If you have, as soon as administratively practicable after **[Vesting Date]**, these common shares will be distributed to you, free of any restrictions. Your Restricted Stock will be held in escrow until it is settled or forfeited.

The restrictions imposed on your Restricted Stock normally will be met if you are actively employed by the Company or any Affiliate or Subsidiary (as defined in the Plan) on **[Vesting Date]** and all other conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented, are met.

Tax Treatment of Your Restricted Stock

The federal income tax treatment of your Restricted Stock is discussed in the Plan's Prospectus, as supplemented.

General Terms and Conditions

You Will Forfeit Your Restricted Stock if Your Employment Ends

Normally, your Restricted Stock will be settled on **[Vesting Date]**. However, the unvested portion of your Restricted Stock will be forfeited if you terminate employment before **[Vesting Date]**.

You May Forfeit Your Restricted Stock if You Engage in Conduct That is Harmful to the Company (or any Affiliate or Subsidiary)

You also will forfeit any outstanding Restricted Stock and must return to the Company all common shares and other amounts you have received through the Plan if, without our consent, you do any of the following within 180 days before and 730 days after terminating employment:

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

AUSTRIAN FORM

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

[c] 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;

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

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

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

[g] You engaged in conduct that the Committee reasonably concludes would have given rise to a termination for "cause" (as defined in the Plan) had it been discovered before you terminated your employment.

Your Restricted Stock May Vest Earlier Than Described Above. Normally, your Restricted Stock will vest only in the circumstances described above. However, if there is a "Change in Control" (as defined in the Plan), your Restricted Stock may vest earlier. You should read the Plan and the Prospectus, as supplemented, carefully to ensure that you understand how this may happen.

Rights Before Your Restricted Stock Vests: Even though your Restricted Stock is held in escrow until it is settled or forfeited, you may exercise any voting rights associated with the common shares underlying your Restricted Stock while it is held in escrow. You also will be entitled to receive any dividends paid on these common shares during this period, although these dividends also will be held in escrow until the Restricted Stock is settled and distributed to you (or forfeited) depending on whether or not you have met the conditions described in this Award Agreement and in the Plan and the Prospectus.

Beneficiary Designation: You may name a beneficiary or beneficiaries to receive any Restricted Stock that is settled after you die. This may be done only on the attached Beneficiary Designation Form and by following the rules described in that Form. The Beneficiary Designation Form 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.

AUSTRIAN FORM

Transferring Your Restricted Stock: Normally your Restricted Stock may not be transferred to another person. However, you may complete a Beneficiary Designation Form to name the person to receive any Restricted Stock that is settled after you die. Also, the Committee may allow you to place your Restricted Stock into a trust established for your benefit or the benefit of your family. Contact **[Third Party Administrator]** at **[TPA Telephone Number]** or the address given below if you are interested in doing this.

Governing Law: This Award Agreement will be construed in accordance with and governed by the laws of the United States of America and of the State of Ohio (other than laws governing conflicts of laws).

Other Agreements: Also, your Restricted Stock will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement.

Adjustments to Your Restricted Stock: Your Restricted Stock will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of common shares underlying your Restricted Stock will be adjusted to reflect a stock split).

No Right to Employment: Your award of Restricted Stock is a voluntary, discretionary bonus being made on a one-time basis and it does not constitute a commitment to make any future awards. This award of Restricted Stock and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. Nothing in this Award Agreement will give you any right to continue employment with the Company or any Subsidiary or Affiliate, as the case may be, or interfere in any way with the right of the Company or a Subsidiary or an Affiliate to terminate your employment.

Data Privacy: Information about you and your participation in the Plan (*i.e.*, your name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Restricted Stock or other entitlement to shares of stock awarded, cancelled, exercised, vested, unvested or outstanding in your favor) may be collected, recorded, held, used and disclosed by the Company and the **[Third Party Administrator]** for any purpose related to the administration of the Plan. You understand that the Company and its Subsidiaries or Affiliates may transfer such information to any third party administrators, regardless of whether such persons are located within your country of residence, the European Economic Area or in countries outside of the European Economic Area, including the United States of America. You consent to the processing of information relating to you and your participation in the Plan in any one or more of the ways referred to above. This consent may be withdrawn at any time in writing by sending a declaration of withdrawal to the **[Third Party Administrator]**.

Other Rules: Your Restricted Stock also is subject to more rules described in the Plan and in the Plan's Prospectus, as supplemented. You should read both of these documents carefully to ensure you fully understand all the terms and conditions of the grant of Restricted Stock under this Award Agreement.

You may contact **[Third Party Administrator]** at **[TPA Telephone Number]** or at the address given below if you have any questions about your Award or this Award Agreement.

Your Acknowledgment of Award Conditions

Note: You must sign and return a copy of this Award Agreement to [Third Party Administrator] at the address given below no later than [__Days Post Grant Date].

By signing below, I acknowledge and agree that:

- A copy of the Plan has been made available to me;
- I have received a copy of the Plan's Prospectus, as supplemented;
- I understand and accept the conditions placed on my Award and understand what I must do to earn my Award. I also have had the opportunity to seek advice from independent counsel regarding the terms and conditions of my Award;
- I acknowledge that information about me and my participation in the Plan (i.e., my name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Restricted Stock or other entitlement to shares of stock awarded, cancelled, exercised, vested, unvested or outstanding in my favor) may be collected, recorded, held, used and disclosed by the Company and the [Third Party Administrator] for any purpose related to the administration of the Plan. I also understand that the Company and its Subsidiaries may transfer such information to any third party administrators, regardless of whether such persons are located within my country of residence, the European Economic Area or in countries outside of the European Economic Area, including the United States of America. I consent to the processing of information relating to me and my participation in the Plan in any one or more of the ways referred to above. This consent may be withdrawn at any time in writing by sending a declaration of withdrawal to the [Third Party Administrator];
- I will consent (on my own behalf and on behalf of my beneficiaries and without any further consideration) to any necessary change to my Award or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the U.S. Internal Revenue Code, even if those changes affect the terms of my Award and reduce their value or potential value; and
- If I do not return a signed copy of this Award Agreement to the address shown below on or before [__Days Post Grant Date], my Award will be forfeited and I will not be entitled to receive anything on account of this Award.

[Grantee's Name]

THE SCOTTS MIRACLE-GRO COMPANY

By: _____

By: _____

Date signed: _____

Name: _____

Title: _____

Date signed: _____

AUSTRIAN FORM

A signed copy of this Award Agreement must be sent to the following address no later than [**Days Post Grant Date**]:

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

After it is received, The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee will acknowledge receipt of your signed Award Agreement.

Description of Your Restricted Stock Units

You have been awarded [Number Granted] Restricted Stock Units (or "RSUs"). If you satisfy the conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented, you will be issued [Number Granted] common shares of the Company. You also must arrange to pay any taxes due.

When Your RSUs Will Be Settled

Normally, on [Vesting Date] ("Settlement Date"), the Company will ascertain if you have satisfied the conditions imposed on your RSUs. If you have not, your RSUs will be forfeited. If you have, as soon as administratively practicable after [Vesting Date], [Number Granted] common shares will be distributed to you.

The restrictions imposed on your RSUs normally will be met if you are actively employed by the Company or any Affiliate or Subsidiary (as defined in the Plan) on [Vesting Date] and all other conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented, are met.

Tax Treatment of Your RSUs

The federal income tax treatment of your RSUs is discussed in the Plan's Prospectus, as supplemented.

General Terms and Conditions

You Will Forfeit Your RSUs if Your Employment Ends

Normally, your RSUs will be settled on the date shown earlier in this Award Agreement. However, the unvested portion of your RSUs will be forfeited if you terminate employment before [Vesting Date].

You May Forfeit Your RSUs if You Engage in Conduct That is Harmful to the Company (or any Affiliate or Subsidiary)

You also will forfeit any outstanding RSUs and must return to the Company all common shares and other amounts you have received through the Plan if, without our consent, you do any of the following within 180 days before and 730 days after terminating employment:

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

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

[c] 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;

AUSTRIAN FORM

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

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

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

[g] You engaged in conduct that the Committee (as defined in the Plan) reasonably concludes would have given rise to a termination for "cause" (as defined in the Plan) had it been discovered before you terminated your employment.

Your RSUs May Vest Earlier Than Described Above. Normally, your RSUs will vest only in the circumstances described above. However, if there is a "Change in Control" (as defined in the Plan), your RSUs may vest earlier. You should read the Plan and the Prospectus, as supplemented, carefully to ensure that you understand how this may happen.

Rights Before Your RSUs Vest: You may not vote, or receive any dividends associated with the common shares underlying your RSUs.

Beneficiary Designation: You may name a beneficiary or beneficiaries to receive any RSUs that are settled after you die. This may be done only on the attached Beneficiary Designation Form and by following the rules described in that Form. The Beneficiary Designation Form 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.

Transferring Your RSUs: Normally your RSUs may not be transferred to another person. However, you may complete a Beneficiary Designation Form to name the person to receive any RSUs that are settled after you die. Also, the Committee may allow you to place your RSUs into a trust established for your benefit or the benefit of your family. Contact **[Third Party Administrator]** at **[TPA Telephone Number]** or at the address given below if you are interested in doing this.

Governing Law: This Award Agreement will be construed in accordance with and governed by the laws of the United States of America and of the State of Ohio (other than laws governing conflicts of laws).

AUSTRIAN FORM

Other Agreements: Also, your RSUs 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.

Adjustments to Your RSUs: Your RSUs will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of your RSUs will be adjusted to reflect a stock split).

Compliance with Section 409A of the Code: To the extent applicable, it is intended that this Award Agreement and the Plan comply with the provisions of Section 409A of the U.S. Internal Revenue Code, so that the income inclusion provisions of Section 409A(a)(1) do not apply to you. This Award Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Award Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without your consent). In particular, to the extent the RSUs become nonforfeitable pursuant to a "Change in Control" and the event causing the RSUs to become nonforfeitable is your retirement or an event that does not constitute a permitted distribution event under Section 409A(a)(2) of the Code, then notwithstanding anything to the contrary in this Award Agreement, issuance of the Common Shares will be made, to the extent necessary to comply with the provisions of Section 409A of the Code, to you on the earlier of (a) your "separation from service" with the Company (determined in accordance with Section 409A); provided, however, that if you are a "specified employee" (within the meaning of Section 409A), your date of issuance of the Common Shares shall be the date that is six months after the date of your separation of service with the Company, (b) the end of the Deferral Period, or (c) your death. Reference to Section 409A of the Code is to Section 409A of the Internal Revenue Code of 1986, as amended, and will also include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service. This section applies only if you are a citizen or resident of the United States or if the compensation is for services performed in the United States that is not otherwise exempt from United States federal income taxation.

No Right to Employment: Your award of RSUs is a voluntary, discretionary bonus being made on a one-time basis and it does not constitute a commitment to make any future awards. This award of RSUs and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. Nothing in this Award Agreement will give you any right to continue employment with the Company or any Subsidiary or Affiliate, as the case may be, or interfere in any way with the right of the Company or a Subsidiary or an Affiliate to terminate your employment.

Data Privacy: Information about you and your participation in the Plan (i.e., your name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all RSUs or other entitlement to shares of stock awarded, cancelled, exercised, vested, unvested or outstanding in your favor) may be collected, recorded, held, used and disclosed by the Company and the **[Third Party Administrator]** for any purpose related to the administration of the Plan. You understand that the Company and its Subsidiaries or Affiliates may transfer such information to any third party administrators, regardless of whether such persons are located within your country of residence, the European Economic Area or in countries outside of the European Economic Area, including the United States of America. You consent to the processing of information relating to you and your participation in the Plan in any one or more of the ways referred to above. This consent may be withdrawn at any time in writing by sending a declaration of withdrawal to the **[Third Party Administrator]**.

AUSTRIAN FORM

Other Rules: Your RSUs also are subject to more rules described in the Plan and in the Plan's Prospectus. You should read both of these documents carefully to ensure you fully understand all the terms and conditions of the grant of RSUs made to you under this Award Agreement.

You may contact [**Third Party Administrator**] at [**TPA Telephone Number**] or at the address given below if you have any questions about your Award or this Award Agreement.

Your Acknowledgment of Award Conditions

Note: You must sign and return a copy of this Award Agreement to [Third Party Administrator] at the address given below no later than [__Days Post Grant Date].

By signing below, I acknowledge and agree that:

- A copy of the Plan has been made available to me;
- I have received a copy of the Plan’s Prospectus, as supplemented;
- I understand and accept the conditions placed on my Award and understand what I must do to earn my Award. I also have had the opportunity to seek advice from independent counsel regarding the terms and conditions of my Award;
- I acknowledge that information about me and my participation in the Plan (i.e., my name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all RSUs or other entitlement to shares of stock awarded, cancelled, exercised, vested, unvested or outstanding in my favor) may be collected, recorded, held, used and disclosed by the Company and the [Third Party Administrator] for any purpose related to the administration of the Plan. I also understand that the Company and its Subsidiaries may transfer such information to any third party administrators, regardless of whether such persons are located within my country of residence, the European Economic Area or in countries outside of the European Economic Area, including the United States of America. I consent to the processing of information relating to me and my participation in the Plan in any one or more of the ways referred to above. This consent may be withdrawn at any time in writing by sending a declaration of withdrawal to the [Third Party Administrator];
- I will consent (on my own behalf and on behalf of my beneficiaries and without any further consideration) to any necessary change to my Award or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the U.S. Internal Revenue Code, even if those changes affect the terms of my Award and reduce their value or potential value; and
- If I do not return a signed copy of this Award Agreement to the address shown below on or before [__Days Post Grant Date], my Award will be forfeited and I will not be entitled to receive anything on account of this Award.

[Grantee’s Name]

THE SCOTTS MIRACLE-GRO COMPANY

By: _____

By: _____

Date signed: _____

Name: _____

Title: _____

Date signed: _____

A signed copy of this Award Agreement must be sent to the following address no later than [__Days Post Grant Date]:



AUSTRIAN FORM

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

After it is received, The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee will acknowledge receipt of your signed Award Agreement.

Committee's Acknowledgment of Receipt

A signed copy of this Award Agreement was received on _____.

By: _____

[Grantee's Name]

_____ Has complied with the conditions imposed on the grant and the Award Agreement remains in effect; or

_____ Has not complied with the conditions imposed on the grant and the **[Name of Award(s)]** are forfeited because _____.

describe deficiency

The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee

By: _____

Date: _____

Note: Send a copy of this completed Award Agreement to **[Grantee's Name]** and keep a copy as part of the Plan's permanent records.

**THE SCOTTS MIRACLE-GRO COMPANY
2006 LONG-TERM INCENTIVE PLAN
BENEFICIARY DESIGNATION FORM
RELATING TO [FORM OF AWARD] AWARD GRANTED TO
[GRANTEE'S NAME] ON [GRANT DATE]**

1.00 Instructions for Completing This Beneficiary Designation Form

You may use this Beneficiary Designation Form to [1] name the person you want to receive any amount due under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan after your death or [2] change the person who will receive these benefits.

There are several things you should know before you complete this Beneficiary Designation Form.

First, if you do not elect a beneficiary, any amount due to you under the Plan when you die will be paid to your surviving spouse or, if you have no surviving spouse, to your estate.

Second, your election will not be effective (and will not be implemented) unless you complete all applicable portions of this Beneficiary Designation Form and return it to [Third Party Administrator] at the address given below.

Third, all elections will remain in effect until they are changed (or until all death benefits are paid).

Fourth, if you designate your spouse as your beneficiary but are subsequently divorced from that person (or your marriage is annulled), your beneficiary designation will be revoked automatically.

Fifth, if you have any questions about this Beneficiary Designation Form or if you need additional copies of this Form, please contact [Third Party Administrator] at [TPA Telephone Number] or at the address or number given below.

1.00 Designation of Beneficiary

1.01 Primary Beneficiary:

I designate the following person(s) as my Primary Beneficiary or Beneficiaries to receive any amount due after my death under the terms of the Award Agreement described at the top of this **Beneficiary Designation** Form. This benefit will be paid, in the proportion specified, to:

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

AUSTRIAN FORM

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

1.02 Contingent Beneficiary

If one or more of my Primary Beneficiaries die before I die, I direct that any amount due after my death under the terms of the Award described at the top of this **Beneficiary Designation Form**:

_____ Be paid to my other named Primary Beneficiaries in proportion to the allocation given above (ignoring the interest allocated to the deceased Primary Beneficiary); or

_____ Be distributed among the following Contingent Beneficiaries:

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

Elections made on this Beneficiary Designation Form will be effective only after this Form is received by [Third Party Administrator] and only if it is fully and properly completed and signed.

[Grantee's Name]

Date of Birth: _____

Address: _____

Sign and return this Beneficiary Designation Form to [Third Party Administrator] at the address given below.

Date

Signature



AUSTRIAN FORM

Return this signed *Beneficiary Designation Form* to **[Third Party Administrator]** at the following address:

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

Received on: _____

By: _____

BELGIAN FORM

**THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES
THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.**

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

AWARD AGREEMENT FOR EMPLOYEES

[FORM OF AWARD] AWARDED TO [GRANTEE'S NAME] ON [GRANT DATE]

The Scotts Miracle-Gro Company ("Company") and its shareholders believe that their business interests are best served by ensuring that you have an opportunity to share in the Company's business success. To this end, the Company adopted and its shareholders approved The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan ("Plan") through which key employees, like you, may acquire (or share in the appreciation of) common shares of the Company.

We cannot guarantee that the value of your Award (or the value of the common shares you acquire through an Award) will increase. This is because the value of the Company's common shares is affected by many factors. However, the Company believes that your efforts contribute to the value of the Company's common shares and that the Plan (and the Awards made through the Plan) is an appropriate means of sharing with you the value of your contribution to the Company's business success.

This Award Agreement describes the type of Award that you have been granted and the conditions that must be met before you may receive the value associated with your Award. To ensure you fully understand these terms and conditions, you should:

- Read the Plan and the Plan's Prospectus, as supplemented, carefully to ensure you understand how the Plan works;
- Read this Award Agreement carefully to ensure you understand the nature of your Award and what you must do to earn it; and
- Contact **[Contact's Name at Company]**, **[Contact's Title]** at **[Telephone Number]** if you have any questions about your Award. Or, you may send a written inquiry to the address shown below:

The Scotts Miracle-Gro Company
Attention: **[Contact's Name at Company]**
[Contact's Title]
14111 Scottslawn Road
Marysville, Ohio 43041

Also, upon receipt of this Award Agreement, you must execute an acknowledgment of receipt in the form as attached hereto (the "Acknowledgment of Receipt" or "Acknowledgment") and return this Acknowledgment to **[Third Party Administrator]** at the address listed in the Acknowledgment within **[__ days following the Grant Date]** and decide whether you wish to accept this award of NSOs. If you decide to accept the Award, you must also complete the Acceptance Form attached hereto.

Acceptance of the Award hereunder will only take place by returning this Award Agreement and the Acceptance Form attached hereto, all duly executed by you, to **[Third Party Administrator]** at the address listed in the Acknowledgment within 60 days following the Grant Date, if you elect to be subject to tax at grant or completely reject the NSOs, or after the 60th day following the Grant Date **[but before the __ day following the Grant Date]**, if you decide to be subject to tax at exercise.

BELGIAN FORM

If you do not return a signed copy of the Acknowledgement within [**___days following the Grant Date**] to the address shown below and a signed copy of the Award Agreement and the Acceptance Form on or before [**___days following the Grant Date**], your NSOs will be forfeited and you will not be entitled to receive anything on account of this award of NSOs.

