SCOTTS COMPANY
Form 424B3
December 28, 2004

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Registration No. 333-120791

The Scotts Company	*The Scotts Miracle-Gro Company*
Proxy Statement	**Prospectus**

The Scotts Company

14111 Scottslawn Road
Marysville, Ohio 43041

December 23, 2004

Dear Fellow Shareholders:

The Annual Meeting of Shareholders (the Annual Meeting) of The Scotts Company (Scotts) will be held at 10:00 a.m., Eastern Time, on Thursday, January 27, 2005, at The Berger Learning Center, 14111 Scottslawn Road, Marysville, Ohio 43041. The enclosed Notice of Annual Meeting and Proxy Statement/ Prospectus contain detailed information about the business to be conducted at the Annual Meeting. In light of the proposed restructuring merger described below, this is an important Annual Meeting for Scotts, and we strongly encourage you to exercise your right to vote.

An important matter at the Annual Meeting is to consider and vote upon a proposal to approve the restructuring of Scotts corporate structure into a holding company structure by merging Scotts into a newly-created, wholly-owned, second-tier limited liability company subsidiary The Scotts Company LLC (the Restructuring Merger). In connection with this Restructuring Merger, holders of Scotts common shares will receive one common share of a newly-created holding company for each common share of Scotts. The newly-created holding company is an Ohio corporation and will be a public corporation, as successor to Scotts. This new public corporation is called The Scotts Miracle-Gro Company in recognition of our two most important brands Scotts® and Miracle-Gro®, which we believe are the two strongest brands in the lawn and garden industry. Our New York Stock Exchange symbol will continue to be SMG. The Restructuring Merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, for federal income tax purposes and will be tax-free to shareholders of Scotts who exchange their common shares of Scotts for common shares of the newly-created holding company.

The Board of Directors unanimously recommends that you vote FOR the proposal to approve the Restructuring Merger and adopt the related agreement and plan of merger.

In addition to approving the Restructuring Merger (which is addressed in Proposal No. 3), you will be asked to consider and vote upon the election of four directors, each for a term to expire at the 2008 Annual Meeting (Proposal No. 1) and you will be asked to consider and vote upon a proposal to approve a new Employee Stock Purchase Plan (Proposal No. 2). The Board of Directors recommends that you vote FOR each of the nominees named in the enclosed Proxy Statement/ Prospectus and FOR approval of the new Employee Stock Purchase Plan.

The enclosed Notice of Annual Meeting and Proxy Statement/ Prospectus contain detailed information about the Restructuring Merger and the matters to be voted upon at the Annual Meeting. **We urge you to read the entire Proxy Statement/ Prospectus and the documents referred to in the Proxy Statement/ Prospectus.**

On behalf of the Board of Directors and management, we cordially invite you to attend the Annual Meeting. Whether or not you plan to attend the Annual Meeting, please record your vote on the enclosed proxy card and return it promptly in the enclosed postage-paid envelope. Alternatively, if you are a registered shareholder, you may transmit voting instructions for your common shares via the Internet or telephonically in accordance with the instructions on your proxy card.

Sincerely,

JAMES HAGEDORN
President, Chief Executive Officer
and Chairman of the Board

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the common shares of The Scotts Miracle-Gro Company to be issued in the Restructuring Merger or determined if this Proxy Statement/ Prospectus

is truthful or complete. Any representation to the contrary is a criminal offense.

This Proxy Statement/ Prospectus is dated December 23, 2004, and is first being mailed to shareholders on or about December 27, 2004.

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ADDITIONAL INFORMATION

This document is the Proxy Statement of The Scotts Company for its Annual Meeting of Shareholders to be held on Thursday, January 27, 2005 and the Prospectus of The Scotts Miracle-Gro Company for the common shares to be issued in the proposed Restructuring Merger. This document provides detailed information about the proposed Restructuring Merger, which will establish a holding company structure for Scotts. This document incorporates important business and financial information about The Scotts Company from its Annual Report on Form 10-K for the fiscal year ended September 30, 2004 (as filed with the Securities and Exchange Commission on November 24, 2004), and other documents filed by The Scotts Company with the Securities and Exchange Commission that have not been included in or delivered with this document. These documents are available over the Internet on the Securities and Exchange Commission s website at http://www.sec.gov or through The Scotts Company s website located at http://www.investor.scotts.com as well as from other sources. See **WHERE YOU CAN FIND MORE INFORMATION** beginning on page 54.

You may obtain copies of these documents, without charge, upon written or oral request to:

The Scotts Company

14111 Scottslawn Road
Marysville, Ohio 43041
Attention: Treasurer
(937) 644-0011

In order to obtain timely delivery of the documents, you must request this information no later than January 20, 2005.

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The Scotts Company

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held Thursday, January 27, 2005

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders (the Annual Meeting) of The Scotts Company (Scotts) will be held at The Berger Learning Center, 14111 Scottslawn Road, Marysville, Ohio 43041, on January 27, 2005, at 10:00 a.m., Eastern Time, for the following purposes:

1. To elect four directors, each for a term of three years to expire at the 2008 Annual Meeting.

2. To approve the new Employee Stock Purchase Plan in the form attached to the Proxy Statement/ Prospectus as Annex A.

3. To approve the restructuring of Scotts corporate structure into a holding company structure by merging Scotts into a newly-created, wholly-owned, second-tier limited liability company subsidiary, The Scotts Company LLC, pursuant to the agreement and plan of merger attached to the Proxy Statement/ Prospectus as Annex B (the Restructuring Merger). In connection with the Restructuring Merger, holders of Scotts common shares will receive one common share of a newly-created holding company for each common share of Scotts. The newly-created holding company is an Ohio corporation and will be a public corporation, as successor to Scotts. This new public corporation is called The Scotts Miracle-Gro Company in recognition of our two most important brands Scotts® and Miracle-Gro®, which we believe are the two strongest brands in the lawn and garden industry.

4. To transact such other business as may properly come before the Annual Meeting or any adjournment.

The close of business on December 1, 2004, has been fixed by the Board of Directors of Scotts as the record date for determining the shareholders entitled to receive notice of, and to vote at, the Annual Meeting.

You are cordially invited to attend the Annual Meeting. Whether or not you plan to attend the Annual Meeting, you may ensure your representation by completing, signing, dating and promptly returning the enclosed proxy card. A return envelope, which requires no postage if mailed in the United States, has been provided for your use. Alternatively, if you are a registered shareholder, you may ensure that your common shares are voted at the Annual Meeting by submitting your voting instructions electronically via the Internet or telephonically by following the specific instructions on your proxy card. Voting your common shares by the enclosed proxy card, or electronically through the Internet or by telephone, does not affect your right to vote in person if you attend the Annual Meeting.

By Order of the Board of Directors,

DAVID M. ARONOWITZ

Executive Vice President, General Counsel and Corporate Secretary

14111 Scottslawn Road
Marysville, Ohio 43041
December 23, 2004

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The Scotts Company	*The Scotts Miracle-Gro Company*
14111 Scottslawn Road	**14111 Scottslawn Road**
Marysville, Ohio 43041	**Marysville, Ohio 43041**
PROXY STATEMENT	**PROSPECTUS**

for

Annual Meeting of Shareholders

Thursday, January 27, 2005

This Proxy Statement/Prospectus is furnished in connection with the solicitation on behalf of the Board of Directors of The Scotts Company (Scotts) of proxies for use at the Annual Meeting of Shareholders to be held at The Berger Learning Center, 14111 Scottslawn Road, Marysville, Ohio 43041, on Thursday, January 27, 2005, at 10:00 a.m., Eastern Time, or any adjournment. This Proxy Statement/Prospectus and the accompanying proxy card were first sent or given to shareholders on or about December 27, 2004. Only holders of record of Scotts common shares on December 1, 2004 will be entitled to receive notice of and to vote at the Annual Meeting. As of December 1, 2004, there were 33,013,047 common shares outstanding. Each common share entitles the holder thereof to one vote. There are no cumulative voting rights in the election of directors. A quorum for the Annual Meeting is a majority of the outstanding common shares.

A proxy card for use at the Annual Meeting is enclosed. You may ensure your representation by completing, signing, dating and promptly returning the enclosed proxy card. A return envelope, which requires no postage if mailed in the United States, has been provided for your use. Alternatively, shareholders holding common shares registered directly with Scotts transfer agent, National City Bank, may transmit their voting instructions electronically via the Internet or by using the toll-free telephone number stated on the proxy card. The deadline for transmitting voting instructions electronically via the Internet or telephonically is 11:59 p.m., Eastern Time, on January 26, 2005. The Internet and telephone voting procedures are designed to authenticate shareholders identities, to allow shareholders to give their voting instructions and to confirm that shareholders voting instructions have been properly recorded. Shareholders providing voting instructions through the Internet should understand that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, that will be borne by such shareholders. Shareholders holding common shares in street name with a broker/dealer, financial institution or other holder of record may be eligible to appoint their proxy electronically via the Internet or telephonically and may incur costs associated with the electronic access. Shareholders holding common shares in street name should review the information provided to them by the holder of record. This information will set forth the procedures to be followed in instructing the holder of record how to vote the street name common shares and how to revoke previously given instructions.

You may revoke your proxy at any time before it is actually voted at the Annual Meeting by giving written notice of revocation to the Corporate Secretary of Scotts, by executing and returning to Scotts a later-dated proxy card, by voting in person at the Annual Meeting (but only if you are the registered shareholder), or by submitting later-dated electronic voting instructions through the Internet or by telephone. Attending the Annual Meeting does not, in itself, revoke a previously appointed proxy.

Solicitation of proxies may be made by mail, personal contact, telephone, facsimile or telegraph by directors, officers and regular employees of Scotts, none of whom will receive additional compensation for such solicitation activities. Other than the Internet access and telephone usage charges described above, all proxy solicitation costs will be borne by Scotts. Scotts will reimburse its transfer agent, brokers/ dealers,

financial institutions and other custodians, nominees and fiduciaries for their reasonable costs in sending proxy materials to shareholders. Scotts has engaged D.F. King & Co., Inc. to assist in the solicitation of proxies from shareholders at a fee not to exceed $8,000 plus reimbursement of reasonable out-of-pocket expenses.

If a shareholder is a participant in The Scotts Company Retirement Savings Plan (the RSP) and common share units have been allocated to such individual s account in the RSP, the shareholder is entitled to instruct the trustee of the RSP how to vote the common shares represented by those units. These shareholders may receive their proxy cards separately. If no instructions are given by a participant to the trustee of the RSP, the trustee will not vote those common shares.

The results of shareholder voting will be tabulated by the inspectors of election appointed for the Annual Meeting. Common shares represented by properly executed proxy cards returned to Scotts prior to the Annual Meeting or represented by properly authenticated electronic voting instructions timely recorded through the Internet or by telephone will be counted toward the establishment of a quorum for the Annual Meeting even though they are marked Abstain, Against, Withhold All or For All Except or are not marked at all. Broker/dealers who hold common shares in street name may, under the applicable rules of the exchange and other self-regulatory organizations of which the broker/dealers are members, sign and submit proxies for such common shares and may vote such common shares on routine matters, such as the election of directors, but broker/dealers may not vote such common shares on non-routine matters, such as the approval of the Employee Stock Purchase Plan and the Restructuring Merger, without specific instructions from the customer who owns such common shares. Proxies that are signed and submitted by broker/dealers that have not been voted on certain matters as described in the previous sentence are referred to as broker non-votes. Broker non-votes count toward the establishment of a quorum for the Annual Meeting.

Those common shares represented by properly executed proxy cards, or properly authenticated voting instructions recorded electronically through the Internet or by telephone, that are timely received prior to the Annual Meeting and not revoked, will be voted as directed by the shareholder. All valid proxies timely received prior to the Annual Meeting which do not specify how common shares should be voted will, except in the case of broker non-votes, be voted **FOR** the election as directors of the nominees listed below under **PROPOSAL NUMBER 1 ELECTION OF DIRECTORS,** **FOR** the approval of the new Employee Stock Purchase Plan described under **PROPOSAL NUMBER 2 APPROVAL OF EMPLOYEE STOCK PURCHASE PLAN** and, **FOR** the approval of the Restructuring Merger and adoption of the related agreement and plan of merger described under **PROPOSAL NUMBER 3 APPROVAL OF RESTRUCTURING MERGER.**

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BENEFICIAL OWNERSHIP OF SECURITIES OF SCOTTS

The common shares are Scotts only outstanding class of voting securities. The following table furnishes, as of December 1, 2004 (except as otherwise noted), certain information as to the common shares beneficially owned by each of the current directors and nominees for election as a director of Scotts, by each of the individuals named in the Summary Compensation Table and by all current directors and executive officers of Scotts as a group, as well as by the only persons known to Scotts to beneficially own more than 5% of the outstanding common shares.

	Amount and Nature of Beneficial Ownership(1)				
Name of Beneficial Owner	**Common Shares Presently Held**	**Common Share Equivalents(2)**	**Common Shares Which Can Be Acquired Upon Exercise of Options/SARs Currently Exercisable or Which Will Become Exercisable Within 60 Days**	**Total**	**Percent of Class(2)(3)**
David M. Aronowitz(4)	3,053(5)	6,191	48,500	57,744	(6)
Mark R. Baker	0	317	6,000	6,317	(6)
Lynn J. Beasley	0	1,415	11,500	12,915	(6)
Robert F. Bernstock(4)	25,000(7)	0	0	25,000	(6)
Gordon F. Brunner	1,500	714	9,750	11,964	(6)
Arnold W. Donald	1,000	697	27,000	28,697	(6)
Joseph P. Flannery	7,000	0	49,500	56,500	(6)
James Hagedorn(4)	10,638,721(8)	3,608	505,000	11,147,329	33.25%
Michael P. Kelty(4)	39,509(9)	0	80,000	119,509	(6)
Katherine Hagedorn Littlefield	10,595,963(10)	0	23,500	10,619,463	32.14%
Karen G. Mills	5,000	1,418	61,000	67,418	(6)
Christopher L. Nagel(4)	700(11)	686	20,500	21,886	(6)
Patrick J. Norton	5,100(12)	0	128,000	133,100	(6)
Stephanie M. Shern	1,000	0	11,000	12,000	(6)
John M. Sullivan	1,500	0	55,000	56,500	(6)
John Walker, Ph.D.	1,100	0	40,000	41,100	(6)
All current directors and executive officers as a group (17 individuals)	10,730,683(13)	15,046	1,082,250	11,827,979	34.65%
Hagedorn Partnership, L.P. 800 Port Washington Blvd Port Washington, NY 11050	10,595,963(14)	0	0	10,595,963	32.10%
Wachovia Corporation(15) One Wachovia Center Charlotte, NC 28288-0137	1,820,826(16)	0	0	1,820,826	5.52%

(1) Unless otherwise indicated, the beneficial owner has sole voting and dispositive power as to all common shares reflected in the table. All fractional common shares have been rounded to the nearest whole common share. The mailing address of each of the current executive officers and directors of Scotts is 14111 Scottslawn Road, Marysville, Ohio 43041.

(2) Common Share Equivalents figures include common shares attributable to the named executive officer s account relating to common share units under The Scotts Company Executive Retirement Plan (the Executive Retirement Plan or ERP), and to the named director s account holding stock units received in lieu of the director s annual cash retainer and any other fees paid for service as a director under Scotts 1996 Stock Option Plan (1996 Plan) and Scotts 2003 Stock Option and Incentive Equity Plan (2003 Plan), although under the terms of each of those plans, the named individual has no voting or dispositive power with respect to the portion of his or her account attributed to common shares of Scotts. For this reason, these common share equivalents are not included in the computation of the Percent of Class figures in the table.

(3) The Percent of Class computation is based upon the sum of (i) 33,013,047 common shares outstanding on December 1, 2004 and (ii) the number of common shares, if any, as to which the

named person has the right to acquire beneficial ownership upon the exercise of options and stock appreciation rights (SARs) which are currently exercisable or which will become exercisable within 60 days after December 1, 2004.

(4) Individual named in the Summary Compensation Table.