Description of Your Nonqualified Stock Options

In accordance with the Prospectus dated February 1, 2006 (the "Prospectus") relating to the Plan, on this ___ day of ___, 2006 (the "Grant Date"), you have hereby been awarded Nonqualified Stock Options (the "NSOs") to purchase [Number of NSOs Granted] common shares of The Scotts Miracle-Gro Company (the "Company") (the "Award"). Each NSO entitles you to purchase one of the Company's common shares, but only if

- (i) you pay US\$[Price] (the "Exercise Price") for each common share you purchase;
- (ii) you exercise the NSOs on or before [Expiration Date] (the "Expiration Date"); and
- (iii) you meet the terms and conditions described in this Award Agreement, the Plan, the Prospectus and the Belgian Prospectus Supplement dated _____, 2007 (the "Belgian Prospectus Supplement").

You also must arrange to pay any taxes due on grant and/or exercise using one of the procedures described later in this Award Agreement. Unless otherwise defined herein, capitalized terms used in this Award Agreement are defined in the Prospectus or the Plan.

Limits on Exercising Your NSOs

Normally, your NSOs will vest (and become exercisable) on [Vesting Date] (the "Vesting Date") but only if you are actively employed by the Company or any Subsidiary or Affiliate on the Vesting Date and all other conditions described in this Award Agreement, the Plan, the Prospectus and the Belgian Prospectus Supplement are met.

Note: This does not mean that you must exercise your NSOs on the Vesting Date; this is merely the first date that you may do so. However, your NSOs will expire unless they are exercised on or before the Expiration Date or any other date at which your right to the NSOs and/or to exercise the NSOs is forfeited in accordance with the terms and conditions of this Award Agreement, the Plan, the Prospectus or the Belgian Prospectus Supplement.

There are some special situations in which your NSOs may vest earlier. These are described further in this Award Agreement.

At any one time, you may not exercise NSOs to buy less than 100 common shares of the Company (or, if smaller, the number of your outstanding vested NSOs). Also, you may never exercise an NSO to purchase a fractional common share of the Company. NSOs for fractional common shares will always be redeemed for cash. **You acknowledge and accept that this may trigger a different Belgian tax and social security treatment than when common shares are issued upon exercising the NSOs and that you have consulted any tax attorneys or accountants you deem advisable thereon and that you are fully informed on such tax and/or social security treatment and you accept all liability with regard to such taxes and/or social security and the payment thereof.**

Exercising Your NSOs

After they vest, you may exercise your NSOs by completing an exercise notice in the form as attached to this Award Agreement (the "Exercise Notice"). Additional copies of this Exercise Notice and a description of the procedures that you must follow to exercise your NSOs are available from [Third Party Administrator] at [TPA Telephone Number] or at the address shown in the Acknowledgment of Receipt.

BELGIAN FORM

If you accept this award of NSOs within 60 days following the Grant Date, you must pay the amount of Belgian tax due on the grant of the NSOs, as well as any Belgian social security which may be due thereon, in the month in which the 60th day following the Grant Date falls. If you accept this Award after the 60th day following the Grant Date, you will only be subject to tax and/or social security at exercise. Before choosing the timing of your acceptance, you should read the "Federal Income Tax" section of the Prospectus as well as the Belgian Prospectus Supplement to ensure you understand the U.S. federal and Belgian income tax effect of accepting your NSOs and of the difference in taxation which exists depending on the timing of your acceptance.

Should you wish so, this amount of tax and/or social security can be withheld by the social secretariat of your employer from your salary of the month in which the NSOs become taxable and paid to the Belgian tax authorities. You can elect for the social secretariat of your employer to be instructed to do so in the Acceptance Form attached hereto.

At the time of exercise, you must pay the aggregate exercise price plus taxes, if any. Payment of the aggregate exercise price and any related taxes shall be done by any of the following methods, or a combination thereof, at your election:

- [a] *Exercise and Hold*: If you elect this alternative, you must pay the full exercise price plus related taxes :
 - (i) in cash;
 - (ii) in a cash equivalent; or
 - (iii) in common shares of the Company having a value equal to the aggregate exercise price and any related taxes and which you have owned for at least six months before the exercise date;
- [b] *Cashless Exercise and Sell*: If you elect this alternative, you will be deemed to have simultaneously exercised the NSOs and to have sold the common shares underlying those NSOs. When the transaction is complete, you will receive cash (but no common shares of the Company) equal to the difference between the aggregate value of the common shares deemed to have been acquired through the exercise *minus* the NSOs' aggregate exercise price and related taxes. **You acknowledge and accept that this way of exercising your NSOs may trigger additional Belgian taxes and/or social security and that you have consulted any tax attorneys or accountants you deem advisable thereon and that you are fully informed on such additional taxes and/or social security and you accept all liability with regard to such additional taxes and/or social security and the payment thereof;**
- [c] *Combination Exercise*: If you elect this alternative, you will be deemed to have simultaneously exercised the NSOs and to have sold a number of those common shares with a value equal to the NSOs' aggregate exercise price and related taxes. When the transaction is complete, the balance of the common shares subject to the NSOs you exercised will be transferred to you. **You acknowledge and accept that this way of exercising your NSOs may trigger additional Belgian taxes and/or social security and that you have consulted any tax attorneys or accountants you deem advisable thereon and that you are fully informed on such additional taxes and/or social security and you accept all liability with regard to such additional taxes and/or social security and the payment thereof.**

BELGIAN FORM

Any NSO shall only be deemed exercised upon receipt by the Company of a fully completed and executed Exercise Notice together with the aggregate exercise price but only if and when the taxes due at grant and/or exercise have been fully paid. At that time, you will receive one common share of the Company for each NSO exercised. You acknowledge and agree that the Company may refuse to honor the exercise and to deliver common shares of the Company if the exercise price and or any taxes due on the grant and/or exercise of the NSOs have not been paid at the time of exercise.

Before choosing an exercise method, you should read the “Federal Income Tax” section of the Prospectus as well as the Belgian Prospectus Supplement to ensure you understand the U.S. federal and Belgian income tax effect of exercising your NSOs and of the exercise method you choose.

If you do not elect one of these methods, we will apply the Cashless Exercise and Sell method described above.

Tax Treatment of Your NSOs

A limited description of the Belgian and U.S. federal income tax treatment of your NSOs is discussed in the Plan’s Prospectus and the Belgian Prospectus Supplement. This description is given for your information only and can not be relied upon or used in any way against the Company, its Affiliates or Subsidiaries. You understand that you may suffer adverse tax consequences as a result of the grant of the NSOs and your acceptance thereof, as well as of your purchase or disposition of the common shares of the Company. By executing this Award Agreement, you represent that you have consulted with any tax attorneys or accountants you deem advisable in connection with the grant and acceptance of the NSOs as well as with the purchase and disposition of the common shares of the Company and that you are not relying on the Company for tax advice.

General Terms and Conditions

You May Forfeit Your NSOs if Your Employment Ends

Normally, you may exercise your NSOs after they vest and before the Expiration Date. However, your NSOs may be cancelled earlier than the Expiration Date if your employment terminates before **[Vesting Date]**.

[a] If your employment is terminated for “cause” (as defined in the Plan), the NSOs will expire on the date your employment ends; or

[b] If your employment is terminated because of your **[i]** death or **[ii]** disability (as defined in the Plan), the NSOs will expire on the earlier of the Expiration Date or 12 months after such termination; or

[c] If your employment is terminated after you have reached either **[i]** age 55 and completed at least 10 years of employment or **[ii]** age 62 regardless of your years of service, the NSOs will expire on the earlier of the Expiration Date or 12 months after such termination; or

[d] If your employment is terminated for any reason other than “cause,” death or disability, your NSOs will expire on the earlier of the Expiration Date or 90 days after such termination.

Note that it is your single responsibility to keep track of when your NSOs expire.

You May Forfeit Your NSOs if You Engage in Conduct That is Harmful to the Company (or any Affiliate or Subsidiary)

You also will forfeit any outstanding NSOs and must return to the Company all common shares and other amounts you have received through the Plan if, without the Company's consent, you do any of the following within 180 days before and 730 days after terminating employment (as defined in the Plan) with the Company or any Affiliate or Subsidiary:

- [a]** You serve (or agree to serve) as an officer, Director, consultant or employee of any proprietorship, partnership, corporation or other entity or become the owner of a business or a member of a partnership that competes with any portion of the Company's (or any Affiliate's or Subsidiary's) business with which you have been involved at any time during the five years prior to termination of your employment or render any service (including, without limitation, advertising or business consulting) to entities that compete with any portion of the Company's (or any Affiliate's or Subsidiary's) business with which you have been involved at any time during the five years prior to termination of your employment;
- [b]** You refuse or fail to consult with, supply information to or otherwise cooperate with the Company or any Affiliate or Subsidiary after having been requested to do so;
- [c]** 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;
- [d]** On your own behalf or on behalf of any other person, partnership, association, corporation or other entity, you solicit or in any manner attempt to influence or induce any employee of the Company or any Affiliate or Subsidiary to leave the Company's or any Affiliate's or Subsidiary's employment or use or disclose to any person, partnership, association, corporation or other entity any information obtained while an employee of the Company or any Affiliate or Subsidiary concerning the names and addresses of the Company's or any Affiliate's or Subsidiary's employees;
- [e]** You disclose confidential and proprietary information relating to the Company's or any Affiliate's or Subsidiary's business affairs ("Trade Secrets"), including technical information, product information and formulae, processes, business and marketing plans, strategies, customer information and other information concerning the Company's or any Affiliate's or Subsidiary's products, promotions, development, financing, expansion plans, business policies and practices, salaries and benefits and other forms of information considered by the Company or any Affiliate or Subsidiary to be proprietary and confidential and in the nature of Trade Secrets;
- [f]** You fail to return all property (other than personal property), including keys, notes, memoranda, writings, lists, files, reports, customer lists, correspondence, tapes, disks, cards, surveys, maps, logs, machines, technical data, formulae or any other tangible property or document and any and all copies, duplicates or reproductions that you have produced or received or have otherwise been submitted to you in the course of your employment with the Company or any Affiliate or Subsidiary; or
- [g]** You engaged in conduct that the Committee reasonably concludes would have given rise to a termination for "cause" (as defined in the Plan) had it been discovered before you terminated your employment.

BELGIAN FORM

Your NSOs May Vest Earlier Than Described Above.

Normally, your NSOs will vest only in the circumstances described above. However, if there is a “Change in Control” (as defined in the Plan), your NSOs may vest earlier. You should read the Plan, the Prospectus, and the Belgian Prospectus Supplement carefully to ensure that you understand how this may happen.

Amendment/Termination.

The Company may amend or terminate the Plan, the Prospectus and the Belgian Prospectus Supplement at any time.

Rights Before Your NSOs Are Exercised:

You may not vote, or receive any dividends associated with, the common shares underlying your NSOs.

Beneficiary Designation:

You may name a beneficiary or beneficiaries to receive or to exercise any vested NSOs that are unexercised when you die. This may be done only on the attached Beneficiary Designation Form and by following the rules described in that Form. The Beneficiary Designation Form need not be completed now and is not required as a condition of receiving your NSOs. 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.

Transferring Your NSOs:

Normally your NSOs may not be transferred to another person. However, you may complete a Beneficiary Designation Form to name the person who may exercise your NSOs if you die before the Expiration Date of your NSOs. Also, the Committee may allow you to place your NSOs into a trust established for your benefit or for the benefit of your family. Contact [**Third Party Administrator**] at [**TPA Telephone Number**] or at the address given in the Acknowledgement if you are interested in doing this.

Governing Law:

This Award Agreement will be construed in accordance with and governed by the laws of the United States of America and of the State of Ohio (other than laws governing conflicts of laws).

Other Agreements:

Your NSOs 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, the Plan’s Prospectus, the Belgian Prospectus Supplement or this Award Agreement.

Adjustments to NSOs:

Your NSOs will be adjusted, if appropriate, to reflect any change to the Company’s capital structure (e.g., the number of your NSOs and the Exercise Price will be adjusted to reflect a stock split).

No Right to Employment:

Your award of NSOs is a voluntary, discretionary bonus being made on a one-time basis and it does not constitute a commitment to make any future awards. This award of NSOs and any payments made

BELGIAN FORM

hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. Nothing in this Award Agreement will give you any right to continue employment with the Company, Affiliate or any Subsidiary, as the case may be, or interfere in any way with the right of the Company, an Affiliate or a Subsidiary to terminate your employment.

Data Privacy:

Information about you and your participation in the Plan, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares of stock or directorships held in the Company, its Affiliates or Subsidiaries, details of all NSOs or other entitlement to shares of stock awarded, cancelled, exercised, vested, unvested or outstanding in your favor, may be collected, recorded, held, used and disclosed for any purpose related to the administration of the Plan. You understand that the Company, its Affiliates and Subsidiaries may transfer such information to any third party administrators, regardless of whether such persons are located within your country of residence, the European Economic Area or in countries outside of the European Economic Area, including the United States of America. You consent to the processing of information relating to you and your participation in the Plan in any one or more of the ways referred to above.

Other Rules:

Your NSOs are also subject to more rules described in the Plan, the Plan’s Prospectus and the Belgian Prospectus Supplement, which are all incorporated herein by reference thereto. You should read all of these documents carefully to ensure you fully understand all the terms and conditions of the grant of NSOs made to you under this Award Agreement.

You may contact [Third Party Administrator] at [TPA Telephone Number] or at the address given below in the Acknowledgement of Receipt if you have any questions about your award of NSOs or this Award Agreement.

Executed in twofold on _____, the Grantee and the Company each acknowledging having received one original copy.

The Scotts Miracle-Gro Company

[NAME OF GRANTEE]

Represented by, _____
Function, _____

Your Acknowledgment of Receipt

Unless otherwise defined herein, capitalized terms used in this Acknowledgment of Receipt (the "Acknowledgement") are defined the Award Agreement dated _____, 200__ (the "Award Agreement"), the Prospectus dated February 1, 2006, the Belgian Prospectus Supplement dated _____, 200____, and/or the Plan dated _____, 2006.

By signing below, I acknowledge and agree that:

- A copy of the Plan has been made available to me;
- I have received a copy of the Plan's Prospectus and the Belgian Prospectus Supplement;
- A copy of the Award Agreement has been made available to me;
- If I do not return a signed copy of this Acknowledgement within [**___days following the Grant Date**] to the address shown below and a signed copy of the Award Agreement and the Acceptance Form on or before [**___Days Post Grant Date**], my NSOs will be forfeited and I will not be entitled to receive anything on account of this award of NSOs.

[Grantee's Name]

THE SCOTTS MIRACLE-GRO COMPANY

By: _____

By: _____

Date signed: _____

Name: _____

Title: _____

Date signed: _____

A signed copy of this Acknowledgement must be sent to the following address no later than [**___days following the Grant Date**]:

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

After the executed Acceptance Form, Acknowledgement and Award Agreement have been received, The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee will acknowledge receipt thereof.

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

Unless otherwise defined herein, capitalized terms used in this Acceptance Form are defined in the award agreement dated _____, 200__ (the "Award Agreement"), the Prospectus dated February 1, 2006, the Belgian Prospectus Supplement dated ____, 200____, and/or the Plan dated _____, 2006.

The undersigned, _____ (the "Grantee"), acknowledges having been awarded on _____, 200____, _____ NSOs to purchase ____ common shares of the Company (the "Award").

The Grantee agrees to be bound by the terms and conditions of this Acceptance Form, the Award Agreement, the Plan, the Prospectus and the Belgian Prospectus Supplement, and hereby accepts or rejects the NSOs granted under the Award Agreement, as specifically designated below. The Grantee acknowledges that he or she has been encouraged to discuss this matter with his or her financial or tax advisor and that this acceptance is made knowingly.

If you elect to **accept** the NSOs, please sign this Acceptance Form and the Award Agreement and indicate your acceptance below.

The Grantee hereby accepts (**check one ONLY**):

- o the NSOs by _____, 200____ (i.e., within 60 days after the Grant Date) to obtain taxation at grant (**if you choose this option, please also check one of the boxes below**)
 - o In addition, in order to benefit from the lower valuation rules, I commit not to exercise the NSOs offered to me on or before January 1 of the fourth calendar year following the year in which the Award was made and I acknowledge that if I nevertheless exercise (part or all of) these NSOs before January 1 of the fourth calendar year following the year in which the Award was made and thus break my commitment, my employer will be obliged to report an additional benefit for the year of exercise. I further acknowledge that the fringe benefit will have to be reported in my personal income tax return of the year during which I broke my commitment and that it will be subject to the normal progressive income tax rates.
 - o I do not commit not to exercise the NSOs before January 1 of the fourth calendar year following the year in which the Award was made and am aware that I will therefore be subject to the higher valuation rule of the taxable benefit resulting from such Award.

If you want the social secretariat of your employer to make the necessary withholdings for Belgian tax and/or social security purposes, please indicate so below.

- o I hereby expressly authorize the social secretariat of my employer to withhold any taxes and/or social security which are due on the 60th day following the Grant Date because of my acceptance herein of the Award and the NSOs from my salary for the month in which this 60th day falls. Such withholding shall be done in accordance with the normal withholding tax schedules and based on the

BELGIAN FORM

information used by my employer to calculate the withholding tax due on my ordinary salary. I will remain liable to pay any additional amount of tax and/or social security due on the Award and the NSOs.

- o I do not authorize the social secretariat of my employer to withhold any taxes and/or social security which are due on the 60th day following the Grant Date because of my acceptance of the Award and the NSOs from my salary for the month in which this 60th day falls. I therefore remain fully liable to pay any Belgian income taxes and social security which may become due because of my acceptance of the Award and the NSOs.
- o the NSOs by _____, 200____(i.e., after 60 days after the Grant Date) to obtain taxation on the difference between the exercise price and the value of the common shares at exercise.

OR

If you intend to **reject** the NSOs, indicate your rejection below.

- o The Grantee has considered the NSOs, and hereby expressly rejects the NSOs. The Grantee acknowledges that he or she has been encouraged to discuss this matter with his or her financial advisor and that this rejection is made knowingly. The Grantee further acknowledges that he or she, by rejecting the NSOs, will not be entitled to any payment or benefit in lieu of the NSOs.

To the extent that the Grantee **accepts** the NSOs, by signing below, the Grantee acknowledges and agrees that:

- he understands and accepts the conditions placed on his NSOs and understand what he has to do to earn and exercise his NSOs; and
- he will consent (on his/her own behalf and on behalf of his/her beneficiaries and without any further consideration) to any necessary change to his/her NSOs or the Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the Internal Revenue Code, even if those changes affect the terms of his/her NSOs and reduce their value or potential value.

[GRANTEE'S NAME]

Date

If you have elected to accept the NSOs within 60 days following the Grant Date in order to benefit from the beneficial tax regime at grant, the completed form duly signed and dated should be returned to the attention of **[Third Party Administrator]** by the 60th day following the Grant Date.

If you have elected to be taxed at exercise, this form should only be executed and returned to the attention of **[Third Party Administrator]** at the earliest on the 61st day following the Grant Date but at the latest by the **[__day following the Grant Date]**.

**THE SCOTTS MIRACLE-GRO COMPANY
2006 LONG-TERM INCENTIVE PLAN
NONQUALIFIED STOCK OPTION EXERCISE NOTICE
AFFECTING NONQUALIFIED STOCK OPTIONS GRANTED TO
[GRANTEE'S NAME] ON [GRANT DATE]**

Additional copies of this Nonqualified Stock Option Exercise Notice (and any further information you may need about this Exercise Notice or exercising your NSOs) are available from **[Third Party Administrator]** at the address given below.

Unless otherwise defined herein, capitalized terms used in this Exercise Notice are defined in the award agreement dated _____, 200__ (the "Award Agreement"), the Prospectus dated February 1, 2006, and/or the Plan dated _____, 2006.

By completing this Exercise Notice and returning it to **[Third Party Administrator]** at the address given below, I elect to exercise the NSOs described below:

NOTE: You must complete a separate Nonqualified Stock Option Exercise Notice each time you exercise NSOs granted under each award agreement (e.g., if you are exercising 200 NSOs granted January 1, 2007 and 100 NSOs granted January 1, 2008 under a separate award agreement, you must complete two Nonqualified Stock Option Exercise Notices, one for each set of NSOs being exercised).