(5) Mr. Aronowitz holds 350 common shares directly, 700 common shares that are the subject of a restricted stock grant made to him on December 1, 2004 as to which the restriction period will lapse on December 1, 2007, 193 common shares in an open-market Associate Stock Purchase Plan, and 1,810 common share units that are allocated to his account and held by the trustee under the RSP.

(6) Represents ownership of less than 1% of the outstanding common shares of Scotts.

(7) Represents 25,000 common shares that are the subject of a restricted stock grant made to Mr. Bernstock on October 1, 2004 as to which the restriction period will lapse on September 30, 2009 if Mr. Bernstock is then employed by Scotts or on September 30, 2007 if Mr. Bernstock is then employed by Scotts and is not then serving as Chief Operating Officer of Scotts or in a more senior position.

(8) Mr. Hagedorn is a general partner of Hagedorn Partnership, L.P., a Delaware limited partnership (the Hagedorn Partnership), and has shared voting and dispositive power with respect to the common shares held by the Hagedorn Partnership and those subject to the right to vote and right of first refusal in favor of the Hagedorn Partnership. See note (14) below. He holds 4,700 common shares directly, 15,000 common shares that are the subject of a restricted stock grant made to him on November 19, 2003 as to which the restriction period will end on November 19, 2006, 13,300 common shares that are the subject of a restricted stock grant made to him on December 1, 2004 as to which the restriction period will lapse on December 1, 2007 and 9,758 common share units that are allocated to his account and held by the trustee under the RSP.

(9) Represents 800 common shares that are the subject of a restricted stock grant made to Dr. Kelty on December 1, 2004 as to which the restriction period will lapse on December 1, 2007 and includes 8,127 common shares owned by his spouse.

(10) Ms. Littlefield is a general partner and the Chair of the Hagedorn Partnership and has shared voting and dispositive power with respect to the common shares held by the Hagedorn Partnership and those subject to the right to vote and right of first refusal in favor of the Hagedorn Partnership. See note (14) below.

(11) Represents 700 common shares that are the subject of a restricted stock grant made to Mr. Nagel on December 1, 2004 as to which the restricted period will lapse on December 1, 2007.

(12) Includes 100 common shares owned by Mr. Norton s spouse.

(13) See notes (5) and (7) through (12) above and note (14) below. Also includes common shares held by the current executive officers other than the individuals named in the Summary Compensation Table; and common share units allocated to those executive officers respective accounts and held by the trustee under the RSP.

(14) The Hagedorn Partnership owns 10,489,001 common shares of record, and has the right to vote, and a right of first refusal with respect to, 106,962 common shares, Scotts securities received by John Kenlon and his children pursuant to the Merger Agreement described below. Mr. James Hagedorn, Ms. Katherine Hagedorn Littlefield, Mr. Paul Hagedorn, Mr. Peter Hagedorn, Mr. Robert Hagedorn and Ms. Susan Hagedorn are siblings, general partners of the Hagedorn Partnership and former shareholders of Stern s Miracle-Gro Products, Inc. (Miracle-Gro Products). The general partners share voting and dispositive power with respect to the securities held by the Hagedorn Partnership and those subject to the right to vote and right of first refusal in favor of the Hagedorn Partnership. Mr. James Hagedorn and Ms. Katherine Hagedorn Littlefield are directors of Scotts. Community Funds, Inc., a New York not-for-profit corporation (Community Funds), is a limited partner of the Hagedorn Partnership.

The Amended and Restated Agreement and Plan of Merger, dated as of May 19, 1995 (the Merger Agreement), among Scotts, ZYX Corporation, Miracle-Gro Products, Stern s Nurseries, Inc., Miracle-Gro Lawn Products Inc., Miracle-Gro Products Limited, the Hagedorn Partnership, the general partners of the Hagedorn Partnership, Horace Hagedorn, Community Funds and John

Kenlon, as amended by the First Amendment to Amended and Restated Agreement and Plan of Merger, dated as of October 1, 1999 (the First Amendment), limits the ability of the Hagedorn Partnership, Community Funds, Horace Hagedorn and John Kenlon (the Miracle-Gro Shareholders) to acquire additional voting securities of Scotts. See **The Merger Agreement and the First Amendment** below.

(15) All information presented in this table regarding Wachovia Corporation (Wachovia) was derived from the Schedule 13G, dated January 28, 2004 (the Wachovia Schedule 13G), filed by Wachovia with the Securities and Exchange Commission (SEC) on February 11, 2004 to report beneficial ownership of Scotts common shares as of December 31, 2003.

(16) In the Wachovia Schedule 13G, Wachovia reported sole voting power with respect to 1,418,333 common shares, shared voting power with respect to 3,300 common shares, sole dispositive power with respect to 1,808,321 common shares and shared dispositive power with respect to 1,890 common shares. Wachovia is the parent holding company of (a) Wachovia Securities, LLC, Evergreen Investment Management Company and J.L. Kaplan Associates, LLC, each of which is an investment advisor for mutual funds and/or other clients who beneficially own the common shares reported; and (b) Wachovia Trust Company, N.A. and Wachovia Bank, N.A., each of which is a bank which holds the common shares reported in a fiduciary capacity for its respective customers.

The Merger Agreement and the First Amendment

Under the terms of the First Amendment, the Miracle-Gro Shareholders may not collectively acquire, directly or indirectly, beneficial ownership of Voting Stock (defined in the Merger Agreement, as amended by the First Amendment, to mean the common shares and any other securities issued by Scotts which are entitled to vote generally for the election of directors of Scotts) representing more than 49% of the total voting power of the outstanding Voting Stock, except pursuant to a tender offer for 100% of that total voting power, which tender offer is made at a price per share which is not less than the market price per share on the last trading day before the announcement of the tender offer and is conditioned upon the receipt of at least 50% of the Voting Stock beneficially owned by shareholders of Scotts other than the Miracle-Gro Shareholders and their affiliates and associates.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), requires Scotts directors and executive officers, and any persons beneficially holding more than 10 percent of Scotts outstanding common shares, to file statements reporting their initial beneficial ownership of common shares and any subsequent changes in beneficial ownership with the SEC within specified due dates that have been established by the SEC. Based solely upon Scotts review of (a) Section 16(a) statements filed on behalf of these persons for their transactions during Scotts fiscal year ended September 30, 2004 (the 2004 fiscal year) and (b) representations received from one or more of these persons that no other Section 16(a) statement was required to be filed by them for Scotts 2004 fiscal year, Scotts believes that all Section 16(a) filing requirements applicable to its directors and executive officers, and persons beneficially holding more than 10 percent of Scotts outstanding common shares were complied with during Scotts 2004 fiscal year.

PROPOSAL NUMBER 1

ELECTION OF DIRECTORS

Pursuant to the Code of Regulations of Scotts, the Board of Directors has set the authorized number of directors at 12, divided into three classes with regular three-year staggered terms. The election of each class of directors is a separate election. The four Class I directors hold office for terms expiring at the Annual Meeting, the four Class II directors hold office for terms expiring in 2006, and the four Class III directors hold office for terms expiring in 2007.

The Board of Directors proposes that the four nominees identified below be elected to Class I for a new term to expire at the Annual Meeting to be held in 2008 and until their successors are duly elected and qualified, or until their earlier death, resignation or removal. Each nominee was recommended by the Governance and Nominating Committee. The Board of Directors has no reason to believe that the nominees will not serve if elected. If a nominee who would otherwise receive the required number of votes becomes unavailable or unable to serve as a director, the individuals designated as proxy holders reserve full discretion to vote the common shares represented by the proxies they hold for the election of the remaining nominees and for the election of any substitute nominee designated by the Board of Directors following recommendation by the Governance and Nominating Committee.

The Board of Directors has reviewed, considered and discussed each director s relationships, either directly or indirectly, with Scotts and its subsidiaries and the compensation each director receives, directly or indirectly, from Scotts and its subsidiaries in order to determine whether such director qualifies as independent for purposes of the applicable sections of the Listed Company Manual (the NYSE Rules) of the New York Stock Exchange (NYSE) and the applicable rules and regulations of the SEC (the SEC Rules), and has determined that the Board has at least a majority of independent directors. The Board of Directors has determined that each of the following directors has no financial or personal ties, either directly or indirectly, with Scotts or its subsidiaries (other than director compensation and beneficial ownership of common shares as described in this Proxy Statement/Prospectus) and thus qualifies as independent: Mark R. Baker, Lynn J. Beasley, Gordon F. Brunner, Arnold W. Donald, Joseph P. Flannery, Karen G. Mills, Stephanie M. Shern, John M. Sullivan and John Walker, Ph.D.

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The following information, as of December 1, 2004, with respect to the principal occupation or employment, other affiliations and business experience during the last five years of each director or nominee for election as a director, has been furnished to Scotts by each director or nominee. Except where indicated, each director or nominee has had the same principal occupation for the last five years.

Nominees Standing for Re-Election to the Board of Directors

Class I Terms to Expire at the 2008 Annual Meeting

James Hagedorn, age 49, Chairman of the Board of Scotts since January 2003, Chief Executive Officer of Scotts since May 2001, President of Scotts since April 2000, and Director of Scotts since 1995

Mr. Hagedorn was named Chairman of the Board of Scotts in January 2003. He was named President and Chief Executive Officer of Scotts in May 2001. He served as President and Chief Operating Officer of Scotts from April 2000 to May 2001, and as President, Scotts North America, of Scotts from December 1998 to April 2000. He also serves as a director for Farms For City Kids Foundation, Inc., the Hagedorn Family Foundation, Inc., Northshore University Hospital (New York), Scotts Miracle-Gro Foundation and the Intrepid Sea-Air-Space Museum, all charitable organizations. Mr. Hagedorn is the son of Horace Hagedorn, Director Emeritus of Scotts, and the brother of Katherine Hagedorn Littlefield, a director of Scotts.

Committee Membership: None at this time

Karen G. Mills, age 51, Director of Scotts since 1994

Since June 1999, Ms. Mills has been Managing Director and Founder of Solera Capital, a private equity firm based in New York. Since January 1993, she has also been President of MMP Group, Inc., an advisory company serving leveraged buy-out firms, company owners and chief executive officers. Ms. Mills is currently a director of one other public company, Arrow Electronics, Inc. Ms. Mills is also a director of Latina Media Ventures and Homegrown Naturals, Inc., both privately-held companies. She serves as a director of the Mitchell Institute which provides college scholarships to students from every high school in Maine, and is the Vice-Chairman of the Harvard Overseers.

Committee Memberships: Compensation and Organization;
Governance and Nominating (Chair)

Stephanie M. Shern, age 56, Director of Scotts since 2003

Mrs. Shern is the founder of Shern Associates LLC, a retail consulting and business advisory firm formed in February 2002. From May 2001 to February 2002, Mrs. Shern served as the Senior Vice President and Global Managing Director of Retail and Consumer Products at Kurt Salmon Associates, a management consulting firm specializing in retailing and consumer products. From 1995 to April 2001, Mrs. Shern was the Vice Chairman and Global Director of Retail and Consumer Products for Ernst & Young LLP, and from April 1998 to April 2000, she also served as Vice Chairman of Marketing for Ernst & Young LLP. Mrs. Shern is a CPA and a member of the American Institute of CPAs and the New York State Society of CPAs. Mrs. Shern is currently a director of two other public companies, Nextel Communications, Inc. and GameStop Corp. Mrs. Shern is also a director of a privately-held company, Vitamin Shoppe Inc.

Committee Membership: Audit (Chair)

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John Walker, Ph.D., age 64, Director of Scotts since 1998

Since September 1994, Dr. Walker has been Chairman of Advent International plc, Europe, a private equity management company based in London, England which manages over $6 billion on a global basis.

Committee Membership: Finance (Chair)

Directors Continuing in Office

Class II Terms to Expire at the 2006 Annual Meeting

Lynn J. Beasley, age 47, Director of Scotts since 2003

In January 2002, Ms. Beasley was promoted to President and Chief Operating Officer of R.J. Reynolds Tobacco Company (RJR Tobacco), a cigarette manufacturer, after serving as Executive Vice President-Marketing since 1997. Ms. Beasley has also been a director of RJR Tobacco since March 2000. Ms. Beasley is a member of the Senior Services Board and Wake Forest Health Sciences Board, both charitable organizations.

Committee Memberships: Compensation and Organization;
Governance and Nominating

Gordon F. Brunner, age 66, Director of Scotts since 2003

Mr. Brunner served as the Chief Technology Officer as well as a member of the board of directors of The Procter & Gamble Company, a manufacturer of family, personal and household care products, until his retirement on November 1, 2000 after 40 years of service. Mr. Brunner is a partner in the Cincinnati Living Longer ProActive Health Center and serves as a director of two other public companies, Natrol, Inc. and Third Wave Technologies, Inc., as well as privately-held Iams Imaging and Beverage Holdings, LLC. He also serves on the boards for Christ Hospital (Cincinnati, Ohio), the Wisconsin Alumni Research Foundation and Xavier University.

Committee Memberships: Innovation & Technology (Chair); Audit

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Arnold W. Donald, age 49, Director of Scotts since 2000

Since March 2000, Mr. Donald has been Chairman of Merisant Company, a seller of health, nutritional and lifestyle products whose products include leading global tabletop sweetener brands Equal® and Canderel®. From January 1998 to March 2000, he was Senior Vice President of Monsanto Company (n/k/a Pharmacia Corporation), with responsibility for growth, globalization and technology initiatives. He serves as a director of five other public companies, Crown Holdings, Inc., Russell Corporation, Oil-Dri Corporation of America, The Laclede Group, Inc., and Carnival Corporation. Mr. Donald serves as a director for numerous charitable organizations including the St. Louis Science Center, Missouri Botanical Garden, Opera Theatre of St. Louis, Scotts Miracle-Gro Foundation, St. Louis Art Museum, United Way of Greater St. Louis, Museum of African Art (New York), BJC Health System, Washington University, Dillard University and Carleton College. In 1998, he was appointed by President Clinton to serve on the President s Export Council for international trade and appointed again by President Bush in November 2002. He is also a member of the Executive Leadership Council, the Kennedy School of Government Dean s Council and the National Science Teachers Association Advisory Board.

Committee Memberships: Finance; Compensation and Organization
John M. Sullivan, age 69, Director of Scotts since 1994

Mr. Sullivan served as Chairman, President and Chief Executive Officer of Prince Holdings, Inc., a corporation which, through its subsidiaries, manufactures sporting goods, from 1987 until his retirement in 1994. He is currently on the board of directors of Atlas Copco N.A., a company traded on the Stockholm Stock Exchange.

Committee Memberships: Audit; Governance and Nominating

Class III Terms to Expire at the 2007 Annual Meeting
Mark R. Baker, age 47, Director of Scotts since 2004

Mr. Baker has been President, Chief Executive Officer and a director of Gander Mountain Company, an outdoor retailer specializing in hunting, fishing and camping gear, since September 2002. Prior to his service with Gander Mountain Company, he was the Executive Vice President, Merchandising of The Home Depot, Inc., a leading home improvement retailer, from October 2000. From June 1999 to October 2000, he served as Group President and Senior Vice President, Merchandising of The Home Depot, Inc. From 1997 until 1999, he was President of the Midwest Division of The Home Depot, Inc.

Committee Memberships: Compensation and Organization;
Governance and Nominating
Joseph P. Flannery, age 72, Director of Scotts since 1987

Mr. Flannery has been President, Chief Executive Officer and Chairman of the Board of Directors of Uniroyal Holding, Inc., an investment management company, since 1986. Mr. Flannery is also a director of two other public companies, Newmont Mining Corporation and ArvinMeritor, Inc.

Committee Membership: Compensation and Organization (Chair)

Katherine Hagedorn Littlefield, age 49, Director of Scotts since 2000

Ms. Littlefield has been a director of Scotts since July 2000. Ms. Littlefield is the Chair of the Hagedorn Partnership. She also serves on the boards for the Hagedorn Family Foundation, Inc., a charitable organization, and the Pennington School. She is the sister of James Hagedorn, a director and executive officer of Scotts.

Committee Memberships: Innovation & Technology; Finance

Patrick J. Norton, age 54, Director of Scotts since 1998

Mr. Norton retired on January 1, 2003, after having served as Executive Vice President and Chief Financial Officer of Scotts since May 2000 and as interim Chief Financial Officer from February 2000 to May 2000. Mr. Norton is a director of one other public company, Greif, Inc. Mr. Norton serves as an independent director for various privately-held companies and partnerships, including Svoboda Collins LLC, and In The Swim, Inc. He is also a director of Scotts Miracle-Gro Foundation, a charitable organization.