AFFECTED NSOs: This exercise relates to the following NSOs (fill in the blanks):

GRANT DATE: _____

NUMBER OF NSOs BEING EXERCISED WITH THIS EXERCISE NOTICE: _____

EXERCISE PRICE: The Exercise Price due is US \$ _____

NOTE: This amount must be the product of US \$[Exercise Price mentioned in the Award Agreement] multiplied by the number of NSOs being exercised.

PAYMENT OF EXERCISE PRICE: I have decided to pay the Exercise Price and any related taxes by **(check one)**:

_____ Cashless Exercise and Sell.

_____ Combination Exercise.

_____ Exercise and Hold:

_____ in cash;

_____ in cash equivalent;

_____ in common shares of the Company.

NOTE: These methods are further described in the Award Agreement.

BELGIAN FORM

Note:

- If you select the Exercise and Hold method of exercise, you must also follow the procedures described in the Award Agreement to pay the Exercise Price and the taxes related to this exercise, if any. You should contact **[Third Party Administrator]** at the address given below to find out the amount of the taxes due, if any.
- If you select either the Cashless Exercise and Sell or the Combination Exercise methods of paying the Exercise Price, you should contact **[Third Party Administrator]** at the address given below to be sure you understand how your choice of payment will affect the number of common shares of the Company you will receive.

YOUR ACKNOWLEDGEMENT OF EFFECT OF EXERCISE

By signing below, I acknowledge and agree that:

- I fully understand the effect (including the investment effect) of exercising my NSOs and buying common shares of the Company and understand that there is no guarantee that the value of these common shares will appreciate or will not depreciate;
- This Exercise Notice will have no effect if it is not returned to **[Third Party Administrator]** at the address given below before the Expiration Date specified in the Award Agreement under which these NSOs were granted or any other date described in the Award Agreement at which I would forfeit the NSOs and/or the right to exercise them; and
- The common shares of the Company I am buying by completing and returning this Exercise Notice will be issued to me as soon as administratively practicable.

[Grantee's Name]

(signature)

Date signed: _____

A signed copy of this Nonqualified Stock Option Exercise Notice must be sent to the following address no later than on the Expiration Date:

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

ACKNOWLEDGEMENT OF RECEIPT

A signed copy of this Nonqualified Stock Option Exercise Notice was received on: _____.

[Grantee's Name]:

_____ Has effectively exercised the NSOs described in this Exercise Notice; or

_____ Has not effectively exercised the NSOs described in this Exercise Notice because

(describe deficiency)

The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee

By: _____

Date: _____

Note: Keep a copy of this Exercise Notice as part of the Plan's permanent records.

Committee's Acknowledgment of Receipt

A signed copy of this Award Agreement was received on _____.

By: _____

[Grantee's Name]

_____ Has complied with the conditions imposed on the grant and the Award Agreement remains in effect; or

_____ Has not complied with the conditions imposed on the grant and the **[Name of Award(s)]** are forfeited because .

describe deficiency

The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee

By: _____

Date: _____

Note: Send a copy of this completed Award Agreement to **[Grantee's Name]** and keep a copy as part of the Plan's permanent records.

**THE SCOTTS MIRACLE-GRO COMPANY
2006 LONG-TERM INCENTIVE PLAN
BENEFICIARY DESIGNATION FORM
RELATING TO [FORM OF AWARD] AWARD GRANTED TO
[GRANTEE'S NAME] ON [GRANT DATE]**

1.00 Instructions for Completing This Beneficiary Designation Form

You may use this Beneficiary Designation Form to [1] name the person you want to receive any amount due under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan after your death or [2] change the person who will receive these benefits.

There are several things you should know before you complete this Beneficiary Designation Form.

First, if you do not elect a beneficiary, any amount due to you under the Plan when you die will be paid to your surviving spouse or, if you have no surviving spouse, to your estate.

Second, your election will not be effective (and will not be implemented) unless you complete all applicable portions of this Beneficiary Designation Form and return it to [Third Party Administrator] at the address given below.

Third, all elections will remain in effect until they are changed (or until all death benefits are paid).

Fourth, if you designate your spouse as your beneficiary but are subsequently divorced from that person (or your marriage is annulled), your beneficiary designation will be revoked automatically.

Fifth, if you have any questions about this Beneficiary Designation Form or if you need additional copies of this Form, please contact [Third Party Administrator] at [TPA Telephone Number] or at the address or number given below.

1.00 Designation of Beneficiary

1.01 Primary Beneficiary:

I designate the following person(s) as my Primary Beneficiary or Beneficiaries to receive any amount due after my death under the terms of the Award Agreement described at the top of this **Beneficiary Designation** Form. This benefit will be paid, in the proportion specified, to:

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

(Name)

(Relationship)

Address: _____

1.02 Contingent Beneficiary

If one or more of my Primary Beneficiaries die before I die, I direct that any amount due after my death under the terms of the Award described at the top of this **Beneficiary Designation** Form:

_____ Be paid to my other named Primary Beneficiaries in proportion to the allocation given above (ignoring the interest allocated to the deceased Primary Beneficiary); or

_____ Be distributed among the following Contingent Beneficiaries:

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

Elections made on this Beneficiary Designation Form will be effective only after this Form is received by [Third Party Administrator] and only if it is fully and properly completed and signed.

[Grantee's Name]

Date of Birth: _____

Address: _____

Sign and return this Beneficiary Designation Form to [Third Party Administrator] at the address given below.

Date _____ Signature _____

Return this signed Beneficiary Designation Form to **[Third Party Administrator]** at the following address:

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

BELGIAN FORM

[Contact's Address]

[TPA Telephone Number]

Received on: _____

By: _____

FRENCH FORM

**THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES
THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.**

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

AWARD AGREEMENT FOR EMPLOYEES

[FORM OF AWARD] AWARDED TO [GRANTEE'S NAME] ON [GRANT DATE]

The Scotts Miracle-Gro Company ("Company") and its shareholders believe that their business interests are best served by ensuring that you have an opportunity to share in the Company's business success. To this end, the Company adopted and its shareholders approved The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan ("Plan") through which key employees, like you, may acquire (or share in the appreciation of) common shares of the Company.

We cannot guarantee that the value of your Award (or the value of the common shares you acquire through an Award) will increase. This is because the value of the Company's common shares is affected by many factors. However, the Company believes that your efforts contribute to the value of the Company's common shares and that the Plan (and the Awards made through the Plan) is an appropriate means of sharing with you the value of your contribution to the Company's business success.

This Award Agreement describes the type of Award that you have been granted and the conditions that must be met before you may receive the value associated with your Award. To ensure you fully understand these terms and conditions, you should:

- Read the Plan and the Plan's Prospectus, as supplemented, carefully to ensure you understand how the Plan works;
- Read this Award Agreement carefully to ensure you understand the nature of your Award and what you must do to earn it; and
- Contact **[Contact's Name at Company]**, **[Contact's Title]** at **[Telephone Number]** if you have any questions about your Award. Or, you may send a written inquiry to the address shown below:

The Scotts Miracle-Gro Company
Attention: **[Contact's Name at Company]**
[Contact's Title]
14111 Scottslawn Road
Marysville, Ohio 43041

You must return a signed copy of this Award Agreement no later than **[__ Days Post Grant Date]** to:

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

FRENCH FORM

If you do not do this, your Award will be forfeited and you will not be entitled to receive anything on account of this Award.

Description of Your Nonqualified Stock Options

You have been awarded Nonqualified Stock Options (or “NSOs”) to purchase [Number Granted] common shares of the Company. You may purchase one of the Company’s common shares for each NSO, but only if you pay US \$[Price] (“Exercise Price”) for each common share you purchase, you exercise the NSOs on or before [Expiration Date] (“Expiration Date”) and you meet the terms and conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented. You also must arrange to pay any taxes due on exercise using one of the procedures described later in this Award Agreement.

Limits on Exercising Your NSOs

Normally, your NSOs will vest (and become exercisable) on [Vesting Date] but only if you are actively employed by the Company or any Subsidiary or Affiliate (as defined in the Plan) on [Vesting Date] and all other conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented, are met.

This does not mean that you must exercise your NSOs on this date; this is merely the first date that you may do so. However, your NSOs will expire unless they are exercised on or before the Expiration Date ([Expiration Date]).

There are some special situations in which your NSOs may vest earlier. These are described later in this Award Agreement.

At any one time, you may not exercise NSOs to buy fewer than 100 common shares of the Company (or, if smaller, the number of your outstanding vested NSOs). Also, you may never exercise an NSO to purchase a fractional common share of the Company; NSOs for fractional common shares will always be redeemed for cash.

Exercising Your NSOs

After they vest, you may exercise your NSOs by completing an Exercise Notice. A copy of this Exercise Notice is attached to this Award Agreement. Also, a copy of this Exercise Notice and a description of the procedures that you must follow to exercise your NSOs are available from [Third Party Administrator] at [TPA Telephone Number] or at the address shown below.

You may use one of three methods to exercise your NSOs and to pay any taxes related to that exercise. You will decide on the method at the time of exercise.

Cashless Exercise and Sell: If you elect this alternative, you will be deemed to have simultaneously exercised the NSOs and to have sold the common shares underlying those NSOs. When the transaction is complete, you will receive cash (but no common shares of the Company) equal to the difference between the aggregate value of the common shares deemed to have been acquired through the exercise *minus* the NSOs’ aggregate exercise price and related taxes.

Combination Exercise: If you elect this alternative, you will be deemed to have simultaneously exercised the NSOs and to have sold a number of those common shares with a value equal to the NSOs’ aggregate exercise price and related taxes. When the transaction is complete, the balance of the common shares subject to the NSOs you exercised will be transferred to you.

FRENCH FORM

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 common shares of the Company having a 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 one common share for each NSO exercised.

Before choosing an exercise method, you should read the Prospectus, as supplemented, to ensure you understand the federal income tax effect of exercising your NSOs and of the exercise method you choose.

If you do not elect one of these methods, we will apply the Cashless Exercise and Sell method described above.

Tax Treatment of Your NSOs

The federal income tax treatment of your NSOs is discussed in the Plan's Prospectus, as supplemented.

General Terms and Conditions

You May Forfeit Your NSOs if Your Employment Ends

Normally, you may exercise your NSOs after they vest and before the Expiration Date (**[Expiration Date]**). However, to the extent permitted by law, your NSOs may be cancelled earlier than the Expiration Date if you terminate employment before **[Vesting Date]**.

[a] If your employment is terminated for "cause" (as defined in the Plan), the NSOs will expire on the date your employment ends; or

[b] If your employment is terminated because of your **[i]** death or **[ii]** disability (as defined in the Plan), the NSOs will expire on the earlier of the Expiration Date or 12 months after you terminate; or

[c] If your employment is terminated after you have reached either **[i]** age 55 and completed at least 10 years of employment or **[ii]** age 62 regardless of your years of service, the NSOs will expire on the earlier of the Expiration Date or 12 months after you terminate; or

[d] If your employment is terminated for any reason other than "cause," death or disability, your NSOs will expire on the earlier of the Expiration Date or 90 days after you terminate.

Note: it is your responsibility to keep track of when your NSOs expire.

You May Forfeit Your NSOs if You Engage in Conduct That is Harmful to the Company (or any Affiliate or Subsidiary)

To the extent permitted by law, you also will forfeit any outstanding NSOs and must return to the Company all common shares and other amounts you have received through the Plan if, without our consent, you do any of the following within 180 days before and 730 days after terminating employment (as defined in the Plan) with the Company or any Affiliate or Subsidiary:

[a] You serve (or agree to serve) as an officer, director, consultant or employee of any proprietorship, partnership, corporation or other entity or become the owner of a business or a member of a partnership that competes with any portion of the Company's (or any Affiliate's or

FRENCH FORM

Subsidiary's) business with which you have been involved any time within five years before termination of employment or render any service (including, without limitation, advertising or business consulting) to entities that compete with any portion of the Company's (or any Affiliate's or Subsidiary's) business with which you have been involved any time within five years before termination of employment;

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

[c] 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;

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

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

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

[g] You engaged in conduct that the Committee (as defined in the Plan) reasonably concludes would have given rise to a termination for "cause" (as defined in the Plan) had it been discovered before you terminated your employment.

Your NSOs May Vest Earlier Than Described Above. Normally, your NSOs will vest only in the circumstances described above. However, if there is a "Change in Control" (as defined in the Plan), your NSOs may vest earlier. You should read the Plan and the Prospectus carefully to ensure that you understand how this may happen.

Amendment/Termination. We may amend or terminate the Plan at any time.

Rights Before Your NSOs Are Exercised: You may not vote, or receive any dividends associated with, the common shares underlying your NSOs.

Beneficiary Designation: You may name a beneficiary or beneficiaries to receive or to exercise any vested NSOs that are unexercised when you die. This may be done only on the attached Beneficiary

FRENCH FORM

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.

Transferring Your NSOs: Normally your NSOs may not be transferred to another person. However, you may complete a Beneficiary Designation Form to name the person who may exercise your NSOs if you die before their Expiration Date. Also, the Committee may allow you to place your NSOs into a trust established for your benefit or for the benefit of your family. Contact **[Third Party Administrator]** at **[TPA Telephone Number]** or at the address given below if you are interested in doing this.

Governing Law: This Award Agreement will be construed in accordance with and governed by the laws of the United States of America and of the State of Ohio (other than laws governing conflicts of laws).

Other Agreements: Also, your NSOs 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.

Adjustments to NSOs: Your NSOs will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of your NSOs and the Exercise Price will be adjusted to reflect a stock split).

No Right to Employment: Your award of NSOs is a voluntary, discretionary bonus being made on a one-time basis and it does not constitute a commitment to make any future awards. This award of NSOs and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. Nothing in this Award Agreement will give you any right to continue employment with the Company or any Subsidiary or Affiliate, as the case may be, or interfere in any way with the right of the Company or a Subsidiary or an Affiliate to terminate your employment.

Data Privacy: Information about you and your participation in the Plan, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all NSOs or other entitlement to shares of stock awarded, cancelled, exercised, vested, unvested or outstanding in your favor, may be collected, recorded, held, used and disclosed for any purpose related to the administration and management of the Plan and in order to satisfy legal and regulatory requirements. You understand that the Company will keep your personal data in accordance with the rules set forth by Law No. 78-17, dated January 6, 1978, related to "software, files and liberties" (the "**Law**"). The Company will also take reasonable measures in order to protect your personal data and to observe the requirements set forth in the Commission Nationale de l'Informatique et des Libertés. Pursuant to the Law, you have the right to access and correct your personal data. You also understand that the Company and its Subsidiaries or Affiliates may transfer such information to any third party administrators, regardless of whether such persons are located within your country of residence, the European Economic Area or in countries outside of the European Economic Area, including the United States of America, where the rules protecting such data are less stringent than those applicable within the European Economic Area. You consent to the processing of information relating to you and your participation in the Plan in any one or more of the ways referred to above.

Other Rules: Your NSOs also are subject to more rules described in the Plan and in the Plan's Prospectus, as supplemented. You should read both of these documents carefully to ensure you fully understand all the terms and conditions of the grant of NSOs made to you under this Award Agreement.

FRENCH FORM

You may contact [**Third Party Administrator**] at [**TPA Telephone Number**] or at the address given below if you have any questions about your Award or this Award Agreement.

Your Acknowledgment of Award Conditions

Note: You must sign and return a copy of this Award Agreement to [Third Party Administrator] at the address given below no later than [__Days Post Grant Date].

By signing below, I acknowledge and agree that:

- A copy of the Plan has been made available to me;
- I have received a copy of the Plan's Prospectus, as supplemented;
- I understand and accept the conditions placed on my NSOs and understand what I must do to earn and exercise my NSOs. I also have had the opportunity to seek advice from independent counsel regarding the terms and conditions of my NSOs;
- I will consent (on my own behalf and on behalf of my beneficiaries and without any further consideration) to any necessary change to my NSOs or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the U.S. Internal Revenue Code, even if those changes affect the terms of my NSOs and reduce their value or potential value; and
- If I do not return a signed copy of this Award Agreement to the address shown below on or before [__Days Post Grant Date], my NSOs will be forfeited and I will not be entitled to receive anything on account of this Award.

[Grantee's Name]

THE SCOTTS MIRACLE-GRO COMPANY

By: _____

By: _____

Date signed: _____

Name: _____

Title: _____

Date signed: _____

A signed copy of this Award Agreement must be sent to the following address no later than [__Days Post Grant Date]:

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

After it is received, The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee will acknowledge receipt of your signed Award Agreement.

**THE SCOTTS MIRACLE-GRO COMPANY
2006 LONG-TERM INCENTIVE PLAN
NONQUALIFIED STOCK OPTION EXERCISE NOTICE
AFFECTING NONQUALIFIED STOCK OPTIONS GRANTED TO
[GRANTEE'S NAME] ON [GRANT DATE]**

Additional copies of this Nonqualified Stock Option Exercise Notice (and any further information you may need about this Exercise Notice or exercising your NSOs) are available from **[Third Party Administrator]** at the address given below.

By completing this Exercise Notice and returning it to **[Third Party Administrator]** at the address given below, I elect to exercise the NSOs described below:

NOTE: You must complete a separate Nonqualified Stock Option Exercise Notice each time you exercise NSOs granted under each Award Agreement (e.g., if you are exercising 200 NSOs granted January 1, 2007 and 100 NSOs granted January 1, 2008 under a separate award agreement, you must complete two Nonqualified Stock Option Exercise Notices, one for each set of NSOs being exercised).

AFFECTED NSOS: This exercise relates to the following NSOs (fill in the blanks):

GRANT DATE: **[GRANT DATE]**

NUMBER OF NSOS BEING EXERCISED WITH THIS EXERCISE NOTICE:

EXERCISE PRICE: The Exercise Price due is US \$ _____

NOTE: This amount must be the product of US \$**[Price]** multiplied by the number of NSOs being exercised.

PAYMENT OF EXERCISE PRICE: I have decided to pay the Exercise Price and any related taxes by (check one):

NOTE: These methods are described in the Award Agreement.

_____ Cashless Exercise and Sell.

_____ Combination Exercise.

_____ Exercise and Hold.

Note:

- If you select the Exercise and Hold method of exercise, you must also follow the procedures described in the Award Agreement to pay the Exercise Price and the taxes related to this exercise. You should contact **[Third Party Administrator]** at the address given below to find out the amount of the taxes due.
-

FRENCH FORM

- If you select either the Cashless Exercise and Sell or the Combination Exercise methods of paying the Exercise Price, you should contact **[Third Party Administrator]** at the address given below to be sure you understand how your choice of payment will affect the number of common shares of the Company you will receive.
-

YOUR ACKNOWLEDGEMENT OF EFFECT OF EXERCISE

By signing below, I acknowledge and agree that:

- I fully understand the effect (including the investment effect) of exercising my NSOs and buying common shares of the Company and understand that there is no guarantee that the value of these common shares will appreciate or will not depreciate;
- This Exercise Notice will have no effect if it is not returned to **[Third Party Administrator]** at the address given below before the Expiration Date specified in the Award Agreement under which these NSOs were granted; and
- The common shares of the Company I am buying by completing and returning this Exercise Notice will be issued to me as soon as administratively practicable.

[Grantee's Name]

(signature)

Date signed: _____

A signed copy of this Nonqualified Stock Option Exercise Notice must be sent to the following address no later than the Expiration Date:

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

ACKNOWLEDGEMENT OF RECEIPT

A signed copy of this Nonqualified Stock Option Exercise Notice was received on:

_____.

[Grantee's Name]:

_____ Has effectively exercised the NSOs described in this Notice; or

_____ Has not effectively exercised the NSOs described in this Notice because

describe deficiency

The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee

By: _____

Date: _____

Note: Keep a copy of this Exercise Notice as part of the Plan's permanent records.