Committee Membership: Finance

Recommendation and Vote

Under Ohio law and Scotts Code of Regulations, the four nominees for election as Class I directors receiving the greatest number of votes will be elected. Common shares represented by properly executed and returned proxy cards or properly authenticated voting instructions recorded through the Internet or by telephone will be voted FOR the election of the above-named nominees unless authority to vote for one or more nominees is withheld. Common shares as to which the authority to vote is withheld will be counted for quorum purposes but will not be counted toward the election of directors or toward the election of the individual nominees specified on the form of proxy.

YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF THE ABOVE-NAMED CLASS I DIRECTOR NOMINEES.

Communications with the Board

Although Scotts does not have a formal policy requiring members of the Board of Directors to attend annual meetings of the shareholders, Scotts encourages all incumbent directors and director nominees to attend each annual meeting of shareholders. All of the twelve then incumbent directors and director nominees attended Scotts last annual meeting of shareholders held on January 29, 2004.

In accordance with Scotts Corporate Governance Guidelines and applicable NYSE Rules, the non-management directors of Scotts met in executive session (without management participation) at every regularly scheduled meeting of the Board of Directors in Scotts 2004 fiscal year. The independent directors meet in executive session as appropriate matters for their consideration arise but, in any event, at least once a year. At its January 28, 2004 meeting, upon recommendation of the Governance and Nominating Committee and with the support of management, the Board of Directors elected John Walker, Ph.D. Lead Independent Director. Dr. Walker will serve in this capacity at the pleasure of the Board of Directors and until his successor is elected and qualified. Dr. Walker presides at the executive sessions of the non-management directors.

The Board of Directors believes it is important for shareholders to have a process to send communications to the Board and its individual members. Accordingly, shareholders who wish to communicate with the Board, the Lead Independent Director, the non-management directors as a group or a particular director may do so by sending a letter to such individual or individuals, in care of Scotts, to Scotts executive offices at 14111 Scottslawn Road, Marysville, Ohio 43041. The mailing envelope must

contain a clear notation indicating that the enclosed letter is a Shareholder/Board Communication, a Shareholder/ Lead Independent Director Communication, a Shareholder/ Non-Management Director Communication, or a Shareholder/ Director Communication, as appropriate. All such letters must identify the author as a shareholder and clearly indicate whether the intended recipients are all members of the Board of Directors or certain specified individual directors. Copies of all such letters will be circulated to the appropriate director or directors. There is no screening process in respect of shareholder communications.

Committees and Meetings of the Board

The Board of Directors held seven regularly scheduled or special meetings during Scotts 2004 fiscal year. The Board of Directors has five significant standing committees: the Audit Committee; the Compensation and Organization Committee; the Finance Committee; the Governance and Nominating Committee; and the Innovation & Technology Committee. Each current member of the Board of Directors attended at least 75% of the aggregate of the total number of meetings of the Board of Directors and of the Board committees on which he or she served, in each case during the period such director served in the 2004 fiscal year.

Audit Committee

The Audit Committee is organized and conducts its business pursuant to a written charter adopted by the Board of Directors. A copy of the Audit Committee s charter is also posted on Scotts Internet website at http://www.investor.scotts.com and is available in print to any shareholder who requests it from the Corporate Secretary of Scotts. At least annually, the Audit Committee evaluates its performance, reviewing and assessing the adequacy of its charter and recommending any proposed changes to the full Board of Directors, as necessary, to reflect changes in regulatory requirements, authoritative guidance and evolving practices.

The Audit Committee is responsible for (1) overseeing the accounting and financial reporting processes of Scotts, (2) overseeing the audits of the financial statements of Scotts, (3) appointing, compensating and overseeing the work of the independent registered public accounting firm employed by Scotts for the purpose of preparing or issuing an audit report or related work, (4) establishing procedures for the receipt, retention and treatment of complaints received by Scotts regarding accounting, internal accounting controls, auditing matters or other compliance matters, (5) assisting the Board of Directors in its oversight of: (a) the integrity of Scotts financial statements; (b) Scotts compliance with applicable laws, rules and regulations, including applicable NYSE Rules; (c) the independent registered public accounting firm s qualifications and independence; and (d) the performance of Scotts internal audit function; and (6) undertaking the other matters required by applicable SEC and NYSE Rules. Pursuant to its charter, the Audit Committee has the authority to engage and compensate such independent counsel and other advisors as the Audit Committee deems necessary to carry out its duties.

Each member of the Audit Committee qualifies as independent under the applicable NYSE Rules and Rule 10A-3 promulgated under Section 10A(m)(3) of the Exchange Act. The Board of Directors believes each member of the Audit Committee is qualified to discharge his or her duties on behalf of Scotts and its subsidiaries and satisfies the financial literary requirement of the NYSE Rules. The Board of Directors has determined that Stephanie M. Shern qualifies as an audit committee financial expert as defined by the applicable SEC Rules. None of the members of the Audit Committee serves on the audit committee of more than two other public companies. The Audit Committee met twelve times during the 2004 fiscal year. The Audit Committee s report relating to Scotts 2004 fiscal year appears on page 29.

Compensation and Organization Committee

The Compensation and Organization Committee is organized and conducts its business pursuant to a written charter adopted by the Board of Directors. A copy of the Compensation and Organization Committee charter is posted on Scotts Internet website located at http://www.investor.scotts.com and is

available in print to any shareholder who requests it from the Corporate Secretary of Scotts. At least annually, in consultation with the Governance and Nominating Committee, the Compensation and Organization Committee reviews and reassesses the adequacy of its charter and performs a Committee performance evaluation.

The Compensation and Organization Committee reviews, considers and acts upon matters concerning salary and other compensation and benefits of all executive officers and certain other employees of Scotts. In addition, the Compensation and Organization Committee acts upon all matters concerning, and exercises such authority as is delegated to it under the provisions of, any benefit, retirement or pension plan maintained by Scotts. The Compensation and Organization Committee also advises the Board of Directors regarding executive officer organizational issues and succession plans and serves as the committee administering Scotts 1992 Long Term Incentive Plan (1992 Plan), 1996 Plan, 2003 Plan and Executive Annual Incentive Plan (the Executive Incentive Plan). The Compensation and Organization Committee met three times during the 2004 fiscal year. Pursuant to its charter, the Compensation and Organization Committee has the authority to retain special counsel, compensation consultants and other experts or consultants as it deems appropriate to carry out its functions and to approve the fees and other retention terms for any such counsel, consultants or experts.

Each member of the Compensation and Organization Committee qualifies as independent under the applicable NYSE Rules, an outside director for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code), and a non-employee director for purposes of Rule 16b-3 under the Exchange Act. The Compensation and Organization Committee s report on executive compensation appears on pages 23 through 27.

Finance Committee

The Finance Committee provides oversight of the financial plans and policies of Scotts and its subsidiaries by reviewing annual business plans; operating performance goals; investment, dividend payment and stock repurchase programs; financial forecasts; and general corporate financing matters. The Finance Committee met six times during the 2004 fiscal year.

Governance and Nominating Committee

The Governance and Nominating Committee is organized and conducts its business pursuant to a written charter adopted by the Board of Directors. A copy of the Governance and Nominating Committee charter is posted on Scotts Internet website located at http://www.investor.scotts.com and is available in print to any shareholder who requests it from the Corporate Secretary of Scotts. At least annually, the Governance and Nominating Committee reviews and reassesses the adequacy of its charter and performs a Committee performance evaluation.

The Governance and Nominating Committee recommends policies on the composition of the Board of Directors and nominees for membership on the Board of Directors and Board committees. The Governance and Nominating Committee also makes recommendations to the full Board of Directors and the Chairman of the Board regarding committee selection, including committee chairs and rotation practices, the overall effectiveness of the Board of Directors and of management (in the areas of Board of Directors relations and corporate governance), director compensation and developments in corporate governance practices. The Governance and Nominating Committee is responsible for developing a policy with regard to the consideration of candidates for election or appointment to the Board of Directors recommended by shareholders of Scotts and procedures to be followed by shareholders in submitting such recommendations, consistent with any shareholder nomination requirements which may be set forth in Scotts Code of Regulations and applicable laws, rules and regulations. In considering potential nominees, the Governance and Nominating Committee conducts its own search for available, qualified nominees and will consider candidates from any reasonable source, including shareholder recommendations. The Governance and Nominating Committee is also responsible for developing and recommending to the Board

of Directors corporate governance principles applicable to Scotts and overseeing the evaluation of the Board of Directors and management.

Each member of the Governance and Nominating Committee qualifies as independent under the applicable NYSE Rules. The Governance and Nominating Committee met three times during the 2004 fiscal year.

Innovation & Technology Committee

The Innovation & Technology Committee was formed in May 2004 to assist the Board of Directors in providing counsel to Scotts senior management on strategic management of global science, technology and innovations issues and act as the Board of Director s liaison to Scotts Innovation and Technology Advisory Board. The Innovation & Technology Committee is organized and conducts its business pursuant to a written charter adopted by the Board of Directors and met one time during the 2004 fiscal year. A copy of the Innovation & Technology Committee charter is posted on Scotts Internet website located at http://www.investor.scotts.com and is available in print to any shareholder who requests it from the Corporate Secretary of Scotts.

Nomination of Directors

As described above, Scotts has a standing Governance and Nominating Committee that has responsibility for, among other things, providing oversight on the broad range of issues surrounding the composition and operation of the Board of Directors, including identifying candidates qualified to become directors and recommending director nominees to the Board of Directors.

When considering candidates for the Board of Directors, the Governance and Nominating Committee evaluates the entirety of each candidate s credentials and does not have any specific eligibility requirements or minimum qualifications that must be met by a Governance and Nominating Committee-recommended nominee. However, under Scotts Corporate Governance Guidelines, in general, a director is not to stand for re-election once he or she has reached the age of 72. The Governance and Nominating Committee and full Board of Directors will review individual circumstances and may from time to time choose to renominate a director who is 72 or older. The Governance and Nominating Committee may consider any factors it deems appropriate, including: judgment; skill; diversity; strength of character; experience with businesses and organizations of comparable size or scope; experience as an executive of, or advisor to, a publicly traded or private company; experience and skill relative to other Board of Directors members; specialized knowledge or experience; and desirability of the candidate s membership on the Board of Directors and any committees of the Board of Directors.

The Governance and Nominating Committee considers candidates for the Board of Directors from any reasonable source, including shareholder recommendations, and does not evaluate candidates differently based on who has made the recommendation. Pursuant to its written charter, the Governance and Nominating Committee has the authority to retain consultants and search firms to assist in the process of identifying and evaluating candidates and to approve the fees and other retention terms for any such consultant or search firm. No such consultant or search firm was used during the 2004 fiscal year and, accordingly, no fees have been paid to any such consultant or search firm. The Board of Directors, taking into account the recommendations of the Governance and Nominating Committee, selects nominees to stand for election as directors.

Shareholders may recommend director candidates for consideration by the Governance and Nominating Committee by giving written notice of the recommendation to the Corporate Secretary of Scotts. The recommendation should include the candidate s name, age, business address and principal occupation or employment, as well as a description of the candidate s qualifications, attributes and other skills. A written statement from the candidate consenting to serve as a director, if so elected, should accompany any such recommendation.

Corporate Governance Guidelines

In accordance with applicable NYSE Rules, the Board of Directors has adopted Corporate Governance Guidelines to promote the effective functioning of the Board of Directors and its committees and to reflect Scotts commitment to the highest standards of corporate governance. The Board of Directors, with the assistance of the Governance and Nominating Committee, periodically reviews the Corporate Governance Guidelines to ensure they are in compliance with all applicable requirements. The Corporate Governance Guidelines are posted on Scotts Internet website located at http://www.investor.scotts.com and are available in print to any shareholder who requests them from the Corporate Secretary of Scotts.

Code of Business Conduct and Ethics

In accordance with applicable NYSE Rules and SEC Rules, the Board of Directors has adopted The Scotts Company Code of Business Conduct and Ethics which is available on Scotts Internet website located at http://www.investor.scotts.com and in print to any shareholder who requests it from the Corporate Secretary of Scotts.

Compensation of Directors

Each director of Scotts who is not an employee of Scotts (the non-employee directors) receives a $40,000 annual retainer for Board of Directors and Board committee meetings plus reimbursement of all reasonable travel and other expenses of attending such meetings. Members of the Audit Committee get an additional $5,000 annually. Under each of the 1996 Plan and the 2003 Plan, non-employee directors may elect to receive all or a portion, in 25% increments, of their annual cash retainer and other fees paid 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 fair market value of Scotts common shares on the first trading day following the date of the annual meeting of shareholders for which the deferred amount otherwise would have been paid. Final distributions are made 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 Board of Directors, 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. 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. The non-employee directors may elect stock units under either the 1996 Plan or the 2003 Plan.

Under either the 1996 Plan or the 2003 Plan, non-employee directors also receive an annual grant, on the first business day following the date of each annual meeting of shareholders, of options to purchase 5,000 common shares at an exercise price equal to the fair market value of the common shares on the grant date. Non-employee directors who are members of one or more committees of the Board of Directors receive options to purchase an additional 500 common shares for each committee on which they serve. Additionally, non-employee directors who chair a committee receive options to purchase an additional 1,000 common shares for each committee they chair. Options granted to a non-employee director become exercisable six or twelve months after the grant date and 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 Board of Directors. However, if the non-employee director ceases to be a member of the Board of Directors after having been convicted of, or pled guilty or nolo contendere to, a felony, his or her options granted under the 1996 Plan 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 Board of Directors after having retired after serving at least one full term, any outstanding options granted under either the 1996 Plan or the 2003 Plan will remain exercisable for a period of five years following retirement subject to the stated terms of the options. To the extent a grant is made under one plan, the automatic grant under the other plan would not apply.

Upon a change in control of Scotts, each non-employee director s outstanding options granted under the 2003 Plan will be cancelled, unless (a) Scotts common shares remain publicly traded, (b) the non-employee director remains a director of Scotts after the change in control or (c) the non-employee director exercises, with the permission of the Compensation and Organization Committee, the non-employee director s outstanding options within 15 days of the date of the change in control. In addition, each non-employee director s outstanding options 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 options within 15 days of the date of the change in control. For each cancelled option, 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 of a common share (calculated pursuant to the terms of the applicable plan) and the exercise price of the cancelled option.

On November 5, 2002, Scotts entered into a letter agreement with Patrick J. Norton, providing that from January 1, 2003 through December 31, 2005, Mr. Norton will remain an employee of Scotts with limited duties, primarily acting as an advisor for the Scotts LawnService® business. Mr. Norton will receive an annual fee of $11,000 for his work as an advisor and will be eligible to receive options covering 4,500 common shares annually. As of December 31, 2005, Mr. Norton will be entitled to continue to participate in Scotts group medical and dental plans under the prevailing annual COBRA rates until Mr. Norton s 65th birthday on November 19, 2015. If Mr. Norton s employment is terminated by Scotts other than for cause, Mr. Norton will be entitled to his options and benefits through December 31, 2005. In addition, so long as Mr. Norton remains on Scotts Board of Directors through 2005, he will be entitled to compensation of $40,000 as his annual retainer for serving on the Board of Directors each year and receive options covering 5,500 common shares annually, in addition to his compensation as an advisor.

EXECUTIVE COMPENSATION

Summary of Cash and Other Compensation

The following table shows, for the fiscal years ended September 30, 2004, 2003 and 2002, the cash compensation and other benefits paid or provided by Scotts to the individual who served as Chief Executive Officer (CEO) during the 2004 fiscal year and the four other most highly compensated executive officers of Scotts listed by title.

Summary Compensation Table

		Annual Compensation			Long-Term Compensation — Awards		
Name and Principal Position During 2004 Fiscal Year	**Fiscal Year**	**Salary($)(1)**	**Bonus($)(1)**	**Other Annual Compensation**	**Restricted Stock Award(s)**	**Securities Underlying Options/SARs(#)**	**All Other Compensation($)**
James Hagedorn	2004	$612,460	$888,000	$68,361(2)	$872,400(3)	90,000(4)	$44,401(5)
President, Chief Executive	2003	$616,705	$332,009	$ 0	$ 0	125,000(4)	$81,796
Officer and Chairman of the Board	2002	$616,160	$577,774	$ 0	$ 0	125,000(6)	$32,237
Robert F. Bernstock	2004	$544,474	$589,061	$ 0	$ 0	25,000(4)	$51,318(7)
Executive Vice President	2003	$162,333	$402,916(8)	$ 0	$ 0	50,000(4)	$10,212
and President, North America(9)	2002	n/a	n/a	n/a	n/a	n/a	n/a
Michael P. Kelty, Ph.D.	2004	$386,907	$381,461	$ 0	$ 0	24,000(4)	$42,576(10)
Vice Chairman and	2003	$373,000	$135,812	$ 0	$ 0	24,000(4)	$42,679
Executive Vice President	2002	$366,000	$264,813	$ 0	$ 0	26,000(6)	$32,671
Christopher L. Nagel	2004	$362,000	$356,125	$ 0	$ 0	20,000(4)	$33,206(11)
Executive Vice President	2003	$296,908	$101,707	$ 0	$ 0	14,000(6)	$26,348
and Chief Financial Officer	2002	$233,550	$120,343	$ 0	$ 0	12,000(6)	$15,976
David M. Aronowitz	2004	$316,000	$305,250	$ 0	$ 0	20,000(4)	$32,879(12)
Executive Vice President,	2003	$278,500	$ 99,862	$ 0	$ 0	20,000(4)	$25,548
General Counsel and Corporate Secretary	2002	$266,000	$122,949	$ 0	$ 0	17,000(6)	$18,944

(1) Includes compensation which may be deferred under the RSP and the Executive Retirement Plan.

(2) Value of personal use of Scotts aircraft calculated pursuant to Instruction 2 to Item 402(b)(2)(iii)(C) of SEC Regulation S-K.

(3) On November 19, 2003, Mr. Hagedorn was awarded 15,000 restricted common shares under the 2003 Plan. The per share value of Scotts common shares on that date was $58.16. The restrictions on transfer generally lapse November 19, 2006. Mr. Hagedorn exercises all voting rights and is entitled to receive any dividends which may be paid on the restricted common shares. As of September 30, 2004, the number of restricted common shares held by Mr. Hagedorn and the market value of such restricted common shares were 15,000 common shares, $962,250.

(4) This number represents freestanding SARs granted under the 2003 Plan.

(5) This amount represents aggregate contributions made by Scotts of $15,321 to the RSP and $29,080 to the Executive Retirement Plan.

(6) This number represents options granted under the 1996 Plan.

(7) This amount includes aggregate contributions made by Scotts of $18,854 to the RSP and $23,143 to the Executive Retirement Plan.

(8) This amount includes $300,000 Mr. Bernstock received as a sign-on bonus.

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(9) Mr. Bernstock was named Executive Vice President and President, North American Consumer of Scotts on June 2, 2003 and then on August 24, 2003, was named Executive Vice President and President, North America of Scotts.

(10) This amount includes aggregate contributions made by Scotts of $15,521 to the RSP and $19,025 to the Executive Retirement Plan.

(11) This amount includes aggregate contributions made by Scotts of $10,821 to the RSP and $20,368 to the Executive Retirement Plan.

(12) This amount includes aggregate contributions made by Scotts of $11,266 to the RSP and $15,849 to the Executive Retirement Plan.

Option/ SAR Grants in 2004 Fiscal Year

The following table summarizes information concerning individual grants of freestanding SARs made during the 2004 fiscal year to each of the individuals named in the Summary Compensation Table. No options were granted to these individuals during the 2004 fiscal year.

Name	Number of Securities Underlying Options/SARs Granted(#)(1)	% of Total Options/SARs Granted to Employees in Fiscal Year	Exercise or Base Price ($/Share)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option/SAR Term(2)	
					5%($)	10%($)
James Hagedorn	90,000(3)	17.05%	$58.16	11/18/13	$3,291,866	$8,342,286
Robert F. Bernstock	25,000(3)	4.73%	$58.16	11/18/13	$ 914,413	$2,317,302
Michael P. Kelty, Ph.D.	24,000(3)	4.55%	$58.16	11/18/13	$ 877,836	$2,224,609
Christopher L. Nagel	20,000(3)	3.79%	$58.16	11/18/13	$ 731,530	$1,853,841
David M. Aronowitz	20,000(3)	3.79%	$58.16	11/18/13	$ 731,530	$1,853,841

(1) In the event of a change in control (as defined in the 2003 Plan), all freestanding SARs granted under the 2003 Plan will be deemed exercisable and liquidated in a single lump sum cash payment. The above-described payment will not be made to the holder of SARs if the Compensation and Organization Committee determines, prior to the change in control and subject to requirements contained in the 2003 Plan, that immediately after the change in control, the SARs will be honored or assumed, or new rights with substantially equivalent economic value substituted therefor, by the holder s new employer. In the event of termination of employment by reason of retirement, disability or death, the SARs may thereafter be exercised in full for a period of five years, subject to the stated term of the SARs. The SARs are forfeited if the holder s employment is terminated for cause. If the employment of the holder of SARs is terminated for any reason other than retirement, disability, death or for cause, any vested SARs held at the date of termination may be exercised for a period of 90 days, subject to the stated term of the SARs.

(2) The dollar amounts reflected in this table are the result of calculations at the 5% and 10% annual appreciation rates set by the SEC for illustrative purposes, and assume the SARs are held until their respective expiration dates. Such dollar amounts are not intended to forecast future financial performance or possible future appreciation in the price of Scotts common shares. Shareholders are therefore cautioned against drawing any conclusions from the appreciation data shown, aside from the fact that the holders of the SARs will only realize value from the grants shown if the price of Scotts common shares appreciates, which benefits all shareholders commensurately.

(3) These SARs were granted on November 19, 2003 and will become exercisable on November 19, 2006.

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Option Exercises in 2004 Fiscal Year and 2004 Fiscal Year-End Option/ SAR Values

The following table summarizes information concerning options exercised during the 2004 fiscal year and unexercised options and SARs held as of the end of the 2004 fiscal year by each of the individuals named in the Summary Compensation Table.

Name	Shares Acquired on Exercise(#)	Value Realized($)	Number of Securities Underlying Unexercised Options/SARs at Fiscal Year-End(#)(1)		Value of Unexercised In-the-Money Options/SARs at Fiscal Year-End($)(1)(2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
James Hagedorn	0	$ n/a	380,000	340,000	$14,248,125	$5,270,350
Robert F. Bernstock	0	$ n/a	0	75,000	$ 0	$ 913,250
Michael P. Kelty, Ph.D.	0	$ n/a	54,000	74,000	$ 1,749,975	$1,100,560
Christopher L. Nagel	0	$ n/a	10,000	46,000	$ 333,500	$ 638,400
David M. Aronowitz	5,500	$189,020	31,500	57,000	$ 1,043,975	$ 804,200

(1) In the event of a change in control (as defined in each of the 1996 Plan and the 2003 Plan), all freestanding SARs granted under the 2003 Plan will be deemed exercisable and liquidated in a single lump sum cash payment. Also, in the event of a change in control, each holder of options granted under the 1996 Plan will be permitted, in the holder s discretion, to surrender any option or portion thereof in exchange for either cash equal to the excess of the change in control price as defined below over the exercise price for such option or, in the discretion of the Compensation and Organization Committee, for whole common shares with a value equal to the excess of the change in control price over the exercise price of the option plus cash equal to the fair market value of any fractional common share. The Compensation and Organization Committee may allow the holder thereof to exercise any outstanding options by following the normal procedures for exercising options within 15 days of the date of the change in control. The above-described payments will not be made to the holder of options or SARs if the Compensation and Organization Committee determines, prior to the change in control and subject to requirements contained in each plan, that immediately after the change in control, the options or SARs will be honored or assumed, or new rights with substantially equivalent economic value substituted therefor, by the holder s new employer. The change in control price will be (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 the transfer of stock, the highest closing price of a common share of Scotts as reported on NYSE on any of the 30 consecutive trading days ending on the last trading day before the change in control occurs. In the event of termination of employment by reason of retirement, disability or death, the options and SARs may thereafter be exercised in full for a period of five years, subject to the stated term of the options and SARs. The options and SARs are forfeited if the holder s employment is terminated for cause. If the employment of the holder of options or SARs is terminated for any reason other than retirement, disability, death or for cause, any vested options or SARs held at the date of termination may be exercised for a period of 90 days, subject to the stated term of the options or SARs.

(2) Value of Unexercised In-the-Money Options/ SARs at Fiscal Year-End is based upon the fair market value of Scotts common shares on September 30, 2004 ($64.15) less the exercise price of in-the-money options and SARs at the end of the 2004 fiscal year.

Equity Compensation Plan Information

Scotts has four equity compensation plans under which its common shares are authorized for issuance to directors, officers or employees in exchange for goods or services:

the 1992 Plan;

the 1996 Plan;

the 2003 Plan; and

the Executive Retirement Plan.

1992 Plan, 1996 Plan and 2003 Plan

The following table shows for the 1992 Plan, the 1996 Plan and the 2003 Plan as a group the number of common shares issuable upon exercise of outstanding options and SARs and attributable to outstanding stock units, the weighted-average exercise price of outstanding options and SARs together with the weighted-average price of outstanding stock units, and the number of common shares remaining available for future issuance at September 30, 2004, excluding common shares issuable upon exercise of outstanding options and SARs and attributable to outstanding stock units. Each of the 1992 Plan, the 1996 Plan and the 2003 Plan has previously been approved by Scotts shareholders. The following table shows comparable information, as of September 30, 2004, for the Executive Retirement Plan. The Executive Retirement Plan has not been approved by Scotts shareholders.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	3,818,847(1)	$39.74(2)	996,803(3)
Equity compensation plans not approved by security holders	40,281(4)	n/a(5)	n/a(6)
Total	3,859,128	$39.74(2)	996,803

(1) Includes 86,391 common shares issuable upon exercise of options granted under the 1992 Plan, 2,882,459 common shares issuable upon exercise of options granted under the 1996 Plan and 843,250 common shares issuable upon exercise of options and SARs granted under the 2003 Plan. Also includes 3,520 and 3,227 common shares attributable to stock units received by non-employee directors in lieu of their annual cash retainer and other fees payable to them for service as directors and held in their accounts under the 1996 Plan and the 2003 Plan, respectively. The terms of the stock units are described in this Proxy Statement/Prospectus under **PROPOSAL NUMBER 1 ELECTION OF DIRECTORS Compensation of Directors** at page 14.

(2) Represents weighted-average exercise price of outstanding options under the 1992 Plan and the 1996 Plan and outstanding SARs and options under the 2003 Plan together with weighted-average price of outstanding stock units under the 1996 Plan and the 2003 Plan.

(3) Includes 63,280 common shares remaining available for issuance under the 1996 Plan and 933,523 common shares remaining available for issuance under the 2003 Plan.

(4) Includes common shares attributable to participants accounts relating to common share units under the Executive Retirement Plan. This number has been rounded to the nearest whole common share.

(5) The weighted-average price of the common shares attributable to participants accounts relating to common share units under the Executive Retirement Plan is not readily calculable. Please see the description of the Executive Retirement Plan below.

(6) The terms of the Executive Retirement Plan do not provide for a specified limit on the number of common shares which may be attributable to participants accounts relating to common share units. Please see the description of the Executive Retirement Plan below which addresses the manner in which the number of common share units attributable to a participant s account is determined. Common shares which may in the future be attributable to participants accounts relating to common share units are not included. Scotts maintains a Registration Statement on Form S-8 (Registration No. 333-72715) pursuant to which a total of 250,000 common shares are registered for issuance under

the Executive Retirement Plan. No common shares had been issued under the Executive Retirement Plan as of September 30, 2004.

Executive Retirement Plan

The ERP is an unfunded non-qualified deferred compensation plan that allows certain of Scotts executive management, including all of the executive officers named in the Summary Compensation Table, and other highly compensated employees to defer compensation and to earn Scotts-funded benefits that they could have deferred to and earned under the RSP but for Internal Revenue Code limits imposed on the RSP. The ERP also provides participants with the opportunity to defer all or any part of the amount awarded under Scotts Executive Incentive Plan or any incentive compensation paid pursuant to an employment agreement. Subject to certain restrictions, participants may direct that amounts credited to them under the ERP be adjusted by reference to a Scotts stock fund or to one or more outside investment funds made available by the ERP s administrative committee. Outside investment funds do not include Scotts common shares. The amount credited to a participant in the Scotts stock fund is recorded as common share units, the number of which is determined by dividing the amount credited for the participant to the Scotts stock fund by the fair market value of common shares when the determination is made. The amount credited to a participant in an outside investment fund is recorded as outside investment fund units, the number of which is determined by dividing the amount credited for the participant to each outside investment fund by the market value of the outside investment fund when the determination is made. Distributions from the ERP generally begin when the participant terminates employment (although the participant may specify a different date) and normally are paid in either a lump sum or in annual installments over no more than ten years, whichever the participant has elected. Distributions from the Scotts stock fund always are made in the form of whole common shares equal to the number of whole common share units then credited to the participant and the value of fractional common share units is distributed in cash. Distributions from outside investment funds always are made in cash equal to the value of each outside investment unit then credited to the participant multiplied by the market value of those units. ERP participants are general unsecured creditors of Scotts with respect to their interests in the ERP. Scotts expects that the ERP will remain in effect indefinitely. However, the ERP s administrative committee may amend or terminate the ERP at any time.

Pension Plans

Scotts maintains a tax-qualified, non-contributory defined benefit pension plan (the Pension Plan). Eligibility for and accruals under the Pension Plan were frozen as of December 31, 1997.

Monthly benefits under the Pension Plan upon normal retirement (age 65) are determined under the following formula:

(a) (i) 1.5% of the individual s highest average annual compensation for 60 consecutive months during the ten-year period ending December 31, 1997; times

(ii) years of benefit service through December 31, 1997; reduced by

(b) (i) 1.25% of the individual s primary Social Security benefit (as of December 31, 1997); times

(ii) years of benefit service through December 31, 1997.

Compensation includes all earnings plus 401(k) contributions and salary reduction contributions for welfare benefits, but does not include earnings in connection with foreign service, the value of a company car or separation or other special allowances. An individual s primary Social Security benefit is based on the Social Security Act as in effect on December 31, 1997, and assumes constant compensation through age 65 and that the individual will not retire earlier than age 65. No more than 40 years of benefit service are taken into account. The Pension Plan includes additional provisions for early retirement.

Benefits under the Pension Plan are supplemented by benefits under The O.M. Scott & Sons Company Excess Benefit Plan (the Excess Benefit Plan). The Excess Benefit Plan was established October 1, 1993 and was frozen as of December 31, 1997. The Excess Benefit Plan provides additional benefits to participants in the Pension Plan whose benefits are reduced by limitations imposed under Sections 415 and 401(a)(17) of the Internal Revenue Code. Under the Excess Benefit Plan, executive officers and certain key employees will receive, at the time and in the same form as benefits are paid under the Pension Plan, additional monthly benefits in an amount which, when added to the benefits paid to each participant under the Pension Plan, will equal the benefit amount such participant would have earned but for the limitations imposed by the Internal Revenue Code.

The estimated annual benefits under the Pension Plan and the Excess Benefit Plan payable upon retirement at normal retirement age for each of the individuals named in the Summary Compensation Table are:

	Years of Benefit Service	Total Benefit
James Hagedorn	9.9167	$25,028.52
Robert F. Bernstock	n/a	n/a
Michael P. Kelty, Ph.D.	17.5	$57,551.40
Christopher L. Nagel	n/a	n/a
David M. Aronowitz	n/a	n/a

Associates participate in the RSP, formerly known as The Scotts Company Profit Sharing and Savings Plan. The RSP, as amended and restated effective as of December 31, 1997, consolidated various defined contribution retirement plans in effect at Scotts and its domestic subsidiaries. The RSP permits 401(k) contributions, employee after-tax contributions, Scotts matching contributions, Scotts retirement contributions, and, between 1998 and 2002 for participants whose benefits were frozen under the Pension Plan (including Dr. Kelty) and the Scotts-Sierra Horticultural Products Company Retirement Plan for Salaried Employees, certain transitional contributions based on age and service.