Description of Your Restricted Stock

You have been awarded [Number Granted] shares of Restricted Stock. If you satisfy the conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented, the restrictions imposed on your Restricted Stock will be removed and you will own the underlying common shares. You also must arrange to pay any taxes due.

When Your Restricted Stock Will Be Settled

Normally, on **[Vesting Date]**, the Committee (as defined in the Plan) will ascertain if you have satisfied the conditions imposed on your Restricted Stock. If you have not, your Restricted Stock will be forfeited. If you have, as soon as administratively practicable after **[Vesting Date]**, these common shares will be distributed to you, free of any restrictions. Your Restricted Stock will be held in escrow until it is settled or forfeited.

The restrictions imposed on your Restricted Stock normally will be met if you are actively employed by the Company or any Affiliate or Subsidiary (as defined in the Plan) on **[Vesting Date]** and all other conditions described in this Award Agreement, the Plan and the Prospectus are met.

Tax Treatment of Your Restricted Stock

The federal income tax treatment of your Restricted Stock is discussed in the Plan's Prospectus, as supplemented.

General Terms and Conditions

You Will Forfeit Your Restricted Stock if Your Employment Ends

Normally, your Restricted Stock will be settled on **[Vesting Date]**. However, the unvested portion of your Restricted Stock will be forfeited if you terminate employment before **[Vesting Date]**.

You May Forfeit Your Restricted Stock if You Engage in Conduct That is Harmful to the Company (or any Affiliate or Subsidiary)

To the extent permitted by law, you also will forfeit any outstanding Restricted Stock and must return to the Company all common shares and other amounts you have received through the Plan if, without our consent, you do any of the following within 180 days before and 730 days after terminating employment:

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

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

FRENCH FORM

[c] 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;

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

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

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

[g] You engaged in conduct that the Committee reasonably concludes would have given rise to a termination for "cause" (as defined in the Plan) had it been discovered before you terminated your employment.

Your Restricted Stock May Vest Earlier Than Described Above. Normally, your Restricted Stock will vest only in the circumstances described above. However, if there is a "Change in Control" (as defined in the Plan), your Restricted Stock may vest earlier. You should read the Plan and the Prospectus, as supplemented, carefully to ensure that you understand how this may happen.

Rights Before Your Restricted Stock Vests: Even though your Restricted Stock is held in escrow until it is settled or forfeited, you may exercise any voting rights associated with the common shares underlying your Restricted Stock while it is held in escrow. You also will be entitled to receive any dividends paid on these common shares during this period, although these dividends also will be held in escrow until the Restricted Stock is settled and distributed to you (or forfeited) depending on whether or not you have met the conditions described in this Award Agreement and in the Plan and the Prospectus.

Beneficiary Designation: You may name a beneficiary or beneficiaries to receive any Restricted Stock that is settled after you die. This may be done only on the attached Beneficiary Designation Form and by following the rules described in that Form. The Beneficiary Designation Form 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.

Transferring Your Restricted Stock: Normally your Restricted Stock may not be transferred to another person. However, you may complete a Beneficiary Designation Form to name the person to receive any

FRENCH FORM

Restricted Stock that is settled after you die. Also, the Committee may allow you to place your Restricted Stock into a trust established for your benefit or the benefit of your family. Contact [**Third Party Administrator**] at [**TPA Telephone Number**] or the address given below if you are interested in doing this.

Governing Law: This Award Agreement will be construed in accordance with and governed by the laws of the United States of America and of the State of Ohio (other than laws governing conflicts of laws).

Other Agreements: Also, your Restricted Stock will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement.

Adjustments to Your Restricted Stock: Your Restricted Stock will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of common shares underlying your Restricted Stock will be adjusted to reflect a stock split).

No Right to Employment: Your award of Restricted Stock is a voluntary, discretionary bonus being made on a one-time basis and it does not constitute a commitment to make any future awards. This award of Restricted Stock and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. Nothing in this Award Agreement will give you any right to continue employment with the Company or any Subsidiary or Affiliate, as the case may be, or interfere in any way with the right of the Company or a Subsidiary or an Affiliate to terminate your employment.

Data Privacy: Information about you and your participation in the Plan, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all NSOs or other entitlement to shares of stock awarded, cancelled, exercised, vested, unvested or outstanding in your favor, may be collected, recorded, held, used and disclosed for any purpose related to the administration and management of the Plan and in order to satisfy legal and regulatory requirements. You understand that the Company will keep your personal data in accordance with the rules set forth by Law No. 78-17, dated January 6, 1978, related to "software, files and liberties" (the "**Law**"). The Company will also take reasonable measures in order to protect your personal data and to observe the requirements set forth in the Commission Nationale de l'Informatique et des Libertés. Pursuant to the Law, you have the right to access and correct your personal data. You also understand that the Company and its Subsidiaries or Affiliates may transfer such information to any third party administrators, regardless of whether such persons are located within your country of residence, the European Economic Area or in countries outside of the European Economic Area, including the United States of America, where the rules protecting such data are less stringent than those applicable within the European Economic Area. You consent to the processing of information relating to you and your participation in the Plan in any one or more of the ways referred to above.

Other Rules: Your Restricted Stock also is subject to more rules described in the Plan and in the Plan's Prospectus, as supplemented. You should read both of these documents carefully to ensure you fully understand all the terms and conditions of the grant of Restricted Stock under this Award Agreement.

You may contact [**Third Party Administrator**] at [**TPA Telephone Number**] or at the address given below if you have any questions about your Award or this Award Agreement.

Your Acknowledgment of Award Conditions

Note: You must sign and return a copy of this Award Agreement to [Third Party Administrator] at the address given below no later than [__Days Post Grant Date].

By signing below, I acknowledge and agree that:

- A copy of the Plan has been made available to me;
- I have received a copy of the Plan's Prospectus, as supplemented;
- I understand and accept the conditions placed on my Award and understand what I must do to earn my Award. I also have had the opportunity to seek advice from independent counsel regarding the terms and conditions of my Award;
- I will consent (on my own behalf and on behalf of my beneficiaries and without any further consideration) to any necessary change to my Award or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the U.S. Internal Revenue Code, even if those changes affect the terms of my Award and reduce their value or potential value; and
- If I do not return a signed copy of this Award Agreement to the address shown below on or before [__Days Post Grant Date], my Award will be forfeited and I will not be entitled to receive anything on account of this Award.

[Grantee's Name]

THE SCOTTS MIRACLE-GRO COMPANY

By: _____

By: _____

Date signed: _____

Name: _____

Title: _____

Date signed: _____

A signed copy of this Award Agreement must be sent to the following address no later than [__Days Post Grant Date]:

[Third Party Administrator]

Attention: **[TPA Contact's Name]**

[Contact's Address]

[TPA Telephone Number]

After it is received, The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee will acknowledge receipt of your signed Award Agreement.

Description of Your Performance Shares

You have been awarded [Number Granted] Performance Shares. If you satisfy the conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented, you will be issued [Number Granted] common shares of the Company. Federal income tax rules apply to Performance Shares. You also must arrange to pay any taxes due on settlement.

When Your Performance Shares Will Be Settled

Normally, on [Vesting Date], the Committee (as defined in the Plan) will ascertain if you have satisfied the conditions imposed on your Performance Shares. If you have not, your Performance Shares will be forfeited. If you have, as soon as administratively practicable after [Vesting Date], these common shares will be distributed to you.

The restrictions imposed on your Performance Shares normally will be met only if you meet the criteria as outlined in Attachment A.

Tax Treatment of Your Award

The federal income tax treatment of your Award is discussed in the Plan's Prospectus, as supplemented.

General Terms and Conditions

You Will Forfeit Your Performance Shares if Your Employment Ends

Normally, your Performance Shares will be settled on the date shown earlier in this Award Agreement. However, the unvested portion of your Award will be forfeited if you terminate employment before [Vesting Date].

You May Forfeit Your Performance Shares if You Engage in Conduct That is Harmful to the Company (or any Affiliate or Subsidiary)

To the extent permitted by law, you also will forfeit any outstanding Performance Shares and must return to the Company all common shares and other amounts you have received through the Plan if, without our consent, you do any of the following within 180 days before and 730 days after terminating employment:

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

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

FRENCH FORM

[c] 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;

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

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

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

[g] You engaged in conduct that the Committee reasonably concludes would have given rise to a termination for "cause" (as defined in the Plan) had it been discovered before you terminated your employment.

Your Performance Shares May Vest Earlier Than Described Above. Normally, your Performance Shares will vest only in the circumstances described above. However, if there is a "Change in Control" (as defined in the Plan), your Performance Shares may vest earlier. You should read the Plan and the Prospectus carefully to ensure that you understand how this may happen.

Rights Before Your Performance Shares Vest: You may not vote, or receive any dividends associated with, your Performance Shares.

Beneficiary Designation: You may name a beneficiary or beneficiaries to receive any Performance Shares that are settled after you die. This may be done only on the attached Beneficiary Designation Form and by following the rules described in that Form. The Beneficiary Designation form 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.

Transferring Your Performance Shares: Normally your Performance Shares may not be transferred to another person. However, you may complete a Beneficiary Designation Form to name the person to receive any Performance Shares that are settled after you die. Also, the Committee may allow you to place your Performance Shares into a trust established for your benefit or the benefit of your family. Contact **[Third Party Administrator]** at **[TPA Telephone Number]** or at the address given below if you are interested in doing this.

FRENCH FORM

Governing Law: This Award Agreement will be construed in accordance with and governed by the laws of the United States of America and of the State of Ohio (other than laws governing conflicts of laws).

Other Agreements: Also, your Performance Shares 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.

Adjustments to Your Performance Shares: Your Performance Shares will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of your Performance Shares will be adjusted to reflect a stock split).

No Right to Employment: Your award of Performance Shares is a voluntary, discretionary bonus being made on a one-time basis and it does not constitute a commitment to make any future awards. This award of Performance Shares and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. Nothing in this Award Agreement will give you any right to continue employment with the Company or any Subsidiary or Affiliate, as the case may be, or interfere in any way with the right of the Company or a Subsidiary or an Affiliate to terminate your employment.

Data Privacy: Information about you and your participation in the Plan, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all NSOs or other entitlement to shares of stock awarded, cancelled, exercised, vested, unvested or outstanding in your favor, may be collected, recorded, held, used and disclosed for any purpose related to the administration and management of the Plan and in order to satisfy legal and regulatory requirements. You understand that the Company will keep your personal data in accordance with the rules set forth by Law No. 78-17, dated January 6, 1978, related to "software, files and liberties" (the "Law"). The Company will also take reasonable measures in order to protect your personal data and to observe the requirements set forth in the Commission Nationale de l'Informatique et des Libertés. Pursuant to the Law, you have the right to access and correct your personal data. You also understand that the Company and its Subsidiaries or Affiliates may transfer such information to any third party administrators, regardless of whether such persons are located within your country of residence, the European Economic Area or in countries outside of the European Economic Area, including the United States of America, where the rules protecting such data are less stringent than those applicable within the European Economic Area. You consent to the processing of information relating to you and your participation in the Plan in any one or more of the ways referred to above.

Other Rules: Your Performance Shares also are subject to more rules described in the Plan and in the Plan's Prospectus, as supplemented. You should read both of these documents carefully to ensure you fully understand all the terms and conditions of the grant of Performance Shares made to you under this Award.

You may contact [Third Party Administrator] at [TPA Telephone Number] or at the address given below if you have any questions about your Award or this Award Agreement.

Your Acknowledgment of Award Conditions

Note: You must sign and return a copy of this Award Agreement to [Third Party Administrator] at the address given below no later than [__Days Post Grant Date].

By signing below, I acknowledge and agree that:

- A copy of the Plan has been made available to me;
- I have received a copy of the Plan's Prospectus, as supplemented;
- I understand and accept the conditions placed on my Performance Shares and understand what I must do to earn my Award. I also have had the opportunity to seek advice from independent counsel regarding the terms and conditions of my Award;
- I will consent (on my own behalf and on behalf of my beneficiaries and without any further consideration) to any necessary change to my Performance Shares or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the U.S. Internal Revenue Code, even if those changes affect the terms of my Award and reduce their value or potential value; and
- If I do not return a signed copy of this Award Agreement to the address shown below on or before [__Days Post Grant Date], my Performance Shares will be forfeited and I will not be entitled to receive anything on account of these Performance Shares.

[Grantee's Name]

THE SCOTTS MIRACLE-GRO COMPANY

By: _____

By: _____

Date signed: _____

Name: _____

Title: _____

Date signed: _____

A signed copy of this Award Agreement must be sent to the following address no later than [__Days Post Grant Date]:

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

After it is received, The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee will acknowledge receipt of your signed Award Agreement.

Description of Your Restricted Stock Units

You have been awarded [Number Granted] Restricted Stock Units (or "RSUs"). If you satisfy the conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented, you will be issued [Number Granted] common shares of the Company. You also must arrange to pay any taxes due.

When Your RSUs Will Be Settled

Normally, on [Vesting Date] ("Settlement Date"), the Company will ascertain if you have satisfied the conditions imposed on your RSUs. If you have not, your RSUs will be forfeited. If you have, as soon as administratively practicable after [Vesting Date], [Number Granted] common shares will be distributed to you.

The restrictions imposed on your RSUs normally will be met if you are actively employed by the Company or any Affiliate or Subsidiary (as defined in the Plan) on [Vesting Date] and all other conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented, are met.

Tax Treatment of Your RSUs

The federal income tax treatment of your RSUs is discussed in the Plan's Prospectus, as supplemented.

General Terms and Conditions

You Will Forfeit Your RSUs if Your Employment Ends

Normally, your RSUs will be settled on the date shown earlier in this Award Agreement. However, the unvested portion of your RSUs will be forfeited if you terminate employment before [Vesting Date].

You May Forfeit Your RSUs if You Engage in Conduct That is Harmful to the Company (or any Affiliate or Subsidiary)

To the extent permitted by law, you also will forfeit any outstanding RSUs and must return to the Company all common shares and other amounts you have received through the Plan if, without our consent, you do any of the following within 180 days before and 730 days after terminating employment:

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

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

[c] 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;

FRENCH FORM

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

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

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

[g] You engaged in conduct that the Committee (as defined in the Plan) reasonably concludes would have given rise to a termination for "cause" (as defined in the Plan) had it been discovered before you terminated your employment.

Your RSUs May Vest Earlier Than Described Above. Normally, your RSUs will vest only in the circumstances described above. However, if there is a "Change in Control" (as defined in the Plan), your RSUs may vest earlier. You should read the Plan and the Prospectus, as supplemented, carefully to ensure that you understand how this may happen.

Rights Before Your RSUs Vest: You may not vote, or receive any dividends associated with the common shares underlying your RSUs.

Beneficiary Designation: You may name a beneficiary or beneficiaries to receive any RSUs that are settled after you die. This may be done only on the attached Beneficiary Designation Form and by following the rules described in that Form. The Beneficiary Designation Form 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.

Transferring Your RSUs: Normally your RSUs may not be transferred to another person. However, you may complete a Beneficiary Designation Form to name the person to receive any RSUs that are settled after you die. Also, the Committee may allow you to place your RSUs into a trust established for your benefit or the benefit of your family. Contact **[Third Party Administrator]** at **[TPA Telephone Number]** or at the address given below if you are interested in doing this.

Governing Law: This Award Agreement will be construed in accordance with and governed by the laws of the United States of America and of the State of Ohio (other than laws governing conflicts of laws).

FRENCH FORM

Other Agreements: Also, your RSUs 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.

Adjustments to Your RSUs: Your RSUs will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of your RSUs will be adjusted to reflect a stock split).

Compliance with Section 409A of the Code: To the extent applicable, it is intended that this Award Agreement and the Plan comply with the provisions of Section 409A of the U.S. Internal Revenue Code, so that the income inclusion provisions of Section 409A(a)(1) do not apply to you. This Award Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Award Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without your consent). In particular, to the extent the RSUs become nonforfeitable pursuant to a "Change in Control" and the event causing the RSUs to become nonforfeitable is your retirement or an event that does not constitute a permitted distribution event under Section 409A(a)(2) of the Code, then notwithstanding anything to the contrary in this Award Agreement, issuance of the Common Shares will be made, to the extent necessary to comply with the provisions of Section 409A of the Code, to you on the earlier of (a) your "separation from service" with the Company (determined in accordance with Section 409A); provided, however, that if you are a "specified employee" (within the meaning of Section 409A), your date of issuance of the Common Shares shall be the date that is six months after the date of your separation of service with the Company, (b) the end of the Deferral Period, or (c) your death. Reference to Section 409A of the Code is to Section 409A of the Internal Revenue Code of 1986, as amended, and will also include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service. This section applies only if you are a citizen or resident of the United States or if the compensation is for services performed in the United States that is not otherwise exempt from United States federal income taxation.

No Right to Employment: Your award of RSUs is a voluntary, discretionary bonus being made on a one-time basis and it does not constitute a commitment to make any future awards. This award of RSUs and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. Nothing in this Award Agreement will give you any right to continue employment with the Company or any Subsidiary or Affiliate, as the case may be, or interfere in any way with the right of the Company or a Subsidiary or an Affiliate to terminate your employment.

Data Privacy: Information about you and your participation in the Plan, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all NSOs or other entitlement to shares of stock awarded, cancelled, exercised, vested, unvested or outstanding in your favor, may be collected, recorded, held, used and disclosed for any purpose related to the administration and management of the Plan and in order to satisfy legal and regulatory requirements. You understand that the Company will keep your personal data in accordance with the rules set forth by Law No. 78-17, dated January 6, 1978, related to "software, files and liberties" (the "**Law**"). The Company will also take reasonable measures in order to protect your personal data and to observe the requirements set forth in the Commission Nationale de l'Informatique et des Libertés. Pursuant to the Law, you have the right to access and correct your personal data. You also understand that the Company and its Subsidiaries or Affiliates may transfer such information to any third party administrators, regardless of whether such persons are located within your country of residence, the European Economic Area or in countries outside

FRENCH FORM

of the European Economic Area, including the United States of America, where the rules protecting such data are less stringent than those applicable within the European Economic Area. You consent to the processing of information relating to you and your participation in the Plan in any one or more of the ways referred to above.

Other Rules: Your RSUs also are subject to more rules described in the Plan and in the Plan's Prospectus, as supplemented. You should read both of these documents carefully to ensure you fully understand all the terms and conditions of the grant of RSUs made to you under this Award Agreement.

You may contact [**Third Party Administrator**] at [**TPA Telephone Number**] or at the address given below if you have any questions about your Award or this Award Agreement.

Your Acknowledgment of Award Conditions

Note: You must sign and return a copy of this Award Agreement to [Third Party Administrator] at the address given below no later than [__Days Post Grant Date].

By signing below, I acknowledge and agree that:

- A copy of the Plan has been made available to me;
- I have received a copy of the Plan's Prospectus, as supplemented;
- I understand and accept the conditions placed on my Award and understand what I must do to earn my Award. I also have had the opportunity to seek advice from independent counsel regarding the terms and conditions of my Award;
- I will consent (on my own behalf and on behalf of my beneficiaries and without any further consideration) to any necessary change to my Award or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the U.S. Internal Revenue Code, even if those changes affect the terms of my Award and reduce their value or potential value; and
- If I do not return a signed copy of this Award Agreement to the address shown below on or before [__Days Post Grant Date], my Award will be forfeited and I will not be entitled to receive anything on account of this Award.

[Grantee's Name]

THE SCOTTS MIRACLE-GRO COMPANY

By: _____

By: _____

Date signed: _____

Name: _____

Title: _____

Date signed: _____

A signed copy of this Award Agreement must be sent to the following address no later than [__Days Post Grant Date]:

[Third Party Administrator]

Attention: **[TPA Contact's Name]**

[Contact's Address]

[TPA Telephone Number]

After it is received, The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee will acknowledge receipt of your signed Award Agreement.

Committee's Acknowledgment of Receipt

A signed copy of this Award Agreement was received on _____.

By: _____

[Grantee's Name]

_____ Has complied with the conditions imposed on the grant and the Award Agreement remains in effect; or

_____ Has not complied with the conditions imposed on the grant and the **[Name of Award(s)]** are forfeited because _____.

describe deficiency

The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee

By: _____

Date: _____

Note: Send a copy of this completed Award Agreement to **[Grantee's Name]** and keep a copy as part of the Plan's permanent records.

**THE SCOTTS MIRACLE-GRO COMPANY
2006 LONG-TERM INCENTIVE PLAN
BENEFICIARY DESIGNATION FORM
RELATING TO [FORM OF AWARD] AWARD GRANTED TO
[GRANTEE'S NAME] ON [GRANT DATE]**

1.00 Instructions for Completing This Beneficiary Designation Form

You may use this Beneficiary Designation Form to [1] name the person you want to receive any amount due under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan after your death or [2] change the person who will receive these benefits.

There are several things you should know before you complete this Beneficiary Designation Form.

First, if you do not elect a beneficiary, any amount due to you under the Plan when you die will be paid to your surviving spouse or, if you have no surviving spouse, to your estate.

Second, your election will not be effective (and will not be implemented) unless you complete all applicable portions of this Beneficiary Designation Form and return it to [Third Party Administrator] at the address given below.

Third, all elections will remain in effect until they are changed (or until all death benefits are paid).

Fourth, if you designate your spouse as your beneficiary but are subsequently divorced from that person (or your marriage is annulled), your beneficiary designation will be revoked automatically.

Fifth, if you have any questions about this Beneficiary Designation Form or if you need additional copies of this Form, please contact [Third Party Administrator] at [TPA Telephone Number] or at the address or number given below.

1.00 Designation of Beneficiary

1.01 Primary Beneficiary:

I designate the following person(s) as my Primary Beneficiary or Beneficiaries to receive any amount due after my death under the terms of the Award Agreement described at the top of this **Beneficiary Designation** Form. This benefit will be paid, in the proportion specified, to:

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

FRENCH FORM

Address: _____
_____ % to _____
(Name) (Relationship)

Address: _____

1.02 Contingent Beneficiary

If one or more of my Primary Beneficiaries die before I die, I direct that any amount due after my death under the terms of the Award described at the top of this Beneficiary Designation Form:

_____ Be paid to my other named Primary Beneficiaries in proportion to the allocation given above (ignoring the interest allocated to the deceased Primary Beneficiary); or

_____ Be distributed among the following Contingent Beneficiaries:

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

Elections made on this Beneficiary Designation Form will be effective only after this Form is received by [Third Party Administrator] and only if it is fully and properly completed and signed.

[Grantee's Name]

Date of Birth: _____

Address: _____

Sign and return this Beneficiary Designation Form to [Third Party Administrator] at the address given below.

_____ Date Signature

FRENCH FORM

Return this signed *Beneficiary Designation Form* to **[Third Party Administrator]** at the following address:

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

Received on: _____

By: _____

GERMAN FORM

**THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES
THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.**

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

AWARD AGREEMENT FOR EMPLOYEES

[FORM OF AWARD] AWARDED TO [GRANTEE'S NAME] ON [GRANT DATE]

The Scotts Miracle-Gro Company ("Company") and its shareholders believe that their business interests are best served by ensuring that you have an opportunity to share in the Company's business success. To this end, the Company adopted and its shareholders approved The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan ("Plan") through which key employees, like you, may acquire (or share in the appreciation of) common shares of the Company.

We cannot guarantee that the value of your Award (or the value of the common shares you acquire through an Award) will increase. This is because the value of the Company's common shares is affected by many factors. However, the Company believes that your efforts contribute to the value of the Company's common shares and that the Plan (and the Awards made through the Plan) is an appropriate means of sharing with you the value of your contribution to the Company's business success.

This Award Agreement describes the type of Award that you have been granted and the conditions that must be met before you may receive the value associated with your Award. To ensure you fully understand these terms and conditions, you should:

- Read the Plan and the Plan's Prospectus, as supplemented, carefully to ensure you understand how the Plan works;
- Read this Award Agreement carefully to ensure you understand the nature of your Award and what you must do to earn it; and
- Contact **[Contact's Name at Company]**, **[Contact's Title]** at **[Telephone Number]** if you have any questions about your Award. Or, you may send a written inquiry to the address shown below:

The Scotts Miracle-Gro Company
Attention: **[Contact's Name at Company]**
[Contact's Title]
14111 Scottslawn Road
Marysville, Ohio 43041

You must return a signed copy of this Award Agreement no later than **[__ Days Post Grant Date]** to:

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

GERMAN FORM

If you do not do this, your Award will be forfeited and you will not be entitled to receive anything on account of this Award.

Description of Your Nonqualified Stock Options

You have been awarded Nonqualified Stock Options (or “NSOs”) to purchase [Number Granted] common shares of the Company. You may purchase one of the Company’s common shares for each NSO, but only if you pay US \$[Price] (“Exercise Price”) for each common share you purchase, you exercise the NSOs on or before [Expiration Date] (“Expiration Date”) and you meet the terms and conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented. You also must arrange to pay any taxes due on exercise using one of the procedures described later in this Award Agreement.

Limits on Exercising Your NSOs

Normally, your NSOs will vest (and become exercisable) on [Vesting Date] but only if you are actively employed by the Company or any Subsidiary or Affiliate (as defined in the Plan) on [Vesting Date] and all other conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented, are met.

This does not mean that you must exercise your NSOs on this date; this is merely the first date that you may do so. However, your NSOs will expire unless they are exercised on or before the Expiration Date ([Expiration Date]).

There are some special situations in which your NSOs may vest earlier. These are described later in this Award Agreement.

At any one time, you may not exercise NSOs to buy fewer than 100 common shares of the Company (or, if smaller, the number of your outstanding vested NSOs). Also, you may never exercise an NSO to purchase a fractional common share of the Company; NSOs for fractional common shares will always be redeemed for cash.

Exercising Your NSOs

After they vest, you may exercise your NSOs by completing an Exercise Notice. A copy of this Exercise Notice is attached to this Award Agreement. Also, a copy of this Exercise Notice and a description of the procedures that you must follow to exercise your NSOs are available from [Third Party Administrator] at [TPA Telephone Number] or at the address shown below.

You may use one of three methods to exercise your NSOs and to pay any taxes related to that exercise. You will decide on the method at the time of exercise.

Cashless Exercise and Sell: If you elect this alternative, you will be deemed to have simultaneously exercised the NSOs and to have sold the common shares underlying those NSOs. When the transaction is complete, you will receive cash (but no common shares of the Company) equal to the difference between the aggregate value of the common shares deemed to have been acquired through the exercise *minus* the NSOs’ aggregate exercise price and related taxes.

Combination Exercise: If you elect this alternative, you will be deemed to have simultaneously exercised the NSOs and to have sold a number of those common shares with a value equal to the NSOs’ aggregate exercise price and related taxes. When the transaction is complete, the balance of the common shares subject to the NSOs you exercised will be transferred to you.

GERMAN FORM

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 common shares of the Company having a 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 one common share for each NSO exercised.

Before choosing an exercise method, you should read the Prospectus, as supplemented, to ensure you understand the federal income tax effect of exercising your NSOs and of the exercise method you choose.

If you do not elect one of these methods, we will apply the Cashless Exercise and Sell method described above.

Tax Treatment of Your NSOs

The federal income tax treatment of your NSOs is discussed in the Plan's Prospectus, as supplemented.

General Terms and Conditions

You May Forfeit Your NSOs if Your Employment Ends

Normally, you may exercise your NSOs after they vest and before the Expiration Date (**[Expiration Date]**). However, to the extent permitted by law, your NSOs may be cancelled earlier than the Expiration Date if you terminate employment before **[Vesting Date]**.

[a] If your employment is terminated for "cause" (as defined in the Plan), the NSOs will expire on the date your employment ends; or

[b] If your employment is terminated because of your **[i]** death or **[ii]** disability (as defined in the Plan), the NSOs will expire on the earlier of the Expiration Date or 12 months after you terminate; or

[c] If your employment is terminated after you have reached either **[i]** age 55 and completed at least 10 years of employment or **[ii]** age 62 regardless of your years of service, the NSOs will expire on the earlier of the Expiration Date or 12 months after you terminate; or

[d] If your employment is terminated for any reason other than "cause," death or disability, your NSOs will expire on the earlier of the Expiration Date or 90 days after you terminate.

Note: it is your responsibility to keep track of when your NSOs expire.

You May Forfeit Your NSOs if You Engage in Conduct That is Harmful to the Company (or any Affiliate or Subsidiary)

To the extent permitted by law, you also will forfeit any outstanding NSOs and must return to the Company all common shares and other amounts you have received through the Plan if, without our consent, you do any of the following within 180 days before and 730 days after terminating employment (as defined in the Plan) with the Company or any Affiliate or Subsidiary:

[a] You serve (or agree to serve) as an officer, director, consultant or employee of any proprietorship, partnership, corporation or other entity or become the owner of a business or a member of a partnership that competes with any portion of the Company's (or any Affiliate's or

GERMAN FORM

Subsidiary's) business with which you have been involved any time within five years before termination of employment or render any service (including, without limitation, advertising or business consulting) to entities that compete with any portion of the Company's (or any Affiliate's or Subsidiary's) business with which you have been involved any time within five years before termination of employment;

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

[c] 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;

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

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

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

[g] You engaged in conduct that the Committee (as defined in the Plan) reasonably concludes would have given rise to a termination for "cause" (as defined in the Plan) had it been discovered before you terminated your employment.

Your NSOs May Vest Earlier Than Described Above. Normally, your NSOs will vest only in the circumstances described above. However, if there is a "Change in Control" (as defined in the Plan), your NSOs may vest earlier. You should read the Plan and the Prospectus carefully to ensure that you understand how this may happen.

Amendment/Termination. We may amend or terminate the Plan at any time.

Rights Before Your NSOs Are Exercised: You may not vote, or receive any dividends associated with, the common shares underlying your NSOs.

Beneficiary Designation: You may name a beneficiary or beneficiaries to receive or to exercise any vested NSOs that are unexercised when you die. This may be done only on the attached Beneficiary

GERMAN FORM

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.

Transferring Your NSOs: Normally your NSOs may not be transferred to another person. However, you may complete a Beneficiary Designation Form to name the person who may exercise your NSOs if you die before their Expiration Date. Also, the Committee may allow you to place your NSOs into a trust established for your benefit or for the benefit of your family. Contact **[Third Party Administrator]** at **[TPA Telephone Number]** or at the address given below if you are interested in doing this.

Governing Law: This Award Agreement will be construed in accordance with and governed by the laws of the United States of America and of the State of Ohio (other than laws governing conflicts of laws).

Other Agreements: Also, your NSOs 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.

Adjustments to NSOs: Your NSOs will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of your NSOs and the Exercise Price will be adjusted to reflect a stock split).

No Right to Employment: Your award of NSOs is a voluntary, discretionary bonus being made on a one-time basis and it does not constitute a commitment to make any future awards. This award of NSOs and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. Nothing in this Award Agreement will give you any right to continue employment with the Company or any Subsidiary or Affiliate, as the case may be, or interfere in any way with the right of the Company or a Subsidiary or an Affiliate to terminate your employment.

Data Privacy: Information about you and your participation in the Plan, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all NSOs or other entitlement to shares of stock awarded, cancelled, exercised, vested, unvested or outstanding in your favor, may be collected, recorded, held, used and disclosed for any purpose related to the administration and management of the Plan and in order to satisfy legal and regulatory requirements. You understand that the Company will keep your personal data in accordance with the rules set forth by Law No. 78-17, dated January 6, 1978, related to "software, files and liberties" (the "**Law**"). The Company will also take reasonable measures in order to protect your personal data and to observe the requirements set forth in the Commission Nationale de l'Informatique et des Libertés. Pursuant to the Law, you have the right to access and correct your personal data. You also understand that the Company and its Subsidiaries or Affiliates may transfer such information to any third party administrators, regardless of whether such persons are located within your country of residence, the European Economic Area or in countries outside of the European Economic Area, including the United States of America, where the rules protecting such data are less stringent than those applicable within the European Economic Area. You consent to the processing of information relating to you and your participation in the Plan in any one or more of the ways referred to above.

Other Rules: Your NSOs also are subject to more rules described in the Plan and in the Plan's Prospectus, as supplemented. You should read both of these documents carefully to ensure you fully understand all the terms and conditions of the grant of NSOs made to you under this Award Agreement.

You may contact **[Third Party Administrator]** at **[TPA Telephone Number]** or at the address given below if you have any questions about your Award or this Award Agreement.

Your Acknowledgment of Award Conditions

Note: You must sign and return a copy of this Award Agreement to [Third Party Administrator] at the address given below no later than [__Days Post Grant Date].

By signing below, I acknowledge and agree that:

- A copy of the Plan has been made available to me;
- I have received a copy of the Plan's Prospectus, as supplemented;
- I understand and accept the conditions placed on my NSOs and understand what I must do to earn and exercise my NSOs. I also have had the opportunity to seek advice from independent counsel regarding the terms and conditions of my NSOs;
- I will consent (on my own behalf and on behalf of my beneficiaries and without any further consideration) to any necessary change to my NSOs or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the U.S. Internal Revenue Code, even if those changes affect the terms of my NSOs and reduce their value or potential value; and
- If I do not return a signed copy of this Award Agreement to the address shown below on or before [__Days Post Grant Date], my NSOs will be forfeited and I will not be entitled to receive anything on account of this Award.

[Grantee's Name]

THE SCOTTS MIRACLE-GRO COMPANY

By: _____

By: _____

Date signed: _____

Name: _____

Title: _____

Date signed: _____

A signed copy of this Award Agreement must be sent to the following address no later than [__Days Post Grant Date]:

[Third Party Administrator]

Attention: **[TPA Contact's Name]**

[Contact's Address]

[TPA Telephone Number]

After it is received, The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee will acknowledge receipt of your signed Award Agreement.

**THE SCOTTS MIRACLE-GRO COMPANY
2006 LONG-TERM INCENTIVE PLAN
NONQUALIFIED STOCK OPTION EXERCISE NOTICE
AFFECTING NONQUALIFIED STOCK OPTIONS GRANTED TO
[GRANTEE'S NAME] ON [GRANT DATE]**

Additional copies of this Nonqualified Stock Option Exercise Notice (and any further information you may need about this Exercise Notice or exercising your NSOs) are available from **[Third Party Administrator]** at the address given below.

By completing this Exercise Notice and returning it to **[Third Party Administrator]** at the address given below, I elect to exercise the NSOs described below:

NOTE: You must complete a separate Nonqualified Stock Option Exercise Notice each time you exercise NSOs granted under each Award Agreement (e.g., if you are exercising 200 NSOs granted January 1, 2007 and 100 NSOs granted January 1, 2008 under a separate award agreement, you must complete two Nonqualified Stock Option Exercise Notices, one for each set of NSOs being exercised).

AFFECTED NSOS: This exercise relates to the following NSOs (fill in the blanks):

GRANT DATE: **[GRANT DATE]**

NUMBER OF NSOS BEING EXERCISED WITH THIS EXERCISE NOTICE:

EXERCISE PRICE: The Exercise Price due is US \$ _____

NOTE: This amount must be the product of US \$**[Price]** multiplied by the number of NSOs being exercised.

PAYMENT OF EXERCISE PRICE: I have decided to pay the Exercise Price and any related taxes by (check one):

NOTE: These methods are described in the Award Agreement.

- Cashless Exercise and Sell.
 Combination Exercise.
 Exercise and Hold.

Note:

- If you select the Exercise and Hold method of exercise, you must also follow the procedures described in the Award Agreement to pay the Exercise Price and the taxes related to this exercise. You should contact **[Third Party Administrator]** at the address given below to find out the amount of the taxes due.
-

GERMAN FORM

- If you select either the Cashless Exercise and Sell or the Combination Exercise methods of paying the Exercise Price, you should contact **[Third Party Administrator]** at the address given below to be sure you understand how your choice of payment will affect the number of common shares of the Company you will receive.
-

YOUR ACKNOWLEDGEMENT OF EFFECT OF EXERCISE

By signing below, I acknowledge and agree that:

- I fully understand the effect (including the investment effect) of exercising my NSOs and buying common shares of the Company and understand that there is no guarantee that the value of these common shares will appreciate or will not depreciate;
- This Exercise Notice will have no effect if it is not returned to **[Third Party Administrator]** at the address given below before the Expiration Date specified in the Award Agreement under which these NSOs were granted; and
- The common shares of the Company I am buying by completing and returning this Exercise Notice will be issued to me as soon as administratively practicable.

[Grantee's Name]

(signature)

Date signed: _____

A signed copy of this Nonqualified Stock Option Exercise Notice must be sent to the following address no later than the Expiration Date:

[Third Party Administrator]

Attention: **[TPA Contact's Name]**

[Contact's Address]

[TPA Telephone Number]

ACKNOWLEDGEMENT OF RECEIPT

A signed copy of this Nonqualified Stock Option Exercise Notice was received on:

_____.

[Grantee's Name]:

Has effectively exercised the NSOs described in this Notice; or

Has not effectively exercised the NSOs described in this Notice because

describe deficiency

The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee

By: _____

Date: _____

Note: Keep a copy of this Exercise Notice as part of the Plan's permanent records.

Your Acknowledgment of Award Conditions

Note: You must sign and return a copy of this Award Agreement to [Third Party Administrator] at the address given below no later than [__Days Post Grant Date].

By signing below, I acknowledge and agree that:

- A copy of the Plan has been made available to me;
- I have received a copy of the Plan's Prospectus, as supplemented;
- I understand and accept the conditions placed on my Award and understand what I must do to earn my Award. I also have had the opportunity to seek advice from independent counsel regarding the terms and conditions of my Award;
- I will consent (on my own behalf and on behalf of my beneficiaries and without any further consideration) to any necessary change to my Award or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the U.S. Internal Revenue Code, even if those changes affect the terms of my Award and reduce their value or potential value; and
- If I do not return a signed copy of this Award Agreement to the address shown below on or before [__Days Post Grant Date], my Award will be forfeited and I will not be entitled to receive anything on account of this Award.

[Grantee's Name]

THE SCOTTS MIRACLE-GRO COMPANY

By: _____

By: _____

Date signed: _____

Name: _____

Title: _____

Date signed: _____

A signed copy of this Award Agreement must be sent to the following address no later than [__Days Post Grant Date]:

[Third Party Administrator]

Attention: **[TPA Contact's Name]**

[Contact's Address]

[TPA Telephone Number]

After it is received, The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee will acknowledge receipt of your signed Award Agreement.

Committee's Acknowledgment of Receipt

A signed copy of this Award Agreement was received on _____.

By: _____

[Grantee's Name]

___ Has complied with the conditions imposed on the grant and the Award Agreement remains in effect; or

___ Has not complied with the conditions imposed on the grant and the **[Name of Award(s)]** are forfeited because _____.
describe deficiency

The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee

By: _____

Date: _____

Note: Send a copy of this completed Award Agreement to **[Grantee's Name]** and keep a copy as part of the Plan's permanent records.

**THE SCOTTS MIRACLE-GRO COMPANY
2006 LONG-TERM INCENTIVE PLAN
BENEFICIARY DESIGNATION FORM
RELATING TO [FORM OF AWARD] AWARD GRANTED TO
[GRANTEE'S NAME] ON [GRANT DATE]**

1.00 Instructions for Completing This Beneficiary Designation Form

You may use this Beneficiary Designation Form to [1] name the person you want to receive any amount due under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan after your death or [2] change the person who will receive these benefits.

There are several things you should know before you complete this Beneficiary Designation Form.

First, if you do not elect a beneficiary, any amount due to you under the Plan when you die will be paid to your surviving spouse or, if you have no surviving spouse, to your estate.