Certain executive management and other highly paid employees, including the individuals named in the Summary Compensation Table, also participate in the ERP described under **Equity Compensation Plan Information** ***Executive Retirement Plan*** at page 20.

Employment Agreements and Termination of Employment and Change-in-Control Arrangements

In connection with the transactions contemplated by the Merger Agreement, Scotts entered into an employment agreement with Mr. James Hagedorn (the Hagedorn Agreement). The Hagedorn Agreement had an original term of three years, and is automatically renewed for an additional year each subsequent year, unless either party notifies the other party of his/its desire not to renew. The Hagedorn Agreement provides for a minimum annual base salary of $200,000 for Mr. Hagedorn and participation in the various benefit plans available to senior executive officers of Scotts. In addition, pursuant to the Hagedorn Agreement, Scotts granted to Mr. Hagedorn options to acquire 24,000 common shares. Upon certain types of termination of employment (e.g., a termination by Scotts for any reason other than cause (as defined in the Hagedorn Agreement) or a termination by Mr. Hagedorn constituting good reason (also as defined)), he will become entitled to receive certain severance benefits including a payment equal to three times the sum of his base salary then in effect plus his highest annual bonus in any of the three preceding years. Upon termination of employment for any other reason, Mr. Hagedorn or his beneficiary will be entitled to receive all unpaid amounts of base salary and benefits under the executive benefit plans in which he participated. The Hagedorn Agreement also contains confidentiality and noncompetition provisions which prevent Mr. Hagedorn from disclosing confidential information about Scotts and from competing with Scotts during his employment therewith and for an additional three years thereafter.

On September 16, 2004, Scotts entered into an employment agreement and covenant not to compete with Robert F. Bernstock, effective as of October 1, 2004 (the Bernstock Agreement). The Bernstock

Agreement has an initial term of three years commencing on October 1, 2004 and expiring on September 30, 2007, and superceded a letter agreement entered into by Scotts and Mr. Bernstock effective as of June 1, 2003.

Under the Bernstock Agreement, Mr. Bernstock will (a) be paid a base annual salary of $540,000; (b) participate in Scotts Executive Incentive Plan with a target payment percentage (as defined in that plan) of sixty-five percent; (c) receive a restricted stock grant of 25,000 common shares of Scotts as of October 1, 2004, as to which any forfeiture restrictions will lapse on September 30, 2009 if Mr. Bernstock is then employed by Scotts or on September 30, 2007 if Mr. Bernstock is then employed by Scotts and is not then serving as Chief Operating Officer of Scotts or in a more senior position; (d) be eligible for additional grants and awards under the 2003 Plan on a basis no less favorable to Mr. Bernstock than other senior management executives, commensurate with his position and title, targeted at the 50th percentile of peer companies for the chief operating officer position; (e) be entitled to participate in all of Scotts benefit programs for senior management executives; (f) receive holidays and sick leave in accordance with Scotts policies for senior executive officers; and (g) receive additional perquisites commensurate with his position.

If Mr. Bernstock separates from employment with Scotts prior to April 24, 2005, for any reason, Mr. Bernstock must repay to Scotts a pro-rated portion of the $300,000 sign-on bonus he received pursuant to his letter agreement with Scotts.

If Mr. Bernstock resigns, absent a constructive termination, or is terminated for cause, Mr. Bernstock will (a) receive payment of his unpaid accrued base salary to the date of termination of employment, and (b) be entitled to any amounts provided under the terms of Scotts benefit plans and employment policies.

If Mr. Bernstock resigns following a constructive termination, or is discharged by Scotts for any reason other than for cause (including by reason of Scotts refusal to offer Mr. Bernstock a renewal of the Bernstock Agreement on then substantially comparable terms), Mr. Bernstock will receive (a) payment of his accrued unpaid base salary to the date of termination of employment, (b) payment of a lump sum amount equal to two times the sum of his annual base salary and incentive target bonus for such year, (c) payment of the amount of incentive he would have earned for such year pro-rated to the date of termination, and (d) payment of amounts payable under Scotts benefit plans, as well as certain perquisites and policies.

Upon termination of Mr. Bernstock s employment due to his death or incapacity, Mr. Bernstock, or his estate or designated beneficiary in the event of his death, will receive (a) a lump sum amount equal to two times the sum of Mr. Bernstock s annual base salary and incentive target bonus (in each case as in effect in the year of disability or death), and (b) payment of the amount of incentive he would have earned for such year pro-rated to the date of termination.

In the event that Mr. Bernstock s employment is terminated by Scotts for any reason other than cause, he resigns following a constructive termination, or his employment is terminated due to his death or incapacity, his stock-based awards and other stock-based compensation, if any, will vest, become exercisable, or mature, as applicable; provided, that in the case of the restricted stock award pursuant to the Bernstock Agreement and future stock-based compensation, Mr. Bernstock s termination of employment or resignation following constructive termination occurs on or after he attains age 55.

Under the Bernstock Agreement, Mr. Bernstock has agreed to maintain the confidentiality of Scotts proprietary and confidential information, and to not engage in prohibited competitive activities (as defined in the Bernstock Agreement) for specified periods of time (ranging from 18 months to 36 months depending upon the specific activity) in the event that his employment is terminated due to the expiration of the Bernstock Agreement, his resignation other than due to a constructive termination or by Scotts without cause.

The Compensation and Organization Committee of the Board of Directors of Scotts has approved certain employment, severance and change in control terms applicable to Michael P. Kelty, Ph.D., Christopher L. Nagel and David M. Aronowitz. Pursuant to these terms, if the employment of any of

these executive officers is terminated by Scotts, other than for cause, within 18 months following a change in control of Scotts (as defined in each of the 1996 Plan and the 2003 Plan), such executive officer will be entitled to receive a lump sum payment within 90 days after termination equal to two times the executive officer s base salary plus two times the executive officer s target incentive under Scotts Executive Incentive Plan or any successor incentive compensation plan, in each case as in effect at the date of termination. If the employment of any of these executive officers is terminated by Scotts prior to a change in control, other than for cause, such executive officer will be entitled to receive two times the executive officer s base salary in effect at the date of termination in a lump sum within 90 days after termination.

Report of the Compensation and Organization Committee on Executive Compensation for the 2004 Fiscal Year

Role of the Compensation and Organization Committee

The Compensation and Organization Committee is made up of five members of the Board of Directors, each of whom is independent as defined in the applicable NYSE Rules and the other standards of independence prescribed by law or regulation in respect of the duties undertaken by the Compensation and Organization Committee. The Compensation and Organization Committee reviews Scotts corporate organizational structure, succession planning, ongoing functions and performance of the executive officers and other key management. The Compensation and Organization Committee is responsible for reviewing and making recommendations to the Board of Directors regarding incentive compensation plans and equity-based plans in accordance with the then applicable SEC and NYSE Rules. It is also responsible for administering each of Scotts incentive compensation plans, equity-based plans and any other plans that require administration by the Compensation and Organization Committee, or that applicable laws or regulations require administration by the Compensation and Organization Committee.

The Compensation and Organization Committee reviews and approves (either on its own or together with the other independent directors, as directed by the Board of Directors) the general compensation policies applicable to the CEO of Scotts and reviews and makes recommendations to the Board of Directors regarding the general compensation policies applicable to the other executive officers of Scotts and other key management employees of Scotts. The Compensation and Organization Committee reviews and approves Scotts goals and objectives relevant to the CEO s compensation, evaluating the CEO s performance in light of those goals and objectives, and approves (either on its own or together with the other independent directors, as directed by the Board of Directors) the CEO s compensation based on this evaluation. The Compensation and Organization Committee reviews and makes recommendations to the Board of Directors regarding promotion, benefits and compensation for the non-CEO executive officers and other key management employees.

In reaching compensation decisions, the Compensation and Organization Committee reviews information from a variety of sources, which include proxy statement surveys and industry surveys. In addition, the Compensation and Organization Committee has retained external compensation consultants and legal counsel.

Objectives of the Executive Compensation Program

The Compensation and Organization Committee s primary objective is the establishment of compensation programs for Scotts executive officers who are in a position to maximize long-term shareholder value. The executive compensation program is designed with a performance orientation, with a large portion of executive compensation being at risk. In pursuing this objective, the Compensation and Organization Committee believes that Scotts executive compensation program must:

Emphasize pay for performance, motivating both long-term and short-term performance for the benefit of Scotts shareholders;

Place greater emphasis on variable incentive compensation versus fixed or base pay;

- Through its incentive plans, encourage and reward decision-making that emphasizes long-term shareholder value;
- Provide a total compensation program competitive with those companies with which Scotts competes for top management talent on a global basis; and
- Ensure Scotts continued growth and performance by attracting, retaining and motivating talented executives and employees necessary to meet Scotts strategic goals.

The Compensation and Organization Committee sets compensation levels which are designed to be competitive with a comparison group of consumer products companies of similar size and complexity (the Comparison Group). This comparative data may not include the compensation paid by all of the companies that are included in the S&P 500 Household Index, which is used for comparative purposes in the performance graph on page 28. Base salary and annual incentive opportunities are targeted at the median of the Comparison Group companies, while long-term incentives are targeted at the 50th percentile. Scotts competitive compensation structure has enabled it to attract and retain executives who, as key members of the top management team, have been instrumental in improving the performance of Scotts.

The Compensation and Organization Committee does not have a policy that requires Scotts executive compensation programs to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code. The design and administration of the 1996 Plan and the 2003 Plan are intended to qualify any compensation attributable to participation there under as performance-based compensation. In all cases, the Compensation and Organization Committee will continue to carefully consider the net cost and value to the shareholders of Scotts compensation policies.

Overview of Executive Compensation and 2004 Fiscal Year Compensation and Organization Committee Actions

Scotts executive compensation program presently consists of five principal components:

- Base salary;
- Stock option and incentive equity-based plans;
- Executive Incentive Plan;
- Executive Retirement Plan; and
- Executive perquisites.

Base Salary

The base salaries of Scotts executive officers and subsequent adjustments to those base salaries are determined considering the following factors: (1) the strategic importance to Scotts of the executive officer s job function; (2) the individual s performance in his or her position; (3) the individual s potential to make a significant contribution to Scotts in the future; and (4) a comparison of industry compensation practices. The Compensation and Organization Committee believes that all of these factors are important and the weighting of each factor varies from individual to individual.

Stock Option and Incentive Equity-Based Plans

For the 2004 fiscal year, the Compensation and Organization Committee targeted the long-term incentive equity awards for executive officers at the 50th percentile of total long-term incentive pay at Comparison Group companies. The Compensation and Organization Committee uses the Black-Scholes method to calculate the long-term incentive value of options, SARs and restricted common shares to be granted and uses the Comparison Group companies as a benchmark.

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For the 2004 fiscal year, the Compensation and Organization Committee targeted grants under the 2003 Plan at a level that was to achieve the desired long-term incentive target. The Compensation and Organization Committee has adjusted grants of options, SARs and restricted common shares from such target for certain recipients based on corporate or individual performance.

The 2003 Plan enables the Compensation and Organization Committee to grant both incentive stock options and non-qualified stock options although no incentive stock options have been granted to date. SARs, non-qualified stock options and restricted common shares granted typically have a three-year cliff vesting provision; however, this provision is sometimes modified for grants made to associates outside of North America.

Executive Incentive Plan

All executive officers are eligible to participate in the Executive Incentive Plan, which provides annual incentive compensation opportunities based on various performance measures related to the financial performance of Scotts for the fiscal year.

The Compensation and Organization Committee oversees the operation of the Executive Incentive Plan. Its members are responsible for evaluating and approving the plan s design as well as the targets and objectives to be met by Scotts and its executive officers and the amount of incentive payable for specified levels of attainment of those targets and objectives. At the end of each fiscal year, the Compensation and Organization Committee determines the extent to which the targets and objectives have been met and awards incentive payments accordingly.

For Corporate Officers

For the 2004 fiscal year, incentives for executive officers in the corporate group were based on five performance measures. These measures were:

Net Income

Corporate net income before significant non-recurring items

Net Sales Growth

Sales goals established for Scotts on a consolidated basis

ROIC (After-Tax Return on Invested Capital) corporate

EBITA for Scotts on a consolidated basis (1 tax rate) divided by the Average Invested Capital (total assets + accumulated amortization of intangibles less liabilities excluding debt + accumulated restructuring charges)

Free Cash Flow

Cash flow from operations less capital expenditures and acquisition spending

Customer Service corporate (composite goal)

Product Fill Rate percent (% of orders filled on first delivery)

All-In Fill Rate percent (% calculated dollar fill based on potential)

For Business Group Officers

For the 2004 fiscal year, incentives for executive officers in each business group were based on five performance measures. These measures were:

EBITA for the business group

Earnings Before Interest, Taxes and Amortization

Net Sales Growth group

Sales goals established for the business group

ROIC (After-Tax Return on Invested Capital) group

EBITA for the business group (1 tax rate) divided by the Average Invested Capital (total assets + accumulated amortization of intangibles less liabilities excluding debt + accumulated restructuring charges)

Free Cash Flow

Cash flow from operations less capital expenditures and acquisition spending

Customer Service group (composite goal)

Product Fill Rate percent (% of orders filled on first delivery)

All-In Fill Rate percent (% calculated dollar fill based on potential)

These measures are weighted for each individual participant and the sum of the measures is multiplied by earnings to reinforce the importance of net income. The Executive Incentive Plan includes a funding trigger below which no payments are made to any participant. This funding trigger is based on achieving prior year consolidated net income.

Executive Retirement Plan

The Executive Retirement Plan is intended to provide participants with the opportunity for contributions in excess of Internal Revenue Code limitations. The Executive Retirement Plan consists of three parts:

Deferral of base salary over the Internal Revenue Code limit and crediting of Scotts matching contributions.

Deferral of a portion or the entire Executive Incentive Plan bonus.

A Scotts contribution (referred to as base contribution) that is made whether or not the participant elects to make contributions to the Executive Retirement Plan. The base contribution is credited to base salary as well as the Executive Incentive Plan bonus amounts over the Internal Revenue Code limits.

Executive Perquisites

Executive perquisites offered to key executives are designed to be competitive and are limited. These perquisites include annual physical examinations, car allowances, and financial counseling for vice presidents and above. Scotts makes its airplane available to the President, Chief Executive Officer and Chairman of the Board, the Executive Vice President and President, North America and the Vice Chairman and Executive Vice President for personal use.

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Compensation of the CEO

The Compensation and Organization Committee, in conjunction with the CEO, establishes the annual goals and objectives relevant to the CEO s compensation. The Compensation and Organization Committee evaluates the CEO s performance against these goals and objectives annually in executive session.

Scotts executive compensation program is designed with a performance orientation, with a large portion of executive compensation being at risk. Consistent with the overall goal of the executive compensation program, Mr. Hagedorn s annual base salary was set below the median level at $600,000. Mr. Hagedorn was granted a slightly above median SAR award covering 90,000 common shares and an award of 15,000 restricted common shares as of November 19, 2003. Mr. Hagedorn s target incentive opportunity under the Executive Incentive Plan was 80% of his salary for the 2004 fiscal year. In Mr. Hagedorn s position, 100% of his target incentive opportunity is directly attributable to attainment of corporate performance goals. The measures used to determine Mr. Hagedorn s incentive compensation are the same as for all corporate officers described above. Mr. Hagedorn s overall compensation package is set at the median of the Comparison Group and is structured in a way to provide significant rewards when Scotts exceeds its performance goals.

Submitted by the Compensation and Organization Committee of Scotts:

Joseph P. Flannery, Chair
Mark R. Baker
Lynn J. Beasley
Arnold W. Donald
Karen G. Mills

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Performance Graph

The following line graph compares the yearly percentage change in Scotts cumulative total shareholder return (as measured by dividing (i) the sum of (A) the cumulative amount of dividends for the measurement period, assuming dividend reinvestment, and (B) the difference between the price of Scotts common shares at the end and the beginning of the measurement period; by (ii) the price of Scotts common shares at the beginning of the measurement period) against the cumulative return of (a) Standard & Poor s Household Products Index (S&P Household Products); and (b) the Russell 2000 Index (the Russell 2000); each for the period from September 30, 1999 to September 30, 2004. The comparison assumes $100 was invested on September 30, 1999 in Scotts common shares and in each of the foregoing indices and assumes reinvestment of any dividends paid.