Second, your election will not be effective (and will not be implemented) unless you complete all applicable portions of this Beneficiary Designation Form and return it to [Third Party Administrator] at the address given below.

Third, all elections will remain in effect until they are changed (or until all death benefits are paid).

Fourth, if you designate your spouse as your beneficiary but are subsequently divorced from that person (or your marriage is annulled), your beneficiary designation will be revoked automatically.

Fifth, if you have any questions about this Beneficiary Designation Form or if you need additional copies of this Form, please contact [Third Party Administrator] at [TPA Telephone Number] or at the address or number given below.

1.00 Designation of Beneficiary

1.01 Primary Beneficiary:

I designate the following person(s) as my Primary Beneficiary or Beneficiaries to receive any amount due after my death under the terms of the Award Agreement described at the top of this **Beneficiary Designation** Form. This benefit will be paid, in the proportion specified, to:

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

GERMAN FORM

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

1.02 Contingent Beneficiary

If one or more of my Primary Beneficiaries die before I die, I direct that any amount due after my death under the terms of the Award described at the top of this **Beneficiary Designation** Form:

___ Be paid to my other named Primary Beneficiaries in proportion to the allocation given above (ignoring the interest allocated to the deceased Primary Beneficiary); or

___ Be distributed among the following Contingent Beneficiaries:

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

Elections made on this Beneficiary Designation Form will be effective only after this Form is received by [Third Party Administrator] and only if it is fully and properly completed and signed.

[Grantee's Name]

Date of Birth: _____

Address: _____

Sign and return this Beneficiary Designation Form to **[Third Party Administrator]** at the address given below.

_____ Signature

Date

GERMAN FORM

Return this signed *Beneficiary Designation Form* to **[Third Party Administrator]** at the following address:

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

Received on: _____

By: _____

POLISH FORM

**THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES
THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.**

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

AWARD AGREEMENT FOR EMPLOYEES

[FORM OF AWARD] AWARDED TO [GRANTEE'S NAME] ON [GRANT DATE]

The Scotts Miracle-Gro Company ("Company") and its shareholders believe that their business interests are best served by ensuring that you have an opportunity to share in the Company's business success. To this end, the Company adopted and its shareholders approved The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan ("Plan") through which key employees, like you, may acquire (or share in the appreciation of) common shares of the Company.

We cannot guarantee that the value of your Award (or the value of the common shares you acquire through an Award) will increase. This is because the value of the Company's common shares is affected by many factors. However, the Company believes that your efforts contribute to the value of the Company's common shares and that the Plan (and the Awards made through the Plan) is an appropriate means of sharing with you the value of your contribution to the Company's business success.

This Award Agreement describes the type of Award that you have been granted and the conditions that must be met before you may receive the value associated with your Award. To ensure you fully understand these terms and conditions, you should:

- Read the Plan and the Plan's Prospectus, as supplemented, carefully to ensure you understand how the Plan works;
- Read this Award Agreement carefully to ensure you understand the nature of your Award and what you must do to earn it; and
- Contact **[Contact's Name at Company]**, **[Contact's Title]** at **[Telephone Number]** if you have any questions about your Award. Or, you may send a written inquiry to the address shown below:

The Scotts Miracle-Gro Company
Attention: **[Contact's Name at Company]**
[Contact's Title]
14111 Scottslawn Road
Marysville, Ohio 43041

You must return a signed copy of this Award Agreement no later than **[__ Days Post Grant Date]** to:

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

POLISH FORM

If you do not do this, your Award will be forfeited and you will not be entitled to receive anything on account of this Award.

Description of Your Nonqualified Stock Options

You have been awarded Nonqualified Stock Options (or “NSOs”) to purchase [Number Granted] common shares of the Company. You may purchase one of the Company’s common shares for each NSO, but only if you pay US \$[Price] (“Exercise Price”) for each common share you purchase, you exercise the NSOs on or before [Expiration Date] (“Expiration Date”) and you meet the terms and conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented. You also must arrange to pay any taxes due on exercise using one of the procedures described later in this Award Agreement.

Limits on Exercising Your NSOs

Normally, your NSOs will vest (and become exercisable) on [Vesting Date] but only if you are actively employed by [the name of the Polish employer] (“Employer”) on [Vesting Date] and all other conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented, are met.

This does not mean that you must exercise your NSOs on this date; this is merely the first date that you may do so. However, your NSOs will expire unless they are exercised on or before the Expiration Date ([Expiration Date]).

There are some special situations in which your NSOs may vest earlier. These are described later in this Award Agreement.

At any one time, you may not exercise NSOs to buy fewer than 100 common shares of the Company (or, if smaller, the number of your outstanding vested NSOs). Also, you may never exercise an NSO to purchase a fractional common share of the Company; NSOs for fractional common shares will always be redeemed for cash.

Exercising Your NSOs

After they vest, you may exercise your NSOs by completing an Exercise Notice. A copy of this Exercise Notice is attached to this Award Agreement. Also, a copy of this Exercise Notice and a description of the procedures that you must follow to exercise your NSOs are available from [Third Party Administrator] at [TPA Telephone Number] or at the address shown below.

You may use one of three methods to exercise your NSOs and to pay any taxes related to that exercise. You will decide on the method at the time of exercise.

Cashless Exercise and Sell: If you elect this alternative, you will be deemed to have simultaneously exercised the NSOs and to have sold the common shares underlying those NSOs. When the transaction is complete, you will receive cash (but no common shares of the Company) equal to the difference between the aggregate value of the common shares deemed to have been acquired through the exercise *minus* the NSOs’ aggregate exercise price and related taxes.

Combination Exercise: If you elect this alternative, you will be deemed to have simultaneously exercised the NSOs and to have sold a number of those common shares with a value equal to the NSOs’ aggregate exercise price and related taxes. When the transaction is complete, the balance of the common shares subject to the NSOs you exercised will be transferred to you.

Exercise and Hold: If you elect this alternative, you must pay the full exercise price plus related taxes (in cash, a cash equivalent or in common shares of the Company having a value equal to the

POLISH FORM

exercise price and which you have owned for at least six months before the exercise date). When the transaction is complete, you will receive one common share for each NSO exercised.

Before choosing an exercise method, you should read the Prospectus, as supplemented, to ensure you understand the federal income tax effect of exercising your NSOs and of the exercise method you choose.

If you do not elect one of these methods, we will apply the Cashless Exercise and Sell method described above.

Tax Treatment of Your NSOs

The federal income tax treatment of your NSOs is discussed in the Plan's Prospectus, as supplemented.

General Terms and Conditions

You May Forfeit Your NSOs if Your Employment Ends

Normally, you may exercise your NSOs after they vest and before the Expiration Date ([Expiration Date]). However, your NSOs may be cancelled earlier than the Expiration Date if you terminate employment before **[Vesting Date]**.

[a] If your employment is terminated for "cause" (as defined in the Plan), the NSOs will expire on the date your employment ends; or

[b] If your employment is terminated because of **[i]** your death or **[ii]** having obtained a determination of having a significant or moderate degree of disability (*orzeczenie ustalaj 1ce znaczny lub umiarkowany stopień niepe 3nosprawnoæci*), the NSOs will expire on the earlier of the Expiration Date or 12 months after you terminate; or

[c] If your employment is terminated after you have reached either **[i]** age 55 and completed at least 10 years of employment with the Employer or **[ii]** age 62 regardless of your years of service, the NSOs will expire on the earlier of the Expiration Date or 12 months after you terminate; or

[d] If your employment is terminated for any reason other than "cause," death or disability, your NSOs will expire on the earlier of the Expiration Date or 90 days after you terminate.

Note: it is your responsibility to keep track of when your NSOs expire.

You May Forfeit Your NSOs if You Engage in Conduct That is Harmful to the Company (or any Affiliate or Subsidiary)

You also will forfeit any outstanding NSOs and must return to the Company all common shares and other amounts you have received through the Plan if, without our consent, you do any of the following within 180 days before and 730 days after terminating employment (as defined in the Plan) with the Employer:

[a] You serve (or agree to serve) as an officer, director, consultant or employee of any proprietorship, partnership, corporation or other entity or become the owner of a business or a member of a partnership that competes with any portion of the Company's (or any Affiliate's or

POLISH FORM

Subsidiary's) business with which you have been involved any time within five years before termination of employment or render any service (including, without limitation, advertising or business consulting) to entities that compete with any portion of the Company's (or any Affiliate's or Subsidiary's) business with which you have been involved any time within five years before termination of employment;

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

[c] 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;

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

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

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

[g] You engaged in conduct that the Committee (as defined in the Plan) reasonably concludes would have given rise to a termination for "cause" (as defined in the Plan) had it been discovered before you terminated your employment.

Your NSOs May Vest Earlier Than Described Above. Normally, your NSOs will vest only in the circumstances described above. However, if there is a "Change in Control" (as defined in the Plan), your NSOs may vest earlier. You should read the Plan and the Prospectus, as supplemented, carefully to ensure that you understand how this may happen.

Amendment/Termination. We may amend or terminate the Plan at any time.

Rights Before Your NSOs Are Exercised: You may not vote, or receive any dividends associated with, the common shares underlying your NSOs.

Beneficiary Designation: You may name a beneficiary or beneficiaries to receive or to exercise any vested NSOs that are unexercised when you die. This may be done only on the attached Beneficiary Designation Form and by following the rules described in that Form. The Beneficiary Designation Form

POLISH 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.

Transferring Your NSOs: Normally your NSOs may not be transferred to another person. However, you may complete a Beneficiary Designation Form to name the person who may exercise your NSOs if you die before the Expiration Date of your NSOs. Also, the Committee may allow you to place your NSOs into a trust established for your benefit or for the benefit of your family. Contact **[Third Party Administrator]** at **[TPA Telephone Number]** or at the address given below if you are interested in doing this.

Governing Law: This Award Agreement will be construed in accordance with and governed by the laws of the United States of America and of the State of Ohio (other than laws governing conflicts of laws).

Other Agreements: Also, your NSOs will be subject to the terms of any other written agreements between you and the Company to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement.

Adjustments to NSOs: Your NSOs will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of your NSOs and the Exercise Price will be adjusted to reflect a stock split).

No Right to Employment: Your award of NSOs is a voluntary act taken by the Company being made on a one-time basis and it does not constitute a commitment to make any future awards. This award of NSOs and any payments made hereunder do not originate from and are not due from the Employer and they will not be considered salary or other compensation for purposes of any severance pay or similar allowance. Nothing in this Award Agreement will give you any right to continue employment with the Employer or interfere in any way with the right of the Employer to terminate your employment.

Data Privacy: Information about you and your participation in the Plan, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all NSOs or other entitlement to shares of stock awarded, cancelled, exercised, vested, unvested or outstanding in your favor, may be collected, recorded, held, used and disclosed for any purpose related to the administration of the Plan. You understand that the Employer, the Company and its Subsidiaries or Affiliates may transfer such information to any third party administrators, regardless of whether such persons are located within your country of residence, the European Economic Area or in countries outside of the European Economic Area, including the United States of America. Your execution of the Award Agreement is tantamount to your consent to the transfer of your personal data as provided above and the processing of information relating to you and your participation in the Plan in any one or more of the ways referred to above.

Other Rules: Your NSOs also are subject to more rules described in the Plan and in the Plan's Prospectus, as supplemented. You should read both of these documents carefully to ensure you fully understand all the terms and conditions of the grant of NSOs made to you under this Award Agreement.

You may contact **[Third Party Administrator]** at **[TPA Telephone Number]** or at the address given below if you have any questions about your Award or this Award Agreement.

Your Acknowledgment of Award Conditions

Note: You must sign and return a copy of this Award Agreement to [Third Party Administrator] at the address given below no later than [__Days Post Grant Date].

By signing below, I acknowledge and agree that:

- A copy of the Plan has been made available to me;
- I have received a copy of the Plan's Prospectus, as supplemented;
- I understand and accept the conditions placed on my NSOs and understand what I must do to earn and exercise my NSOs. I also have had the opportunity to seek advice from independent counsel regarding the terms and conditions of my NSOs;
- I will consent (on my own behalf and on behalf of my beneficiaries and without any further consideration) to any necessary change to my NSOs or this Award Agreement to comply with any law and to avoid paying penalties under Section 409A of the U.S. Internal Revenue Code, even if those changes affect the terms of my NSOs and reduce their value or potential value; and
- If I do not return a signed copy of this Award Agreement to the address shown below on or before [__Days Post Grant Date], my NSOs will be forfeited and I will not be entitled to receive anything on account of this Award.

[Grantee's Name]

THE SCOTTS MIRACLE-GRO COMPANY

By: _____

By: _____

Date signed: _____

Name: _____

Title: _____

Date signed: _____

A signed copy of this Award Agreement must be sent to the following address no later than [__Days Post Grant Date]:

[Third Party Administrator]

Attention: **[TPA Contact's Name]**

[Contact's Address]

[TPA Telephone Number]

After it is received, The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee will acknowledge receipt of your signed Award Agreement.

**THE SCOTTS MIRACLE-GRO COMPANY
2006 LONG-TERM INCENTIVE PLAN
NONQUALIFIED STOCK OPTION EXERCISE NOTICE
AFFECTING NONQUALIFIED STOCK OPTIONS GRANTED TO
[GRANTEE'S NAME] ON [GRANT DATE]**

Additional copies of this Nonqualified Stock Option Exercise Notice (and any further information you may need about this Exercise Notice or exercising your NSOs) are available from **[Third Party Administrator]** at the address given below.

By completing this Exercise Notice and returning it to **[Third Party Administrator]** at the address given below, I elect to exercise the NSOs described below:

NOTE: You must complete a separate Nonqualified Stock Option Exercise Notice each time you exercise NSOs granted under each Award Agreement (e.g., if you are exercising 200 NSOs granted January 1, 2007 and 100 NSOs granted January 1, 2008 under a separate award agreement, you must complete two Nonqualified Stock Option Exercise Notices, one for each set of NSOs being exercised).

AFFECTED NSOS: This exercise relates to the following NSOs (fill in the blanks):

GRANT DATE: **[GRANT DATE]**

NUMBER OF NSOS BEING EXERCISED WITH THIS EXERCISE NOTICE:

EXERCISE PRICE: The Exercise Price due is US \$ _____

NOTE: This amount must be the product of US \$**[Price]** multiplied by the number of NSOs being exercised.

PAYMENT OF EXERCISE PRICE: I have decided to pay the Exercise Price and any related taxes by (check one):

NOTE: These methods are described in the Award Agreement.

Cashless Exercise and Sell.

Combination Exercise.

Exercise and Hold.

Note:

- If you select the Exercise and Hold method of exercise, you must also follow the procedures described in the Award Agreement to pay the Exercise Price and the taxes related to this exercise. You should contact **[Third Party Administrator]** at the address given below to find out the amount of the taxes due.
-

POLISH FORM

- If you select either the Cashless Exercise and Sell or the Combination Exercise methods of paying the Exercise Price, you should contact **[Third Party Administrator]** at the address given below to be sure you understand how your choice of payment will affect the number of common shares of the Company you will receive.
-

YOUR ACKNOWLEDGEMENT OF EFFECT OF EXERCISE

By signing below, I acknowledge and agree that:

- I fully understand the effect (including the investment effect) of exercising my NSOs and buying common shares of the Company and understand that there is no guarantee that the value of these common shares will appreciate or will not depreciate;
- This Exercise Notice will have no effect if it is not returned to **[Third Party Administrator]** at the address given below before the Expiration Date specified in the Award Agreement under which these NSOs were granted; and
- The common shares of the Company I am buying by completing and returning this Exercise Notice will be issued to me as soon as administratively practicable.

[Grantee's Name]

(signature)

Date signed: _____

A signed copy of this Nonqualified Stock Option Exercise Notice must be sent to the following address no later than the Expiration Date:

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

ACKNOWLEDGEMENT OF RECEIPT

A signed copy of this Nonqualified Stock Option Exercise Notice was received on:

_____.

[Grantee's Name]:

Has effectively exercised the NSOs described in this Notice; or

Has not effectively exercised the NSOs described in this Notice because

(describe deficiency)

The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee

By: _____

Date: _____

Note: *Keep a copy of this Exercise Notice as part of the Plan's permanent records.*

Committee's Acknowledgment of Receipt

A signed copy of this Award Agreement was received on _____.

By: _____

[Grantee's Name]

___ Has complied with the conditions imposed on the grant and the Award Agreement remains in effect; or

___ Has not complied with the conditions imposed on the grant and the **[Name of Award(s)]** are forfeited because

describe deficiency

The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee

By: _____

Date: _____

Note: Send a copy of this completed Award Agreement to **[Grantee's Name]** and keep a copy as part of the Plan's permanent records.

**THE SCOTTS MIRACLE-GRO COMPANY
2006 LONG-TERM INCENTIVE PLAN
BENEFICIARY DESIGNATION FORM
RELATING TO [FORM OF AWARD] AWARD GRANTED TO
[GRANTEE'S NAME] ON [GRANT DATE]**

1.00 Instructions for Completing This Beneficiary Designation Form

You may use this Beneficiary Designation Form to [1] name the person you want to receive any amount due under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan after your death or [2] change the person who will receive these benefits.

There are several things you should know before you complete this Beneficiary Designation Form.

First, if you do not elect a beneficiary, any amount due to you under the Plan when you die will be paid to your surviving spouse or, if you have no surviving spouse, to your estate.

Second, your election will not be effective (and will not be implemented) unless you complete all applicable portions of this Beneficiary Designation Form and return it to [Third Party Administrator] at the address given below.

Third, all elections will remain in effect until they are changed (or until all death benefits are paid).

Fourth, if you designate your spouse as your beneficiary but are subsequently divorced from that person (or your marriage is annulled), your beneficiary designation will be revoked automatically.

Fifth, if you have any questions about this Beneficiary Designation Form or if you need additional copies of this Form, please contact [Third Party Administrator] at [TPA Telephone Number] or at the address or number given below.

1.00 Designation of Beneficiary

1.01 Primary Beneficiary:

I designate the following person(s) as my Primary Beneficiary or Beneficiaries to receive any amount due after my death under the terms of the Award Agreement described at the top of this **Beneficiary Designation** Form. This benefit will be paid, in the proportion specified, to:

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

POLISH FORM

_____ % to _____
(Name) (Relationship)

Address: _____

1.02 Contingent Beneficiary

*If one or more of my Primary Beneficiaries die before I die, I direct that any amount due after my death under the terms of the Award described at the top of this **Beneficiary Designation** Form:*

___ Be paid to my other named Primary Beneficiaries in proportion to the allocation given above (ignoring the interest allocated to the deceased Primary Beneficiary); or

___ Be distributed among the following Contingent Beneficiaries:

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

Elections made on this Beneficiary Designation Form will be effective only after this Form is received by [Third Party Administrator] and only if it is fully and properly completed and signed.

[Grantee's Name]

Date of Birth: _____

Address: _____

Sign and return this Beneficiary Designation Form to [Third Party Administrator] at the address given below.

Date _____

Signature _____

Return this signed Beneficiary Designation Form to **[Third Party Administrator]** at the following address:

POLISH FORM

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

Received on: _____

By: _____

UK FORM

**THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES
THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.**

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

AWARD AGREEMENT FOR UNITED KINGDOM EMPLOYEES

[FORM OF AWARD] AWARDED TO [GRANTEE'S NAME] ON [GRANT DATE]

The Scotts Miracle-Gro Company ("Company") and its shareholders believe that their business interests are best served by ensuring that you have an opportunity to share in the Company's business success. To this end, the Company adopted and its shareholders approved The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan ("Plan") through which key employees, like you, may acquire (or share in the appreciation of) common shares of the Company.

We cannot guarantee that the value of your Award (or the value of the common shares you acquire through an Award) will increase. This is because the value of the Company's common shares is affected by many factors. However, the Company believes that your efforts contribute to the value of the Company's common shares and that the Plan (and the Awards made through the Plan) is an appropriate means of sharing with you the value of your contribution to the Company's business success.

This Award Agreement describes the type of Award that you have been granted and the conditions that must be met before you may receive the value associated with your Award. To ensure you fully understand these terms and conditions, you should:

- Read the Plan and the Plan's Prospectus, as supplemented, carefully to ensure you understand how the Plan works;
- Read this Award Agreement carefully to ensure you understand the nature of your Award and what you must do to earn it; and
- Contact **[Contact's Name at Company]**, **[Contact's Title]** at **[Telephone Number]** if you have any questions about your Award. Or, you may send a written inquiry to the address shown below:

The Scotts Miracle-Gro Company
Attention: **[Contact's Name at Company]**
[Contact's Title]
14111 Scottslawn Road
Marysville, Ohio 43041

You must return a signed copy of this Award Agreement no later than **[___ Days Post Grant Date]** to:

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

If you do not do this, your Award will be forfeited and you will not be entitled to receive anything on account of this Award.

Description of Your Nonqualified Stock Options

You have been awarded Nonqualified Stock Options (or “NSOs”) to purchase [Number Granted] common shares of the Company. You may purchase one of the Company’s common shares for each NSO, but only if you pay \$[Price] (“Exercise Price”) for each common share you purchase, you exercise the NSOs on or before [Expiration Date] (“Expiration Date”) and you meet the terms and conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented. You also must arrange to pay any taxes due on exercise using one of the procedures described later in this Award Agreement.

Limits on Exercising Your NSOs

Normally, your NSOs will vest (and become exercisable) on [Vesting Date] but only if you are actively employed by the Company or any Subsidiary or Affiliate (as defined in the Plan) on [Vesting Date] and all other conditions described in this Award Agreement, the Plan and the Prospectus are met.

This does not mean that you must exercise your NSOs on this date; this is merely the first date that you may do so. However, your NSOs will expire unless they are exercised on or before the Expiration Date ([Expiration Date]).

There are some special situations in which your NSOs may vest earlier. These are described later in this Award Agreement.

At any one time, you may not exercise NSOs to buy fewer than 100 common shares of the Company (or, if smaller, the number of your outstanding vested NSOs). Also, you may never exercise an NSO to purchase a fractional common share of the Company; NSOs for fractional common shares will always be redeemed for cash.

Exercising Your NSOs

After they vest, you may exercise your NSOs by completing an Exercise Notice. A copy of this Exercise Notice is attached to this Award Agreement. Also, a copy of this Exercise Notice and a description of the procedures that you must follow to exercise your NSOs are available from [Third Party Administrator] at [TPA Telephone Number] or at the address shown below.

You may use one of three methods to exercise your NSOs and to pay any taxes related to that exercise. You will decide on the method at the time of exercise.

Cashless Exercise and Sell: If you elect this alternative, you will be deemed to have simultaneously exercised the NSOs and to have sold the common shares underlying those NSOs. When the transaction is complete, you will receive cash (but no common shares of the Company) equal to the difference between the aggregate value of the common shares deemed to have been acquired through the exercise *minus* the NSOs’ aggregate exercise price and related taxes.

Combination Exercise: If you elect this alternative, you will be deemed to have simultaneously exercised the NSOs and to have sold a number of those common shares with a value equal to the NSOs’ aggregate exercise price and related taxes. When the transaction is complete, the balance of the common shares subject to the NSOs you exercised will be transferred to you.

Exercise and Hold: If you elect this alternative, you must pay the full exercise price plus related taxes (in cash, a cash equivalent or in common shares of the Company having a 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 one common share for each NSO exercised.

In this section, “taxes” include, without limitation, UK income tax and UK primary class 1 (employee’s) national insurance contributions and the Company or the Subsidiary or Affiliate which employes you will have the power and the right to deduct or withhold, or require you to remit to the Company or the relevant Subsidiary or Affiliate any amounts required to be withheld as a result of the exercise of your NSOs.

Before choosing an exercise method, you should read the Prospectus Supplement entitled “UK Tax Consequences” in the Prospectus to ensure you understand the income tax effect of exercising your NSOs.

If you do not elect one of these methods, we will apply the Cashless Exercise and Sell method described above.

Tax Treatment of Your NSOs

The tax treatment of your NSOs is discussed in the Supplement to the Plan’s Prospectus entitled “UK Tax Consequences.”

General Terms and Conditions

You May Forfeit Your NSOs if Your Employment Ends

Normally, you may exercise your NSOs after they vest and before the Expiration Date (**[Expiration Date]**). However, your NSOs may be cancelled earlier than the Expiration Date if you terminate employment before **[Vesting Date]**.

[a] If your employment is terminated for “cause” (as defined in the Plan), the NSOs will expire on the date your employment ends; or

[b] If your employment is terminated because of your **[i]** death or **[ii]** disability (as defined in the Plan), the NSOs will expire on the earlier of the Expiration Date or 12 months after you terminate; or

[c] If your employment is terminated for any reason other than “cause,” death or disability, your NSOs will expire on the earlier of the Expiration Date or 90 days after you terminate.

Note: it is your responsibility to keep track of when your NSOs expire.

You May Forfeit Your NSOs if You Engage in Conduct That is Harmful to the Company (or any Affiliate or Subsidiary)

You also will forfeit any outstanding NSOs and, to the extent permitted by law, must return to the Company all common shares and all other amounts you have received through the Plan if, without our

consent, you do any of the following within 180 days before and 730 days after terminating employment (as defined in the Plan) with the Company or any Affiliate or Subsidiary:

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

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

[c] 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;

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

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

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

[g] You engaged in conduct that the Committee (as defined in the Plan) reasonably concludes would have given rise to a termination for "cause" (as defined in the Plan) had it been discovered before you terminated your employment.

Your NSOs May Vest Earlier Than Described Above: Normally, your NSOs will vest only in the circumstances described above. However, if there is a "Change in Control" (as defined in the Plan), your NSOs may vest earlier. You should read the Plan and the Prospectus, as supplemented, carefully to ensure that you understand how this may happen.

Employment Rights in respect of your NSOs: If you leave the employment of the Company or any Subsidiary, you will not be entitled to compensation for any loss of any right or benefit or prospective right or benefit in respect of your NSOs which you might otherwise have enjoyed, whether such compensation is claimed by way of damages for breach of contract or by way of compensation for loss of office or otherwise under UK law.

Amendment/Termination: We may amend or terminate the Plan at any time.

Rights Before Your NSOs Are Exercised: You may not vote, or receive any dividends associated with, the common shares underlying your NSOs.

Beneficiary Designation: You may name a beneficiary or beneficiaries to receive or to exercise any vested NSOs that are unexercised when you die. This may be done only on the attached Beneficiary Designation Form and by following the rules described in that Form. For the purposes of this Award, beneficiaries to whom any benefit may be designated (pursuant to Article 15 of the Plan) will be limited to your children and stepchildren under the age of eighteen, spouses and surviving spouses and civil partners (within the meaning of the UK Civil Partnerships Act 2004) and surviving partners.

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.

Transferring Your NSOs: Normally your NSOs may not be transferred to another person. However, you may complete a Beneficiary Designation Form to name the person who may exercise your NSOs if you die before the Expiration Date of your NSOs. Also, the Committee may allow you to place your NSOs into a trust established for your benefit or for the benefit of your family. Only a person or persons within the restricted class of beneficiaries described in the previous section entitled "Beneficiary Designation" may be nominated to exercise your NSOs and the beneficiaries of any such trust cannot extend beyond this restricted class of beneficiaries. Contact [**Third Party Administrator**] at [**TPA Telephone Number**] or at the address given below if you are interested in doing this.

Governing Law: This Award Agreement will be construed in accordance with and governed by the laws of the United States of America and of the State of Ohio (other than laws governing conflicts of laws).

Other Agreements: Also, your NSOs 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.

Adjustments to NSOs: Your NSOs will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of your NSOs and the Exercise Price will be adjusted to reflect a stock split).

Other Rules: Your NSOs also are subject to more rules described in the Plan (as restated by this Award Agreement) and in the Plan's Prospectus, as supplemented. You should read both of these documents carefully to ensure you fully understand all the terms and conditions of the grant of NSOs made to you under this Award Agreement.

For the purposes of grants of any form of award under the Plan to residents of the United Kingdom, including this award, the Plan is restated to the effect that:

- (a) such grants to United Kingdom residents may be made only to officers and employees of the Company or one of its Subsidiaries;
- (b) any payments pursuant to such grants shall be made only in common shares of the Company and, for the avoidance of doubt and without limitation, dividend equivalents granted pursuant to Article 14 of the Plan may be delivered only in Shares and no earlier than the Shares to which they relate are delivered under the relevant award.

You may contact [**Third Party Administrator**] at [**TPA Telephone Number**] or at the address given below if you have any questions about your Award or this Award Agreement.

Your Acknowledgment of Award Conditions

Note: You must sign and return a copy of this Award Agreement to [Third Party Administrator] at the address given below no later than [__Days Post Grant Date].

By signing below, I acknowledge and agree that:

- A copy of the Plan has been made available to me;
- I have received a copy of the Plan’s Prospectus, as supplemented;
- I understand and accept the conditions placed on my NSOs and understand what I must do to earn and exercise my NSOs. I also have had the opportunity to seek advice from independent counsel regarding the terms and conditions of my NSOs;
- I will consent (on my own behalf and on behalf of my beneficiaries and without any further consideration) to any necessary change to my NSOs or this Award Agreement to comply with any law, even if those changes affect the terms of my NSOs and reduce their value or potential value; and
- If I do not return a signed copy of this Award Agreement to the address shown below on or before [__Days Post Grant Date], my NSOs will be forfeited and I will not be entitled to receive anything on account of this Award.

[Grantee’s Name]

THE SCOTTS MIRACLE-GRO COMPANY

By: _____

By: _____

Date signed: _____

Name: _____

Title: _____

Date signed: _____

A signed copy of this Award Agreement must be sent to the following address no later than [__Days Post Grant Date]:

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

After it is received, The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee will acknowledge receipt of your signed Award Agreement.

THE SCOTTS MIRACLE-GRO COMPANY
2006 LONG-TERM INCENTIVE PLAN
NONQUALIFIED STOCK OPTION EXERCISE NOTICE
AFFECTING NONQUALIFIED STOCK OPTIONS GRANTED TO
[GRANTEE'S NAME] ON [GRANT DATE]

Additional copies of this Nonqualified Stock Option Exercise Notice (and any further information you may need about this Exercise Notice or exercising your NSOs) are available from **[Third Party Administrator]** at the address given below.

By completing this Exercise Notice and returning it to **[Third Party Administrator]** at the address given below, I elect to exercise the NSOs described below:

NOTE: You must complete a separate Nonqualified Stock Option Exercise Notice each time you exercise NSOs granted under each Award Agreement (e.g., if you are exercising 200 NSOs granted January 1, 2007 and 100 NSOs granted January 1, 2008 under a separate award agreement, you must complete two Nonqualified Stock Option Exercise Notices, one for each set of NSOs being exercised).

AFFECTED NSOS: This exercise relates to the following NSOs (fill in the blanks):

GRANT DATE: **[GRANT DATE]**

NUMBER OF NSOS BEING EXERCISED WITH THIS EXERCISE NOTICE:

EXERCISE PRICE: The Exercise Price due is \$_____

NOTE: This amount must be the product of **[\$Price]** multiplied by the number of NSOs being exercised.

PAYMENT OF EXERCISE PRICE: I have decided to pay the Exercise Price and any related taxes by (check one):

NOTE: These methods are described in the Award Agreement.

- Cashless Exercise and Sell.
- Combination Exercise.
- Exercise and Hold.

Note:

- If you select the Exercise and Hold method of exercise, you must also follow the procedures described in the Award Agreement to pay the Exercise Price and the taxes related to this exercise. You should contact **[Third Party Administrator]** at the address given below to find out the amount of the taxes due.
- If you select either the Cashless Exercise and Sell or the Combination Exercise methods

- If paying the Exercise Price, you should contact **[Third Party Administrator]** at the address given below to be sure you understand how your choice of payment will affect the number of common shares of the Company you will receive.

YOUR ACKNOWLEDGEMENT OF EFFECT OF EXERCISE

By signing below, I acknowledge and agree that:

- I fully understand the effect (including the investment effect) of exercising my NSOs and buying common shares of the Company and understand that there is no guarantee that the value of these common shares will appreciate or will not depreciate;
- This Exercise Notice will have no effect if it is not returned to **[Third Party Administrator]** at the address given below before the Expiration Date specified in the Award Agreement under which these NSOs were granted; and
- The common shares of the Company I am buying by completing and returning this Exercise Notice will be issued to me as soon as administratively practicable.

[Grantee's Name]

(signature)

Date signed: _____

A signed copy of this Nonqualified Stock Option Exercise Notice must be sent to the following address no later than the Expiration Date:

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

ACKNOWLEDGEMENT OF RECEIPT

A signed copy of this Nonqualified Stock Option Exercise Notice was received on:

_____.

[Grantee's Name]:

___ Has effectively exercised the NSOs described in this Notice; or

___ Has not effectively exercised the NSOs described in this Notice because

(describe deficiency)

The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee

By: _____

Date: _____

Note: *Keep a copy of this Exercise Notice as part of the Plan's permanent records.*

Description of Your Restricted Stock

You have been awarded [Number Granted] shares of Restricted Stock. If you satisfy the conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented, the restrictions imposed on your Restricted Stock will be removed and you will own the underlying common shares. You also must arrange to pay any taxes due on settlement.

When Your Restricted Stock Will Be Settled

Normally, on **[Vesting Date]**, the Committee (as defined in the Plan) will ascertain if you have satisfied the conditions imposed on your Restricted Stock. If you have not, your Restricted Stock will be forfeited. If you have, as soon as administratively practicable after **[Vesting Date]**, these common shares (net of any Shares withheld to meet any tax – see next section) will be distributed to you, free of any restrictions. Your Restricted Stock will be held in escrow until it is settled or forfeited.

The restrictions imposed on your Restricted Stock normally will be met if you are actively employed by the Company or any Affiliate or Subsidiary (as defined in the Plan) on **[Vesting Date]** and all other conditions described in this Award Agreement, the Plan and the Prospectus are met.

Tax Treatment of Your Restricted Stock

The tax treatment of your Restricted Stock is discussed in the Supplement to the Plan's Prospectus entitled "UK Tax Consequences".

General Terms and Conditions

You Will Forfeit Your Restricted Stock if Your Employment Ends

Normally, your Restricted Stock will be settled on **[Vesting Date]**. However, the unvested portion of your Restricted Stock will be forfeited if you terminate employment before **[Vesting Date]**.

You May Forfeit Your Restricted Stock if You Engage in Conduct That is Harmful to the Company (or any Affiliate or Subsidiary)

You also will forfeit any outstanding Restricted Stock and, to the extent permitted by law, must return to the Company all common shares and all other amounts you have received through the Plan if, without our consent, you do any of the following from _____, ____ **[the date the Award is granted]** until the day before the fifth anniversary of such date:

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

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

[c] 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;

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

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

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

[g] You engaged in conduct that the Committee reasonably concludes would have given rise to a termination for "cause" (as defined in the Plan) had it been discovered before you terminated your employment.

Your Restricted Stock May Vest Earlier Than Described Above. Normally, your Restricted Stock will vest only in the circumstances described above. However, if there is a "Change in Control" (as defined in the Plan), your Restricted Stock may vest earlier. You should read the Plan and the Prospectus, as supplemented, carefully to ensure that you understand how this may happen.

Rights Before Your Restricted Stock Vests: Even though your Restricted Stock is held in escrow until it is settled or forfeited, you may exercise any voting rights associated with the common shares underlying your Restricted Stock while it is held in escrow. You also will be entitled to receive any dividends paid on these common shares during this period, although these dividends will be delivered only in common shares and also will be held in escrow until the Restricted Stock is settled and distributed to you (or forfeited) depending on whether or not you have met the conditions described in this Award Agreement and in the Plan and the Prospectus, as supplemented.

Employment Rights in respect of your Restricted Stock: If you leave the employment of the Company or any Subsidiary, you will not be entitled to compensation for any loss of any right or benefit or prospective right or benefit in respect of your Restricted Stock which you might otherwise have enjoyed, whether such compensation is claimed by way of damages for breach of contract or by way of compensation for loss of office or otherwise under UK law.

Beneficiary Designation: You may name a beneficiary or beneficiaries to receive any Restricted Stock that is settled after you die. This may be done only on the attached Beneficiary Designation Form and by following the rules described in that Form. For the purposes of this Award, beneficiaries to whom any benefit may be designated (pursuant to Article 15 of the Plan) will be limited to your children and stepchildren under the age of eighteen, spouses and surviving spouses and civil partners (within the meaning of the UK Civil Partnerships Act 2004) and surviving partners.

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.

Transferring Your Restricted Stock: Normally your Restricted Stock may not be transferred to another person. However, you may complete a Beneficiary Designation Form to name the person to receive any Restricted Stock that is settled after you die. Also, the Committee may allow you to place your Restricted Stock into a trust established for your benefit or the benefit of your family. Only a person or persons within the restricted class of beneficiaries described in the previous section entitled "Beneficiary Designation" may be nominated to exercise your Restricted Stock and the beneficiaries of any such trust cannot extend beyond this restricted class of beneficiaries. Contact [Third Party Administrator] at [TPA Telephone Number] or the address given below if you are interested in doing this.

Governing Law: This Award Agreement will be construed in accordance with and governed by the laws of the United States of America and of the State of Ohio (other than laws governing conflicts of laws).

Other Agreements: Also, your Restricted Stock will be subject to the terms of any other written agreements between you and the Company or any Affiliate or Subsidiary to the extent that those other agreements do not directly conflict with the terms of the Plan or this Award Agreement.

Adjustments to Your Restricted Stock: Your Restricted Stock will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of common shares underlying your Restricted Stock will be adjusted to reflect a stock split).

Other Rules: Your Restricted Stock also is subject to more rules described in the Plan (as restated by this Award Agreement) and in the Plan's Prospectus. You should read both of these documents carefully to ensure you fully understand all the terms and conditions of the grant of Restricted Stock under this Award Agreement.

For the purposes of grants of any form of award under the Plan to residents of the United Kingdom, including this award, the Plan is restated to the effect that:

- (a) such grants to United Kingdom residents may be made only to officers and employees of the Company or one of its Subsidiaries;
- (b) any payments pursuant to such grants shall be made only in common shares of the Company and, for the avoidance of doubt and without limitation, dividend equivalents granted pursuant to Article 14 of the Plan may be delivered only in Shares and no earlier than the Shares to which they relate are delivered under the relevant award.

You may contact [**Third Party Administrator**] at [**TPA Telephone Number**] or at the address given below if you have any questions about your Award or this Award Agreement.

Your Acknowledgment of Award Conditions

Note: You must sign and return a copy of this Award Agreement to [Third Party Administrator] at the address given below no later than [__Days Post Grant Date].

By signing below, I acknowledge and agree that:

- A copy of the Plan has been made available to me;
- I have received a copy of the Plan’s Prospectus, as supplemented;
- I understand and accept the conditions placed on my Award and understand what I must do to earn my Award. I also have had the opportunity to seek advice from independent counsel regarding the terms and conditions of my Award;
- I will consent (on my own behalf and on behalf of my beneficiaries and without any further consideration) to any necessary change to my Award or this Award Agreement to comply with any law, even if those changes affect the terms of my Award and reduce their value or potential value; and
- If I do not return a signed copy of this Award Agreement to the address shown below on or before [__Days Post Grant Date], my Award will be forfeited and I will not be entitled to receive anything on account of this Award.

[Grantee’s Name]

THE SCOTTS MIRACLE-GRO COMPANY

By: _____

By: _____

Date signed: _____

Name: _____

Title: _____

Date signed: _____

A signed copy of this Award Agreement must be sent to the following address no later than [__Days Post Grant Date]:

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

After it is received, The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee will acknowledge receipt of your signed Award Agreement.