	9/99	9/00	9/01	9/02	9/03	9/04
The Scotts Company	$100.00	$ 96.75	$98.48	$120.40	$157.98	$185.27
Russell 2000	$100.00	$123.39	$97.22	$ 88.18	$120.36	$142.96
S&P Household Products	$100.00	$ 85.08	$96.06	$108.25	$112.84	$129.00

AUDIT COMMITTEE MATTERS

In accordance with applicable SEC Rules, the Audit Committee has issued the following report:

Report of the Audit Committee for the 2004 Fiscal Year

Role of the Audit Committee, Independent Registered Public Accounting Firm and Management

The Audit Committee consists of three directors who qualify as independent under the applicable NYSE Rules and Rule 10A-3 under the Exchange Act, and operates under a written charter adopted by the Board of Directors. The Audit Committee selects Scotts independent registered public accounting firm. PricewaterhouseCoopers LLP was selected as Scotts independent registered public accounting firm for the 2004 fiscal year.

Management has the responsibility for the consolidated financial statements and the accounting and financial reporting processes, including the establishment and maintenance of adequate internal control over financial reporting for Scotts. Scotts independent registered public accounting firm is responsible for performing an audit of Scotts consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and issuing their report thereon. The Audit Committee s responsibility is to provide independent, objective oversight of these processes.

Pursuant to this responsibility, the Audit Committee met with management and the independent registered public accounting firm throughout the year. The Audit Committee reviewed the audit plan and scope with the independent registered public accounting firm, and discussed the matters required by Statement on Auditing Standards No. 61 and No. 90 (*Communication with Audit Committees*), as modified. The Audit Committee also met with the independent registered public accounting firm, without management present, to discuss the results of their audit work, their evaluation of Scotts system of internal control over financial reporting and the quality of Scotts financial reporting. Mr. Norton was present as a non-voting member.

In addition, the Audit Committee has discussed with the independent registered public accounting firm their independence from Scotts and its management, including the matters in written disclosures required by the Independence Standards Board Standard No. 1 (*Independence Discussions with Audit Committees*), as modified.

Management s Representations and Audit Committee Recommendations

Management has represented to the Audit Committee that Scotts audited consolidated financial statements as of and for the fiscal year ended September 30, 2004, were prepared in accordance with accounting principles generally accepted in the United States of America and the Audit Committee has reviewed and discussed the audited consolidated financial statements with management and the independent registered public accounting firm. Based on the Audit Committee s discussions with management and the independent registered public accounting firm and its review of the report of the independent registered public accounting firm to the Audit Committee, the Audit Committee recommended to the Board of Directors (and the Board of Directors has approved) that the audited consolidated financial statements be included in Scotts Annual Report on Form 10-K for the fiscal year ended September 30, 2004 to be filed with the SEC.

Submitted by the Audit Committee of the Board of Directors of Scotts:

Stephanie M. Shern, Chair
Gordon F. Brunner
John M. Sullivan

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Fees of the Independent Registered Public Accounting Firm

Audit Fees

The aggregate audit fees billed by PricewaterhouseCoopers LLP for the 2004 fiscal year and the 2003 fiscal year were approximately $1,607,000 and $1,403,000, respectively. These amounts include fees for professional services rendered by PricewaterhouseCoopers LLP in connection with the audit of Scotts consolidated financial statements and reviews of Scotts unaudited consolidated interim financial statements, as well as fees related to consents and reports related to statutory audits.

Audit-Related Fees

The aggregate fees for audit-related services rendered by PricewaterhouseCoopers LLP for the 2004 fiscal year and the 2003 fiscal year were approximately $434,000 and $567,000, respectively. The fees under this category relate to internal control review projects, a comfort letter in connection with a Rule 144A debt offering, audits of employee benefit plans and due diligence related to acquisitions.

Tax Fees

The aggregate fees for tax services rendered by PricewaterhouseCoopers LLP for the 2004 fiscal year and the 2003 fiscal year were approximately $240,000 and $145,000, respectively. Tax fees relate to tax compliance and advisory services and assistance with tax audits.

All Other Fees

The aggregate fees for all other services rendered by PricewaterhouseCoopers LLP for the 2004 fiscal year and the 2003 fiscal year were approximately $0 and $89,000, respectively. These fees for the 2003 fiscal year relate to general consulting services and projects related to corporate compliance.

None of the services described under the headings ***Audit-Related Fees,*** ***Tax Fees*** or ***All Other Fees*** above were approved by the Audit Committee pursuant to the waiver procedure set forth in 17 CFR 210.2-01(c)(7)(i)(C).

The Audit Committee s Policies and Procedures Regarding Approval of Services Provided by the Independent Registered Public Accounting Firm are set forth below.

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THE SCOTTS COMPANY

THE AUDIT COMMITTEE
POLICIES AND PROCEDURES REGARDING APPROVAL OF SERVICES
PROVIDED BY THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Purpose and Applicability

We recognize the importance of maintaining the independent and objective viewpoint of our independent registered public accounting firm. We believe that maintaining independence, both in fact and in appearance, is a shared responsibility involving management, the Audit Committee and the independent registered public accounting firm.

The Scotts Company (together with its consolidated subsidiaries, Scotts) recognizes that the independent registered public accounting firm possesses a unique knowledge of Scotts and, as a worldwide firm, can provide necessary and valuable services to Scotts in addition to the annual audit. Consequently, this policy sets forth policies, guidelines and procedures to be followed by Scotts when retaining the independent registered public accounting firm to perform audit and nonaudit services.

Policy Statement

All services provided by the independent registered public accounting firm, both audit and nonaudit, must be pre-approved by the Audit Committee or a designated member of the Audit Committee (Designated Member). Pre-approval may be of classes of permitted services, such as audit services, merger and acquisition due diligence services or similar broadly defined predictable or recurring services. Such classes of services could include the following illustrative examples:

Audits of Scotts financial statements required by law, the SEC, lenders, statutory requirements, regulators and others.

Consents, comfort letters, reviews of registration statements and similar services that incorporate or include financial statements of Scotts.

Employee benefit plan audits.

Tax compliance and related support for any tax returns filed by Scotts.

Tax planning and support.

Merger and acquisition due diligence services.

Internal control reviews.

The Audit Committee may choose to establish fee thresholds for pre-approved services, for example: merger and acquisition due diligence services with fees not to exceed $100,000 without additional pre-approval from the Audit Committee.

The Audit Committee may delegate to a Designated Member, who must be independent as defined under the rules and listing standards of NYSE, the authority to grant pre-approvals of permitted services, or classes of permitted services, to be provided by the independent registered public accounting firm. The decisions of a Designated Member to pre-approve a permitted service shall be reported to the Audit Committee at each of its regularly scheduled meetings.

All fees (audit, audit-related, tax and other) paid to the independent registered public accounting firm will be disclosed in Scotts annual proxy statement in accordance with applicable SEC Rules.

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Prohibited Services

Scotts may not engage the independent registered public accounting firm to provide the nonaudit services described below.

1. ***Bookkeeping or other services related to the accounting records or financial statements of Scotts.*** The independent registered public accounting firm cannot maintain or prepare Scotts accounting records, prepare Scotts financial statements that are filed with the SEC, or prepare or originate source data underlying Scotts financial statements, unless it is reasonable to conclude that the results of these services will not be subject to audit procedures during an audit of Scotts financial statements.

2. ***Financial information systems design and implementation.*** The independent registered public accounting firm cannot directly or indirectly operate, or supervise the operation of, Scotts information system, manage Scotts local area network, or design or implement a hardware or software system that aggregates source data underlying Scotts financial statements or generates information that is significant to Scotts financial statements or other financial information systems taken as a whole, unless it is reasonable to conclude that the results of these services will not be subject to audit procedures during an audit of Scotts financial statements.

3. ***Appraisal or valuation services, fairness opinions or contribution-in-kind reports.*** The independent registered public accounting firm cannot provide any appraisal service, valuation service, or any service involving a fairness opinion or contribution-in-kind report for Scotts, unless it is reasonable to conclude that the results of these services will not be subject to audit procedures during an audit of Scotts financial statements.

4. ***Actuarial services.*** The independent registered public accounting firm cannot provide any actuarially-oriented advisory services involving the determination of amounts recorded in the financial statements and related accounts for Scotts other than assisting Scotts in understanding the methods, models, assumptions and inputs used in computing an amount, unless it is reasonable to conclude that the results of these services will not be subject to audit procedures during an audit of Scotts financial statements.

5. ***Internal audit outsourcing services.*** The independent registered public accounting firm cannot provide any internal audit service to Scotts that relates to Scotts internal accounting records, financial systems, or financial statements, unless it is reasonable to conclude that the results of these services will not be subject to audit procedures during an audit of Scotts financial statements.

6. ***Management functions.*** Neither the independent registered public accounting firm, nor any of its partners or employees, can act, temporarily or permanently, as a director, officer or employee of Scotts, or perform any decision-making, supervisory or ongoing monitoring function for Scotts.

7. ***Human resources.*** The independent registered public accounting firm cannot (A) search for or seek out prospective candidates for Scotts managerial, executive or director positions; (B) engage in psychological testing, or other formal testing or evaluation programs for Scotts; (C) undertake reference checks of prospective candidates for executive or director positions with Scotts; (D) act as a negotiator on Scotts behalf, such as determining position, status or title, compensation, fringe benefits, or other conditions of employment; or (E) recommend or advise Scotts to hire a specific candidate for a specific job (except that the independent registered public accounting firm may, upon request by Scotts, interview candidates and advise Scotts on the candidate s competence for financial accounting, administrative or control positions).

8. ***Broker-dealer, investment advisor, or investment banking services.*** The independent registered public accounting firm cannot act as a broker-dealer, promoter, or underwriter on behalf of Scotts, make investment decisions on behalf of Scotts or otherwise have discretionary authority over Scotts investments, execute a transaction to buy or sell a Scotts investment, or have custody of assets of Scotts, such as taking temporary possession of securities purchased by Scotts.

9. ***Legal Services.*** The independent registered public accounting firm cannot provide any service to Scotts that, under the circumstances in which the service is provided, could be provided only by someone licensed, admitted or otherwise qualified to practice law in the jurisdiction in which the service is provided.

10. ***Expert services unrelated to the audit.*** The independent registered public accounting firm cannot provide an expert opinion or other expert service for Scotts, or Scotts legal representative, for the purpose of advocating Scotts interests in litigation or in a regulatory or administrative proceeding or investigation. In any litigation or administrative proceeding or investigation, the independent registered public accounting firm may provide factual accounts, including in testimony, of work performed or explain the positions taken or conclusions reached during the performance of any service provided by the independent registered public accounting firm to Scotts.

Non-prohibited services shall be deemed permitted services and may be provided to Scotts with the pre-approval of a Designated Member or the full Audit Committee, as described herein.

Audit Committee Review of Services

At each regularly scheduled Audit Committee meeting, the Audit Committee shall review the following:

A report summarizing the services, or grouping of related services, provided by the independent registered public accounting firm to Scotts and associated fees.

A listing of newly pre-approved services since the Audit Committee s last regularly scheduled meeting.

An updated projection for the current fiscal year, presented in a manner consistent with required proxy disclosure requirements, of the estimated annual fees to be paid to the independent registered public accounting firm.

PROPOSAL NUMBER 2

APPROVAL OF EMPLOYEE STOCK PURCHASE PLAN

General

Upon recommendation by the Compensation and Organization Committee, the Board of Directors of Scotts has adopted, subject to approval by the shareholders, The Scotts Company Employee Stock Purchase Plan (the Stock Purchase Plan). The Stock Purchase Plan provides a means for employees of Scotts and its subsidiaries (other than Smith & Hawken, Ltd.) to authorize payroll deductions on a voluntary basis to be used for the periodic purchase of common shares of Scotts. All employees participating in the Stock Purchase Plan will have equal rights and privileges. Under the Stock Purchase Plan, eligible employees will be able to purchase common shares at a price (the Purchase Price) equal to at least 90% of the fair market value of the common shares of Scotts at the end of the applicable offering period. For purposes of the Stock Purchase Plan, the fair market value of the common shares on a particular date will be the closing sale price as reported on NYSE on the relevant date if it is a trading day and otherwise, on the next trading day. On December 17, 2004, the fair market value of the common shares was $72.70.

The purposes of the Stock Purchase Plan are to foster the long-term financial success of Scotts, increase shareholder value by providing participants in the Stock Purchase Plan with an opportunity to acquire or increase an ownership interest in Scotts, and attract and retain the services of outstanding individuals upon whose judgment, interest and dedication the success of Scotts business largely depends.

The Board of Directors believes that the Stock Purchase Plan will encourage broader ownership of common shares by employees of Scotts and its subsidiaries and thereby provide an incentive for employees

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to contribute to the continued profitability and success of Scotts. In particular, the Board of Directors intends that the Stock Purchase Plan offer a convenient means for employees who might not otherwise purchase and hold Scotts common shares to do so and that the discounted sale feature of the Stock Purchase Plan provide a meaningful inducement to participate. The Board of Directors believes that employees continuing economic interest, as shareholders, in the performance and success of Scotts will enhance their entrepreneurial spirit, which can greatly contribute to long-term profitability.

The maximum number of common shares that may be purchased under the Stock Purchase Plan is 150,000 common shares, subject to adjustment as described below. Common shares to be purchased under the Stock Purchase Plan may be either authorized but unissued (i.e., newly-issued) shares or treasury shares. However, under the Merger Agreement with the Miracle-Gro Shareholders, Scotts has agreed to use reasonable efforts to fund the issuance of common shares pursuant to the exercise of employee stock options (which may include the right to purchase common shares at the end of an offering period) with common shares purchased in the open market through privately negotiated repurchases rather than with newly-issued common shares.

Common shares of Scotts acquired through the Stock Purchase Plan are held in a participant s Custodial Account (and may not be sold) until the earlier of (1) the later of (a) the date the participant terminates employment with Scotts and its subsidiaries or (b) 12 full calendar months beginning after the end of the offering period in which the common shares were purchased and (2) the date on which a change in control (as defined below in **Summary of Operation of the Stock Purchase Plan** ***Termination and Distribution of Custodial Accounts***) affecting Scotts occurs. Upon any such event, all whole common shares and cash held in a participant s Custodial Account will be made available to him or her under procedures developed by the custodian for the Stock Purchase Plan. Any fractional common shares that are to be withdrawn from a Custodial Account will be distributed in cash equal to the fair market value of the fractional share on the termination date.

The following is a brief summary of the material features of the Stock Purchase Plan. This summary is qualified in its entirety by reference to the full text of the Stock Purchase Plan, a copy of which is attached to this Proxy Statement/ Prospectus as Annex A.

Summary of Operation of the Stock Purchase Plan

Administration of the Stock Purchase Plan

The Stock Purchase Plan will be administered by a committee (the Committee) appointed by the Board of Directors of Scotts, which will have the authority to interpret the Stock Purchase Plan and construe its terms, adopt rules and regulations relating to the Stock Purchase Plan and make all determinations under the Stock Purchase Plan. The Committee will establish the number of common shares that may be acquired during each offering period, establish and maintain an account for each participant in the Stock Purchase Plan (each, a Plan Account) to which payroll deductions will be credited and amounts applied to purchase common shares and establish an account for each participant which will be credited with common shares purchased until those common shares are distributed (each, a Custodial Account). The Committee will also administer procedures through which eligible employees may enroll in the Stock Purchase Plan. The Stock Purchase Plan provides that each offering period will consist of one calendar month, unless a different period is established by the Committee and announced to eligible employees before the beginning of the applicable offering period.

The Committee may delegate ministerial duties associated with the Stock Purchase Plan to any person (including employees) as the Committee deems appropriate.