Description of Your Restricted Stock Units

You have been awarded [Number Granted] Restricted Stock Units (or “RSUs”). If you satisfy the conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented, you will be issued [Number Granted] common shares of the Company. You also must arrange to pay any taxes due on settlement.

When Your RSUs Will Be Settled

Normally, on [Vesting Date] (“Settlement Date”), the Company will ascertain if you have satisfied the conditions imposed on your RSUs. If you have not, your RSUs will be forfeited. If you have, as soon as administratively practicable after [Vesting Date], [Number Granted] common shares (net of any Shares withheld to meet any tax – see next section) will be distributed to you.

The restrictions imposed on your RSUs normally will be met if you are actively employed by the Company or any Affiliate or Subsidiary (as defined in the Plan) on [Vesting Date] and all other conditions described in this Award Agreement, the Plan and the Prospectus, as supplemented, are met.

Tax Treatment of Your RSUs

The tax treatment of your RSUs is discussed in the Supplement to the Plan’s Prospectus entitled “UK Tax Consequences”.

When your RSUs vest, you will be liable for UK income tax and UK national insurance contributions and the Company or the Subsidiary which employs you will be entitled to withhold, as a condition of vesting, an amount equal to the income tax and primary class 1 (employee’s) national insurance contributions also payable by you on vesting of your RSUs. If no arrangements satisfactory to the Company are made by you to satisfy this tax withholding requirement, the Company will withhold Shares having a Fair Market Value on the date the tax and national insurance contributions are to be determined equal to the total tax withholding requirement.

General Terms and Conditions

You Will Forfeit Your RSUs if Your Employment Ends

Normally, your RSUs will be settled on the date shown earlier in this Award Agreement. However, the unvested portion of your RSUs will be forfeited if you terminate employment before [Vesting Date].

You May Forfeit Your RSUs if You Engage in Conduct That is Harmful to the Company (or any Affiliate or Subsidiary)

You also will forfeit any outstanding RSUs and, to the extent permitted by law, must return to the Company all common shares and all other amounts you have received through the Plan if, without our consent, you do any of the following within 180 days before and 730 days after terminating employment (as defined in the Plan) with the Company or any Affiliate or Subsidiary:

[a] You serve (or agree to serve) as an officer, director, consultant or employee of any proprietorship, partnership, corporation or other entity or become the owner of a business or a member of a partnership that competes with any portion of the Company’s (or any Affiliate’s or

Subsidiary's) business with which you have been involved any time within five years before termination of employment or render any service (including, without limitation, advertising or business consulting) to entities that compete with any portion of the Company's (or any Affiliate's or Subsidiary's) business with which you have been involved any time within five years before termination of employment;

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

[c] 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;

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

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

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

[g] You engaged in conduct that the Committee (as defined in the Plan) reasonably concludes would have given rise to a termination for "cause" (as defined in the Plan) had it been discovered before you terminated your employment.

Your RSUs May Vest Earlier Than Described Above. Normally, your RSUs will vest only in the circumstances described above. However, if there is a "Change in Control" (as defined in the Plan), your RSUs may vest earlier. You should read the Plan and the Prospectus carefully to ensure that you understand how this may happen.

Rights Before Your RSUs Vest: You may not vote, or receive any dividends associated with the common shares underlying your RSUs.

Employment Rights in respect of your RSUs: If you leave the employment of the Company or any Subsidiary, you will not be entitled to compensation for any loss of any right or benefit or prospective right or benefit in respect of your Restricted Stock which you might otherwise have enjoyed, whether

such compensation is claimed by way of damages for breach of contract or by way of compensation for loss of office or otherwise under UK law.

Beneficiary Designation: You may name a beneficiary or beneficiaries to receive any RSUs that are settled after you die. This may be done only on the attached Beneficiary Designation Form and by following the rules described in that Form. For the purposes of this Award, beneficiaries to whom any benefit may be designated (pursuant to Article 15 of the Plan) will be limited to your children and stepchildren under the age of eighteen, spouses and surviving spouses and civil partners (within the meaning of the UK Civil Partnerships Act 2004) and surviving partners.

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.

Transferring Your RSUs: Normally your RSUs may not be transferred to another person. However, you may complete a Beneficiary Designation Form to name the person to receive any RSUs that are settled after you die. Also, the Committee may allow you to place your RSUs into a trust established for your benefit or the benefit of your family. Only a person or persons within the restricted class of beneficiaries described in the previous section entitled "Beneficiary Designation" may be nominated to exercise your Restricted Stock and the beneficiaries of any such trust cannot extend beyond this class of beneficiaries. Contact [**Third Party Administrator**] at [**TPA Telephone Number**] or at the address given below if you are interested in doing this.

Governing Law: This Award Agreement will be construed in accordance with and governed by the laws of the United States of America and of the State of Ohio (other than laws governing conflicts of laws).

Other Agreements: Also, your RSUs 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.

Adjustments to Your RSUs: Your RSUs will be adjusted, if appropriate, to reflect any change to the Company's capital structure (e.g., the number of your RSUs will be adjusted to reflect a stock split).

Other Rules: Your RSUs also are subject to more rules described in the Plan (as restated by this Award Agreement) and in the Plan's Prospectus, as supplemented. You should read both of these documents carefully to ensure you fully understand all the terms and conditions of the grant of RSUs made to you under this Award Agreement.

For the purposes of grants of any form of award under the Plan to residents of the United Kingdom, including this award, the Plan is restated to the effect that:

- (a) such grants to United Kingdom residents may be made only to officers and employees of the Company or one of its Subsidiaries;
- (b) any payments pursuant to such grants shall be made only in common shares of the Company and, for the avoidance of doubt and without limitation, dividend equivalents granted pursuant to Article 14 of the Plan may be delivered only in Shares and no earlier than the Shares to which they relate are delivered under the relevant award.

You may contact [**Third Party Administrator**] at [**TPA Telephone Number**] or at the address given below if you have any questions about your Award or this Award Agreement.

Your Acknowledgment of Award Conditions

Note: You must sign and return a copy of this Award Agreement to [Third Party Administrator] at the address given below no later than [__Days Post Grant Date].

By signing below, I acknowledge and agree that:

- A copy of the Plan has been made available to me;
- I have received a copy of the Plan’s Prospectus, as supplemented;
- I understand and accept the conditions placed on my Award and understand what I must do to earn my Award. I also have the opportunity to seek advice from independent counsel regarding the terms and conditions of my Award;
- I will consent (on my own behalf and on behalf of my beneficiaries and without any further consideration) to any necessary change to my Award or this Award Agreement to comply with any law, even if those changes affect the terms of my Award and reduce their value or potential value; and
- If I do not return a signed copy of this Award Agreement to the address shown below on or before [__Days Post Grant Date], my Award will be forfeited and I will not be entitled to receive anything on account of this Award.

[Grantee’s Name]

THE SCOTTS MIRACLE-GRO COMPANY

By: _____

By: _____

Date signed: _____

Name: _____

Title: _____

Date signed: _____

A signed copy of this Award Agreement must be sent to the following address no later than [__Days Post Grant Date]:

[Third Party Administrator]

Attention: **[TPA Contact’s Name]**

[Contact’s Address]

[TPA Telephone Number]

After it is received, The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee will acknowledge receipt of your signed Award Agreement.

Committee's Acknowledgment of Receipt

A signed copy of this Award Agreement was received on _____.

By: _____

[Grantee's Name]

___ Has complied with the conditions imposed on the grant and the Award Agreement remains in effect; or

___ Has not complied with the conditions imposed on the grant and the **[Name of Award(s)]** are forfeited because

(describe deficiency)

The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan Committee

By: _____

Date: _____

Note: Send a copy of this completed Award Agreement to **[Grantee's Name]** and keep a copy as part of the Plan's permanent records.

**THE SCOTTS MIRACLE-GRO COMPANY
2006 LONG-TERM INCENTIVE PLAN
BENEFICIARY DESIGNATION FORM
RELATING TO [FORM OF AWARD] AWARD GRANTED TO
[GRANTEE'S NAME] ON [GRANT DATE]**

1.00 Instructions for Completing This Beneficiary Designation Form

You may use this Beneficiary Designation Form to [1] name the person you want to receive any amount due under The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan after your death or [2] change the person who will receive these benefits.

There are several things you should know before you complete this Beneficiary Designation Form.

First, if you do not elect a beneficiary, any amount due to you under the Plan when you die will be paid to your surviving spouse or, if you have no surviving spouse, to your estate.

Second, your election will not be effective (and will not be implemented) unless you complete all applicable portions of this Beneficiary Designation Form and return it to [Third Party Administrator] at the address given below.

Third, all elections will remain in effect until they are changed (or until all death benefits are paid).

Fourth, if you designate your spouse as your beneficiary but are subsequently divorced from that person (or your marriage is annulled), your beneficiary designation will be revoked automatically.

Fifth, if you have any questions about this Beneficiary Designation Form or if you need additional copies of this Form, please contact [Third Party Administrator] at [TPA Telephone Number] or at the address or number given below.

1.00 Designation of Beneficiary

1.01 Primary Beneficiary:

I designate the following person(s) as my Primary Beneficiary or Beneficiaries to receive any amount due after my death under the terms of the Award Agreement described at the top of this **Beneficiary Designation** Form. This benefit will be paid, in the proportion specified, to:

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____
_____ % to _____
(Name) (Relationship)

Address: _____

1.02 Contingent Beneficiary

*If one or more of my Primary Beneficiaries die before I die, I direct that any amount due after my death under the terms of the Award described at the top of this **Beneficiary Designation** Form:*

___ Be paid to my other named Primary Beneficiaries in proportion to the allocation given above (ignoring the interest allocated to the deceased Primary Beneficiary); or

___ Be distributed among the following Contingent Beneficiaries:

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

_____ % to _____
(Name) (Relationship)

Address: _____

Elections made on this Beneficiary Designation Form will be effective only after this Form is received by [Third Party Administrator] and only if it is fully and properly completed and signed.

[Grantee's Name]

Date of Birth: _____

Address: _____

Sign and return this Beneficiary Designation Form to [Third Party Administrator] at the address given below.

Date _____

Signature _____

Return this signed *Beneficiary Designation Form* to **[Third Party Administrator]** at the following address:

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

Received on: _____

By: _____

Summary of Compensation for Directors of The Scotts Miracle-Gro Company

Annual Retainer; Reimbursement of Expenses

Each director of The Scotts Miracle-Gro Company (“Scotts Miracle-Gro”) who is not an employee of Scotts Miracle-Gro or its subsidiaries (a “non-employee director”) receives a \$40,000 annual retainer for Scotts Miracle-Gro Board of Directors and Board committee meetings. Each member of the Audit Committee of Scotts Miracle-Gro’s Board of Directors receives an additional \$5,000 annually. The non-employee directors receive reimbursement of all reasonable travel and other expenses of attending Scotts Miracle-Gro Board of Directors and Board committee meetings.

Stock Units

Prior to January 26, 2006, non-employee directors were able to elect, under The Scotts Miracle-Gro Company 1996 Stock Option Plan (the “1996 Plan”) and The Scotts Miracle-Gro Company 2003 Stock Option and Incentive Equity Plan (the “2003 Plan”), to receive all or a portion, in 25% increments, of their annual cash retainer for service as a director in cash or in stock units. If stock units were elected, the non-employee director received a number of stock units determined by dividing the chosen dollar amount by the closing price of Scotts Miracle-Gro’s common shares on the New York Stock Exchange (“NYSE”) on the first trading day following the date of the annual meeting of shareholders of Scotts Miracle-Gro for which the deferred value of the annual cash retainer otherwise would have been paid. The stock units are to be settled in cash or common shares, as elected by the non-employee director, upon the date that the non-employee director ceases to be a member of the Scotts Miracle-Gro Board of Directors (in the case of stock units elected under the 1996 Plan and the 2003 Plan), upon the date the non-employee director has specified in his or her deferral form or upon a “change in control” (as defined in each of the 1996 Plan and the 2003 Plan), whichever is earliest. If stock units are to be settled in cash, the amount distributed will be calculated by multiplying the number of stock units to be settled in cash by the fair market value of Scotts Miracle-Gro’s common shares determined: (i) on the date immediately preceding the settlement date in the case of stock units elected under the 1996 Plan; or (ii) on the settlement date in the case of stock units elected under the 2003 Plan. If stock units are to be settled in common shares, the number of common shares distributed will equal the whole number of stock units to be settled in common shares, with the fair market value of any fractional stock units distributed in cash. In general, distributions may be made either in a lump sum or in installments over a period of up to ten years, as elected by the non-employee director. However, upon a change in control, each outstanding stock unit held by a non-employee director will be settled for a lump sum cash payment equal to (1) the highest price per share offered in conjunction with the transaction resulting in the change in control or (2) in the event of a change in control not related to a transfer of Scotts Miracle-Gro common shares, the highest closing price of a common share of Scotts Miracle-Gro as reported on NYSE on any of the 30 consecutive trading days ending on the last trading day before the

change in control occurs (the “change in control price per common share”). In addition, if a non-employee director dies, his or her stock units will be settled in a lump sum in cash. Following the approval of The Scotts Miracle-Gro Company 2006 Long-Term Incentive Plan (the “2006 Plan”) at the 2006 Annual Meeting of Shareholders of Scotts Miracle-Gro on January 26, 2006, non-employee directors may no longer elect to receive stock units under the 1996 Plan or the 2003 Plan.

The non-employee directors may elect, under the 2006 Plan, to receive all or a portion (in 25% increments) of their annual cash retainer for service as a director in cash or in stock units. If stock units are elected, the non-employee director receives a number of stock units determined by dividing the chosen dollar amount by the closing price of Scotts Miracle-Gro’s common shares on NYSE on the first trading day following the date of the annual meeting of shareholders of Scotts Miracle-Gro for which the deferred value of the annual cash retainer otherwise would have been paid. The stock units are to be settled in cash or common shares, as elected by the non-employee director, upon the date that the non-employee director ceases to be a member of the Scotts Miracle-Gro Board of Directors or upon a “change in control” (as defined in the 2006 Plan), whichever is earlier. If stock units are to be settled in cash, the amount distributed will be calculated by multiplying the number of stock units to be settled in cash by the fair market value of Scotts Miracle-Gro’s common shares determined on the settlement date. If stock units are to be settled in common shares, the number of common shares distributed will equal the whole number of stock units to be settled in common shares, with the fair market value of any fractional stock units distributed in cash. In general, distributions may be made either in a lump sum or in installments over a period of up to ten years, as elected by the non-employee director. However, upon a change in control, each outstanding stock unit held by a non-employee director will be settled for a lump sum cash payment equal to the change in control price per common share. In addition, if a non-employee director dies, his or her stock units will be settled in a lump sum in cash.

Non-Qualified Stock Options

Prior to January 26, 2006, individuals then serving as non-employee directors automatically received an annual grant, on the first business day following the date of each annual meeting of shareholders of Scotts Miracle-Gro, of non-qualified stock options (“NSOs”) to purchase 10,000 common shares at an exercise price equal to the fair market value of the Scotts Miracle-Gro common shares on the grant date. Non-employee directors who were members of one or more committees of the Scotts Miracle-Gro Board of Directors received NSOs to purchase an additional 1,000 common shares for each committee on which they served. Additionally, non-employee directors who chaired a committee received NSOs to purchase an additional 2,000 common shares for each committee they chaired. These NSOs were granted under the 1996 Plan or the 2003 Plan. Since the approval of the 2006 Plan, no further automatic grants have been or will be made under the 1996 Plan or the 2003 Plan.

Grants of NSOs to directors under the 2006 Plan are discretionary. On January 27, 2006 and on January 26, 2007, consistent with the automatic grants which had previously been made under the 1996 Plan and the 2003 Plan, each of the individuals then serving as a non-employee director of Scotts Miracle-Gro received a grant of NSOs

to purchase 10,000 common shares of Scotts Miracle-Gro. Non-employee directors who were members of one or more committees of the Board of Directors received NSOs to purchase an additional 1,000 common shares for each committee on which they served. Additionally, non-employee directors who chaired a committee received NSOs to purchase an additional 2,000 common shares for each committee they chaired. Each of the NSOs granted on January 27, 2006 has an exercise price of \$49.55, the closing price of Scotts Miracle-Gro's common shares on the grant date. Each of the NSOs granted on January 26, 2007 has an exercise price of \$53.15, the closing price of Scotts Miracle-Gro's common shares on NYSE on the grant date.

On October 11, 2006, Thomas N. Kelly Jr., who had been appointed to the Scotts Miracle-Gro Board of Directors on August 11, 2006, received NSOs to purchase 6,000 common shares at an exercise price of \$45.88, the closing price of Scotts Miracle-Gro's common shares on NYSE on the grant date. This number of common shares was based on the period he would serve on the Scotts Miracle-Gro Board of Directors and Board committees during the 2006 calendar year following his appointment.

NSOs granted to non-employee directors under the 1996 Plan became exercisable six months after the grant date and NSOs granted to non-employee directors under the 2003 Plan became exercisable either six months or twelve months after the grant date. The NSOs granted to the non-employee directors then serving on January 27, 2006 and to Mr. Kelly on October 11, 2006 vested and became exercisable on January 27, 2007. The NSOs granted to the non-employee directors then serving on January 26, 2007 will vest and become exercisable on January 26, 2008. Once vested, the NSOs remain exercisable until the earlier to occur of the tenth anniversary of the grant date or the first anniversary of the date the non-employee director ceases to be a member of Scotts Miracle-Gro's Board of Directors. However, if the non-employee director ceases to be a member of the Scotts Miracle-Gro Board of Directors after having been convicted of, or pled guilty or nolo contendere to, a felony, his or her NSOs will be cancelled on the date he or she ceases to be a director. If the non-employee director ceases to be a member of the Scotts Miracle-Gro Board of Directors after having retired after serving at least one full term, his or her NSOs will remain exercisable for a period of five years following retirement subject to the stated terms of the NSOs.

Upon a change in control of Scotts Miracle-Gro, each non-employee director's outstanding NSOs granted under the 2003 Plan or the 2006 Plan will be cancelled, unless (a) Scotts Miracle-Gro's common shares remain publicly traded, (b) the non-employee director remains a director of Scotts Miracle-Gro after the change in control or (c) the non-employee director exercises, with the permission of the Compensation and Organization Committee (in the case of NSOs granted under the 2003 Plan) or the Board of Directors (in the case of NSOs granted under the 2006 Plan), the non-employee director's outstanding NSOs within 15 days of the date of the change in control. In addition, each non-employee director's outstanding NSOs granted under the 1996 Plan will be cancelled unless the non-employee director exercises, with the permission of the Compensation and Organization Committee, the non-employee director's outstanding NSOs within 15 days of the date of the change in control. For each cancelled NSO, a non-employee director will receive cash in the amount of, or common shares having a

value equal to, the difference between the change in control price per common share and the exercise price per common share associated with the cancelled NSO.

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

I, James Hagedorn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Scotts Miracle-Gro Company for the quarterly period ended December 30, 2006;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 8, 2007

By: /s/ JAMES HAGEDORN

Printed Name: James Hagedorn

Title: President, Chief Executive Officer and Chairman of the Board

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

I, David C. Evans, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Scotts Miracle-Gro Company for the quarterly period ended December 30, 2006;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 8, 2007

By: /s/ DAVID C. EVANS

Printed Name: David C. Evans

Title: Executive Vice President and Chief Financial Officer

SECTION 1350 CERTIFICATION*

In connection with the Quarterly Report of The Scotts Miracle-Gro Company (the "Company") on Form 10-Q for the quarterly period ended December 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned James Hagedorn, President, Chief Executive Officer and Chairman of the Board of the Company, and David C. Evans, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of their knowledge:

- 1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition and results of operations of the Company and its subsidiaries.

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

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

February 8, 2007

February 8, 2007

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