Eligibility

Any United States-based full-time or permanent part-time employee of Scotts or a subsidiary of Scotts (other than Smith & Hawken, Ltd.) who has reached age 18, is not a seasonal employee (as determined by the Committee), has been an employee for at least 15 days before the first day of the

applicable offering period and agrees to comply with the terms of the Stock Purchase Plan will be eligible to participate in the Stock Purchase Plan. Approximately 4,100 employees could be eligible to participate.

Participation

An eligible employee may enroll for an offering period (i.e., become a participant) by filing an enrollment form with the Committee at least 15 days before the offering period commences. After initial enrollment in the Stock Purchase Plan, a participant will be automatically re-enrolled for subsequent offering periods unless he or she files a notice of withdrawal at least 15 days before a new offering period begins, terminates employment or otherwise becomes ineligible to participate.

Upon enrollment in the Stock Purchase Plan, a participant must elect the rate at which he or she will make payroll contributions for the purchase of common shares of Scotts. Elections may be in an amount of not less than $10 per offering period or more than $24,000 per Plan Year (i.e., a fiscal year of Scotts) unless the Committee specifies different minimum and/or maximum amounts at the beginning of the offering period. All employee contributions will be made by means of direct payroll deduction and will be made from taxable compensation. The contribution rate elected by a participant will continue in effect until modified by the participant, except that a participant may only change his or her previously elected contribution rate effective as of the first day of an offering period which begins at least 15 calendar days after the revised election has been delivered to the Committee.

A participant s contributions will be credited to the Plan Account maintained on his or her behalf. As of the last day of each offering period, the value of each participant s Plan Account will be divided by the Purchase Price established for that offering period. Each participant will be deemed to have purchased the number of whole and fractional common shares produced by this calculation. If application of the procedures described in the preceding two sentences would result in the purchase by all participants during that offering period of an aggregate number of common shares greater than the number of common shares offered during that offering period, the Committee will allocate the available common shares among participants and any cash remaining in participants Plan Accounts will be credited to the next offering period. If application of the procedures described above would result in the purchase by all participants during that offering period of a number of common shares less than the number of common shares available for purchase for any offering period, the excess common shares will be available for purchase during any subsequent offering period.

As promptly as practicable after the end of each offering period, Scotts will deliver the common shares purchased by a participant during that offering period to the custodian for the Stock Purchase Plan for deposit into that participant s Custodial Account. No interest will be credited on payroll contributions pending investment in common shares of Scotts. Unless otherwise determined by the Committee, cash dividends paid on common shares of Scotts will be automatically reinvested in additional whole and fractional common shares unless the participant has affirmatively elected to receive the dividends in cash. The custodian will either purchase such common shares in the market or directly from Scotts as directed by the Committee; however, no discounts will apply to any dividend reinvestment purchases. Each participant s Custodial Account will be credited with any common shares distributed as a dividend or distribution in respect of common shares previously credited to the participant s Custodial Account.

Participants will be entitled to vote the number of whole common shares credited to their respective Custodial Accounts. A participant s rights under the Stock Purchase Plan are nontransferable, except upon death of the participant.

Termination and Distribution of Custodial Accounts

Common shares acquired through the Stock Purchase Plan are held in a participant s Custodial Account (and may not be sold) until the earlier of (1) the date the participant terminates employment with Scotts and its subsidiaries, (2) 12 full calendar months beginning after the end of the offering period in which the common shares were purchased or (3) the date on which a change in control affecting Scotts occurs. Upon any such event, all whole common shares and cash held in a participant s Custodial Account will be made available to him or her under procedures developed by the custodian for the Stock Purchase

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Plan. Any fractional common shares that are to be withdrawn from a Custodial Account will be distributed in cash equal to the fair market value of the fractional share on the termination date.

Under the Stock Purchase Plan, a change in control of Scotts will be deemed to occur if:

any person or entity (other than Scotts, any subsidiary of Scotts, any employee benefit plan of Scotts or a subsidiary, the Hagedorn Partnership or any party related to the Hagedorn Partnership as determined by the Committee) becomes the beneficial owner, directly or indirectly, of securities of Scotts representing more than 30% of the combined voting power of Scotts then outstanding securities;

the shareholders of Scotts adopt or authorize an agreement for the merger or other business combination of Scotts with or into another entity, and the shareholders of Scotts immediately before the merger or other business combination will own less than 50% of the voting power of the entity resulting from the merger or business combination;

the shareholders of Scotts adopt or authorize an agreement to sell or otherwise dispose of all or substantially all of Scotts assets;

the shareholders of Scotts adopt a plan to liquidate or dissolve Scotts; or

the Hagedorn Partnership or any party related to the Hagedorn Partnership (as determined by the Committee) becomes the beneficial owner of securities of Scotts representing more than 49% of the combined voting power of Scotts then outstanding securities.

Adjustments Upon Changes in Capitalization

The aggregate number of common shares available under the Stock Purchase Plan (as well as any share-based limits under the Stock Purchase Plan) and the respective Purchase Price, number of common shares and other share-based limitations will be appropriately adjusted by the Committee in the event of any share dividend, share split, recapitalization, merger, consolidation, combination, spin-off, distribution of assets to shareholders, exchange of shares or other similar corporate change affecting the common shares of Scotts.

Costs and Expenses

Scotts will pay the costs and expenses incurred in the administration of the Stock Purchase Plan and maintenance of Plan Accounts and will pay brokerage fees and commissions for purchases including purchases upon reinvestment of dividends and distributions. Scotts will not, however, pay any brokerage fees or commissions relating to sales of common shares acquired under the Stock Purchases Plan by participants.

Amendment, Modification and Termination of Stock Purchase Plan

The Board of Directors may terminate, suspend or amend the Stock Purchase Plan without further shareholder approval except to the extent that shareholder approval is required to satisfy applicable requirements imposed by Rule 16b-3 under the Exchange Act, applicable requirements of the Internal Revenue Code or applicable rules of NYSE or any other securities exchange, market or other quotation system on or through which Scotts securities are then listed or traded. The Stock Purchase Plan will continue until terminated by action of the Board of Directors although, as noted above, the number of common shares which may be delivered under the Stock Purchase Plan is limited.

U.S. Federal Income Tax Consequences

The following summary of the U.S. federal income tax consequences of participation in the Stock Purchase Plan is intended to reflect the current provisions of the Internal Revenue Code and applicable Treasury Regulations. This summary is not intended to be a complete statement of applicable law, nor does it address state or local tax laws or regulations.

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All amounts withheld from a participant s pay will be after-tax amounts i.e., earnings net of withholding taxes can be set aside to purchase common shares. Also, a participant will be taxed, at ordinary income tax rates, on the difference between the fair market value of the common shares he or she purchases and the amount he or she pays to purchase those common shares. When the common shares are sold, a participant will be entitled to long-term or short-term capital gain or loss treatment on the difference between the fair market value of the common shares purchased and their fair market value when sold.

Scotts believes that Scotts or one of its subsidiaries will be entitled to an income tax deduction on the amount which participants have withheld to purchase common shares under the Stock Purchase Plan and on the difference between the fair market value of the common shares acquired when common shares are purchased at the end of an offering period and the amount paid to acquire the common shares.

Recommendation and Vote

YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL OF THE STOCK PURCHASE PLAN.

Shareholder approval of the Stock Purchase Plan will require the affirmative vote of the holders of a majority of the common shares of Scotts that are voted on the proposal. The effect of an abstention is the same as a NO vote. Broker non-votes will not be counted in determining the number of common shares necessary for approval.

PROPOSAL NUMBER 3

APPROVAL OF RESTRUCTURING MERGER

Summary

Scotts is the combination of two of the most innovative companies in the consumer lawn and garden market: The O.M. Scott & Sons Company, which traces its heritage back to a company founded by O.M. Scott in Marysville, Ohio in 1868, and Miracle-Gro Products, which traces its heritage back to a company formed on Long Island by Horace Hagedorn and his partner in 1951. In the mid 1900 s, Scotts had become widely known for innovation in the development of quality lawn fertilizers and grass seeds that led to the creation of a new industry consumer lawn care. Today, we believe the Scotts®, Turf Builder®, Miracle-Gro® and Ortho® brands are among the most widely recognized brands in the U.S. consumer lawn and garden care industry. We are also Monsanto s exclusive agent for the marketing and distribution of consumer Roundup® non-selective herbicide within the United States and other contractually specified countries.

In fiscal 1995, through a stock for stock acquisition, Scotts and Miracle-Gro Products joined forces in what became the start of several acquisitions of other leading brands in the lawn and garden industry in North America and Europe. In fiscal 1999, we acquired the Ortho® brand and exclusive rights to market the consumer Roundup® brand, thereby adding industry-leading pesticides and herbicides to our controls portfolio. In the late 1990 s, we completed several acquisitions in Europe which gave us well-known brands in France, Germany and the United Kingdom. We have also rapidly expanded into the lawn care service industry through our Scotts LawnService® business.

We believe that our market leadership in the lawn and garden category is driven by our widely-recognized brands, consumer-focused marketing, superior product performance, supply chain competency, highly knowledgeable field sales and merchandising organization, and the strength of our relationships with major retailers in our product categories.

All references in this section of the Proxy Statement/ Prospectus captioned **PROPOSAL NUMBER 3 APPROVAL OF RESTRUCTURING MERGER** to we, us, our, or the Company are to The Scotts Company and its subsidiaries, unless the context otherwise requires.

Scotts principal executive offices are located at 14111 Scottslawn Road, Marysville, Ohio 43041, and its telephone number is (937) 644-0011.

The Scotts Miracle-Gro Company. The Scotts Miracle-Gro Company is currently a wholly-owned subsidiary of Scotts and was incorporated in Ohio on November 22, 2004 for the purpose of implementing the proposed holding company restructuring. The Scotts Miracle-Gro Company is referred to in this Proxy Statement/ Prospectus as Scotts Miracle-Gro. Scotts Miracle-Gro has not conducted any business activities since its formation and does not own any assets other than the outstanding membership interests of The Scotts Company LLC. Scotts Miracle-Gro s principal executive offices are located at 14111 Scottslawn Road, Marysville, Ohio 43041, and its telephone number is (937) 644-0011.

The Scotts Company LLC. The Scotts Company LLC is a wholly-owned subsidiary of Scotts Miracle-Gro and was formed as an Ohio limited liability company on December 2, 2004 for the sole purpose of merging with Scotts in the proposed holding company restructuring. The Scotts Company LLC will not own any assets prior to that merger. The Scotts Company LLC s principal executive offices are located at 14111 Scottslawn Road, Marysville, Ohio 43041, and its telephone number is (937) 644-0011.

The Proposed Holding Company Restructuring

Scotts Board of Directors has approved, and is recommending that the shareholders approve, a restructuring of Scotts corporate structure into a holding company structure. This will be accomplished by merging Scotts into a newly-created, wholly-owned, second-tier limited liability company subsidiary The Scotts Company LLC (the Restructuring Merger). In connection with this Restructuring Merger, you will receive one common share of Scotts Miracle-Gro, a newly-created holding company, for each Scotts common share. The newly-created holding company is an Ohio corporation and will be a public corporation, as successor to Scotts. After the Restructuring Merger is completed, The Scotts Company LLC will be the successor to Scotts and will be a direct, wholly-owned subsidiary of Scotts Miracle-Gro.

The following charts show (1) our current corporate structure and (2) the proposed corporate holding company structure following the completion of the Restructuring Merger:

Current Structure

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Proposed Holding Company Structure

Reasons for the Formation of a Holding Company

We believe that the restructuring of Scotts corporate structure into a holding company structure will provide:

- greater financial, managerial and organizational flexibility and increase our operational and administrative efficiency;
- a better framework for future acquisitions or dispositions;
- greater protection to the ultimate parent entity and its shareholders by separating new acquisitions from existing operations and by having the ability to more closely associate the operations of our different business units with the actual and potential liabilities incurred by such business units and isolating such liabilities to the business unit that incurs them; and
- a convenient mechanism to change the name of the parent company from The Scotts Company to The Scotts Miracle-Gro Company.

Recommendation of Scotts Board of Directors

Scotts Board of Directors unanimously recommends a vote FOR the Restructuring Merger including the adoption of the related agreement and plan of merger.

Shareholders Entitled to Vote; Vote Required

You are entitled to vote at the Annual Meeting if you owned Scotts common shares at the close of business on December 1, 2004, the record date for the Annual Meeting.

The affirmative vote of the holders of two-thirds of all outstanding Scotts common shares is required to approve the Restructuring Merger and to adopt the related agreement and plan of merger. The effect of an abstention or a broker non-vote is the same as a NO vote. As of December 1, 2004, the executive officers and directors of Scotts and the Hagedorn Partnership had the right to vote an aggregate of 10,730,683 common shares or 32.5% of the common shares entitled to vote on the proposal.

Dissenters Rights

Scotts shareholders are entitled to exercise dissenters rights in connection with the Restructuring Merger pursuant to Section 1701.85 of the Ohio Revised Code. A copy of Section 1701.85 is attached as

Annex C to this Proxy Statement/ Prospectus. A summary of the dissenters rights of shareholders, and of the procedural steps that must be taken by shareholders who wish to perfect their dissenters rights, is set forth in this Proxy Statement/ Prospectus. See **The Restructuring Rights of Dissenting Shareholders.**

Material U.S. Federal Income Tax Consequences

The creation of a holding company structure by merging Scotts into The Scotts Company LLC will constitute a reorganization for U.S. federal income tax purposes. In general, for U.S. federal income tax purposes, no gain or loss will be recognized by the holders of Scotts common shares who receive Scotts Miracle-Gro s common shares, and no gain or loss will be recognized by Scotts or Scotts Miracle-Gro, as a result of the Restructuring Merger.

Accounting Treatment

Scotts Miracle-Gro is a newly-created holding company, currently inactive, without material assets or liabilities or operating history. Therefore, financial statements of Scotts Miracle-Gro are not presented in this Proxy Statement/ Prospectus. It is anticipated that Scotts will be merged into The Scotts Company LLC. In conjunction with the Restructuring Merger, holders of Scotts common shares will receive one common share of Scotts Miracle-Gro for each common share of Scotts. The consolidated financial statements of Scotts are incorporated by reference into this Proxy Statement/ Prospectus.

The consolidated assets and liabilities of Scotts Miracle-Gro and its subsidiaries (including The Scotts Company LLC) immediately after the Restructuring Merger will be the same as the consolidated assets and liabilities of Scotts and its subsidiaries immediately before the Restructuring Merger. The Restructuring Merger will result in Scotts Miracle-Gro becoming the owner of all of the outstanding membership interests of The Scotts Company LLC. This change in ownership will have no accounting effect on Scotts Miracle-Gro, or The Scotts Company LLC, as successor to Scotts.

Comparative Rights of Shareholders of Scotts and Scotts Miracle-Gro

The rights of Scotts Miracle-Gro s shareholders after completion of the Restructuring Merger will be the same as the rights of Scotts shareholders prior to the Restructuring Merger.

Certain Financial Information

We have not included pro forma comparative financial information concerning Scotts that gives effect to the Restructuring Merger because, immediately following completion of the Restructuring Merger, the consolidated financial statements of Scotts Miracle-Gro will be the same as the consolidated financial statements of Scotts immediately prior to the Restructuring Merger.

Questions and Answers About the Restructuring Merger

Q: What is the proposed transaction?

A: We are proposing a restructuring of Scotts corporate structure into a holding company structure by merging Scotts into a newly-created, wholly-owned, second-tier limited liability company subsidiary, The Scotts Company LLC. In connection with this Restructuring Merger, you will receive one common share of a newly-created holding company for each common share of Scotts. The newly-created holding company is an Ohio corporation and will be a public corporation, as successor to Scotts. This new public corporation is called The Scotts Miracle-Gro Company in recognition of our two most important brands Scotts® and Miracle-Gro®, which we believe are the two strongest brands in the lawn and garden industry. After the Restructuring Merger is completed, The Scotts Company LLC will be the successor to Scotts and will be a direct, wholly-owned subsidiary of the new holding company, Scotts Miracle-Gro.

Q: Why has Scotts Board of Directors proposed the formation of a holding company?

A: We believe the holding company structure will provide us with greater financial, managerial and organizational flexibility and increase our operational and administrative efficiency, will provide a better framework for facilitating future acquisitions and dispositions and will afford greater protection for the holding company and each of its subsidiaries from the foreseen and unforeseen potential liabilities that arise in connection with the business operations of each distinct entity. The creation of the holding company structure through the Restructuring Merger also provides a convenient mechanism to change the name of the parent company from The Scotts Company to The Scotts Miracle-Gro Company.

Q: If the Restructuring Merger is completed, what will happen to my Scotts common shares?

A: Upon completion of the Restructuring Merger, you will receive one common share of the new holding company, Scotts Miracle-Gro, for each Scotts common share that you currently own. You will become a shareholder of Scotts Miracle-Gro and will have the same voting rights as you currently have as a shareholder of Scotts.

Q: Will I have to turn in my Scotts common share certificates?

A: No, you will not be required to exchange your Scotts common share certificates as a result of the Restructuring Merger. Your Scotts common shares will be converted automatically into common shares of Scotts Miracle-Gro, and your Scotts common share certificates will represent the same number of common shares of Scotts Miracle-Gro.

Q: Will the proposed Restructuring Merger affect my U.S. federal income taxes?

A: In general, the Restructuring Merger will be tax-free to shareholders who exchange their Scotts common shares for common shares of Scotts Miracle-Gro.

Q: Who is entitled to vote at the Annual Meeting?

A: Holders of record of Scotts common shares as of the close of business on December 1, 2004, are entitled to vote at the Annual Meeting. Each shareholder is entitled to one vote for each Scotts common share owned.

Q: What vote of shareholders is required to adopt the agreement and plan of merger?

A: The affirmative vote of the holders of two-thirds of all outstanding Scotts common shares is required to approve the Restructuring Merger and adopt the related agreement and plan of merger. The effect of an abstention or a broker non-vote is the same as a NO vote. As of December 1, 2004, the executive officers and directors of Scotts and the Hagedorn Partnership had the right to vote an aggregate of 10,730,683 common shares or 32.5% of the common shares entitled to vote on the proposal.

Q: Do I have dissenters rights?

A: Yes. Under Section 1701.85 of the Ohio Revised Code, Scotts shareholders are entitled to exercise dissenters rights in connection with the Restructuring Merger. If you desire to perfect dissenters rights, you should read carefully the explanation of the steps you must take under **The Restructuring Rights of Dissenting Shareholders.**

Q: How does Scotts Board of Directors recommend I vote?

A: Scotts Board of Directors unanimously recommends that you vote FOR approval of the Restructuring Merger and adoption of the related agreement and plan of merger.

Q: How do I cast my vote?

A: After carefully reviewing the information contained in this Proxy Statement/ Prospectus, you should vote your common shares by following the instructions contained in this Proxy Statement/ Prospectus and the enclosed proxy card. You may vote your common shares by completing, signing, dating and promptly returning the enclosed proxy card. Alternatively, if you hold common shares registered

directly with Scotts transfer agent, National City Bank, you may transmit your voting instructions electronically via the Internet or by using the toll-free telephone number stated on the

proxy card. If you hold common shares in street name with a broker/dealer, financial institution or other holder of record, you should review the information provided to you by such holder of record. This information will set forth the procedures to be followed in instructing the holder of record how to vote the street name common shares.

Q: How do I change my vote?

A: You may revoke your proxy at any time before your proxy is actually voted at the Annual Meeting. You may revoke your proxy by giving written notice of revocation to the Corporate Secretary of Scotts, by executing and returning to Scotts a later-dated proxy card, by voting in person at the Annual Meeting (but only if you are the registered holder), or by submitting later-dated electronic voting instructions through the Internet or by telephone. Attending the Annual Meeting will not, in itself, revoke a previously appointed proxy. If you hold common shares in street name, you should review the information provided to you by the holder of record regarding how to revoke previously given instructions.

Q: Do I need to attend the Annual Meeting in person?

A: No. It is not necessary for you to attend the Annual Meeting to vote your common shares, although we invite you to attend.

Q: If my common shares are held in street name by my broker, will my broker vote my common shares for me?

A: Your broker will vote your common shares on the Restructuring Merger only if you provide your broker with instructions on how to vote. You may instruct your broker how to vote your common shares by following the procedures set forth in the information provided by your broker. If you fail to instruct your broker, your common shares will not be voted on the Restructuring Merger, which will have the same effect as voting against the Restructuring Merger.

Q: Whom do I contact if I have questions about the Annual Meeting or the Restructuring Merger?

A: If you have any questions regarding the proposed Restructuring Merger after reading this Proxy Statement/ Prospectus, please contact D.F. King & Co., Inc. at (800) 431-9633.

The Restructuring

This section provides a summary of the material terms of the agreement and plan of merger and the proposed Restructuring Merger. It may not contain all of the information that is important to you. The description of the material terms of the agreement and plan of merger provided below is qualified in its entirety by reference to the agreement and plan of merger, which is attached as Annex B and incorporated by reference into this Proxy Statement/ Prospectus. You should read the entire Proxy Statement/ Prospectus and the agreement and plan of merger carefully for a complete understanding of the proposed Restructuring Merger.

General

Under Scotts existing corporate structure, Scotts directly owns and operates substantially all of the assets used in connection with our North America consumer businesses, in which we manufacture and market products that provide fast, easy and effective assistance to homeowners who seek to nurture beautiful, weed and pest-free lawns, gardens and indoor plants. Products in the North America consumer business include Turf Builder®, Miracle-Gro®, Ortho® and Roundup® (for which we have certain exclusive marketing rights from Monsanto Company), as well as many growing media products.

For the reasons described below, the Board of Directors has approved, and recommends that the shareholders approve, the restructuring of Scotts corporate structure into a holding company structure through the Restructuring Merger. Scotts, Scotts Miracle-Gro, which is the proposed holding company, and The Scotts Company LLC, which is a limited liability company and the proposed surviving entity in the Restructuring Merger with Scotts, have entered into an agreement and plan of merger. A copy of this agreement and plan of merger is attached to this Proxy Statement/ Prospectus as Annex B and is

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incorporated in this Proxy Statement/ Prospectus by reference. The agreement and plan of merger, which is subject to the approval of Scotts shareholders pursuant to this proposal, provides that:

Prior to the Restructuring Merger, all of the common shares of Scotts Miracle-Gro are owned by Scotts. Therefore, Scotts Miracle-Gro is currently a wholly-owned subsidiary of Scotts. All of the membership interests of The Scotts Company LLC are owned by Scotts Miracle-Gro, and The Scotts Company LLC is therefore currently a second-tier subsidiary of Scotts.

Following approval of the agreement and plan of merger, and upon the effective date of the Restructuring Merger, each Scotts common share will be converted automatically into one common share of Scotts Miracle-Gro, which will be the public company successor to Scotts. The NYSE trading symbol will remain the same: NYSE:SMG. All of the common shares of Scotts Miracle-Gro held by Scotts will be canceled in the Restructuring Merger.

After the Restructuring Merger, The Scotts Company LLC will be the successor to Scotts and will be a direct, wholly-owned subsidiary of the new holding company, Scotts Miracle-Gro.

The restructuring will not affect the new parent holding company s management, corporate governance or capital stock structure. Scotts directors and officers immediately prior to the Restructuring Merger will be the directors and officers of the new parent holding company. The articles of incorporation, code of regulations, committee charters, code of business conduct and ethics and corporate governance principles of Scotts Miracle-Gro will be substantially identical to those of Scotts (other than the provisions regarding the name of the corporation). Scotts Miracle-Gro will be subject to the rules and regulations of the Exchange Act, as the successor to Scotts, and will be subject to the rules and regulations of NYSE. All of Scotts equity compensation and other employee benefit plans will become obligations of Scotts Miracle-Gro. Similarly, as set forth in greater detail below, Scotts Miracle-Gro will become the primary obligor under Scotts existing senior credit facility and will become the primary obligor on Scotts 6.625% Senior Subordinated Notes due 2013; in each case, The Scotts Company LLC, as the successor to Scotts, will become a guarantor of Scotts Miracle-Gro s obligations.

Following the Restructuring Merger, Scotts Miracle-Gro will have the ability to acquire new businesses at the first-tier subsidiary level that will then be sister companies to The Scotts Company LLC. We currently are considering transferring for due consideration the ownership interests in Smith & Hawken Ltd., which were acquired by Scotts on October 1, 2004, to Scotts Miracle-Gro. In addition, following the Restructuring Merger, Scotts Miracle-Gro will have the ability to separate or realign existing lines of business or existing subsidiaries. We have not yet determined what the ultimate corporate structure will be, but we believe that, at a minimum, The Scotts Company LLC will continue to act as the primary operating company for, and will hold the operating assets and attendant liabilities of, Scotts® lawn care products, such as Turf Builder®, and the Miracle-Gro® garden products. The manner and timing of separating any existing lines of business or realigning any existing subsidiaries will depend on a number of factors, including any requisite regulatory approvals and the business judgment of the new parent holding company s Board of Directors and/or the manager of The Scotts Company LLC. The new parent holding company s shareholders will not be entitled to vote separately on the timing or manner of such a realignment of our businesses.

Reasons for the Formation of a Holding Company

The primary purposes for creating a holding company structure are:

to provide us with greater financial, managerial and organizational flexibility and increase our operational and administrative efficiency;

to provide a better framework for future acquisitions or dispositions;

to protect the ultimate parent entity and its shareholders by separating new acquisitions from existing operations and by having the ability to more closely associate the operations of our different

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business units with the actual and potential liabilities incurred by such business units and isolating such liabilities to the business unit that incurs them; and

to provide a convenient mechanism to change the name of the parent company from The Scotts Company to The Scotts Miracle-Gro Company.

Financial, Managerial and Organizational Flexibility and Efficiency

We currently operate with three reporting business segments: North America, which includes our Turf Builder®, Miracle-Gro®, Ortho®, growing media and Roundup® lines of business; Scotts LawnService® and International. By creating a holding company structure, we can more easily create and/or utilize separate subsidiaries to house newly-acquired businesses or to realign our existing segments or lines of business. For example, currently nearly all of the assets of our Turf Builder®, Miracle-Gro® and Ortho® lines of business are housed within Scotts. Following the merger and creation of the new holding company, we could separate the Ortho® line of business, which was acquired in 1999, into a separate subsidiary. We have not yet determined what the ultimate corporate structure will be, but we believe that, at a minimum, The Scotts Company LLC, as successor to Scotts, will continue to act as the primary operating company for, and will hold the operating assets and attendant liabilities of, the Scotts® lawn care products, such as Turf Builder®, and Miracle-Gro® garden products.

A holding company structure should also broaden the financing alternatives available to the parent holding company without any impact on our capital structure or creditworthiness. Following the creation of the holding company, subject to our senior and subordinated credit facilities, we can elect whether to raise capital on an enterprise-wide basis or to cause one or more subsidiaries to separately raise capital. Similarly, the holding company structure expands the intercompany financing alternatives available to us and could provide the framework to potentially realize income tax savings in the future.

Framework for Future Acquisitions or Dispositions

We are continually looking for and analyzing potential opportunities to acquire new businesses, whether such businesses are in our existing lines of business, in related lines of business or in new lines of business. From time to time, we have also disposed of a line of business or a portion thereof. We believe that the holding company structure provides a better framework to capitalize on acquisition opportunities than our existing corporate structure. Following the creation of the parent holding company, if we desire to make an acquisition, we can easily integrate such acquisition into the holding company structure by creating a wholly-owned subsidiary to pursue and develop the business opportunity. In addition, as described below, we believe that the holding company structure should allow us to isolate the potential risks and liabilities that may arise in connection with making an acquisition and operating the new business. Dispositions would also be facilitated by allowing us to dispose of the applicable assets through either an asset sale, a stock sale or a merger. Currently, an asset sale is the only practical method to dispose of most of our lines of business or portions thereof.

Protection from Liabilities

Following the creation of the holding company structure, we will have the ability to utilize a new subsidiary to carry on one or more of our different existing or future lines of business or business segments. As a holding company, Scotts Miracle-Gro will, directly or indirectly, own all of outstanding capital stock, membership interests, limited partnership or similar interests of each operating subsidiary, but will not conduct any business operations on its own. Similarly, each subsidiary will be a distinct entity. Provided that Scotts Miracle-Gro and its subsidiaries observe the appropriate corporate, limited liability company or limited partnership formalities applicable to such entity, we believe that Scotts Miracle-Gro and its operating subsidiaries should not be liable for each other s acts and debts. Thus, to the extent that we separate a line of business or business segment into a distinct subsidiary, we believe that the holding company structure affords the public Scotts Miracle-Gro and each of its subsidiaries better protection from the foreseen and unforeseen potential liabilities that arise in the connection with the business operations of

each distinct entity (including any entities holding the assets of a new line of business that we may acquire in the future). To the extent that we are able to so align such potential liabilities with the operating assets that incur them, we believe that we would be better protecting the investment of our public shareholders.

Name Change

In connection with the creation of a parent holding company, we are taking the opportunity to change the name of our company from The Scotts Company to The Scotts Miracle-Gro Company. Scotts represents the combination of two of the most innovative companies in the consumer lawn and garden market: The O.M. Scott & Sons Company, which traces its heritage back to a company founded by O.M. Scott in Marysville, Ohio in 1868, and Miracle-Gro Products, which traces its heritage back to a company formed on Long Island by Horace Hagedorn and his partner in 1951. Scotts and Miracle-Gro Products joined forces in 1995 in a stock for stock acquisition, which combined the two brands Scotts® and Miracle-Gro® that we believe are the two strongest brands in the lawn and garden industry. Changing our name to The Scotts Miracle-Gro Company recognizes the importance of both of these brands to our success. It also distinguishes us from other public companies whose names include the word Scotts. Our trading symbol on NYSE is already SMG and will not change following the Restructuring Merger.

Treatment of Scotts Senior and Subordinated Credit Facilities

Scotts amended and restated senior secured credit agreement, entered into on October 22, 2003, as amended, which governs our $700.0 million revolving loan facility and our $400.0 million term loan facility, contains a provision specifically permitting Scotts to consummate the holding company restructuring. The indenture governing Scotts 6.625% senior subordinated notes due 2013, entered into on October 8, 2003, also specifically permits Scotts to consummate the holding company restructuring.

Assuming that the Restructuring Merger implementing the holding company structure is completed, as permitted under Scotts amended and restated senior secured credit agreement and the indenture governing Scotts 6.625% senior subordinated notes due 2013, Scotts intends to transfer Scotts obligations under each agreement to Scotts Miracle-Gro, the new holding company. The Scotts Company LLC, as successor to Scotts by merger, will then become a subsidiary guarantor of Scotts Miracle-Gro s obligations under both the amended and restated senior secured credit agreement and the indenture governing the 6.625% senior subordinated notes due 2013, and Scotts Miracle-Gro will enter into appropriate documentation with the agent banks under the amended and restated senior secured credit agreement and the trustee under the indenture to such effect.

Treatment of Scotts Benefit Plans

After the effective date of the Restructuring Merger, the benefit plans that currently issue common shares of Scotts will issue common shares of Scotts Miracle-Gro instead. You are not being asked to approve the substitution of common shares of Scotts Miracle-Gro for common shares of Scotts, any changes to the benefit plans necessary to substitute common shares of Scotts Miracle-Gro or any other aspect of the benefit plans.

Material U.S. Federal Income Tax Consequences

This summary does not discuss all tax considerations that may be relevant to holders of Scotts common shares in light of their particular circumstances, nor does it address the consequences to holders of Scotts common shares subject to special treatment under the U.S. federal income tax laws, such as tax-exempt entities, non-resident alien individuals, foreign entities, foreign trusts and estates and beneficiaries thereof, persons who acquired Scotts common shares pursuant to the exercise of employee stock options or otherwise as compensation, insurance companies, and dealers in securities. In addition, this summary does not address the U.S. federal income tax consequences to owners of Scotts common shares who do not hold such common shares as a capital asset. Finally, this summary does not address any state, local, or foreign tax consequences.

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The Restructuring Merger and the related common share exchange will constitute a reorganization under Section 368(a) of the Internal Revenue Code, and will result in the following U.S. federal income tax consequences to holders of Scotts common shares:

Exchanging Shareholders

No gain or loss will be recognized for U.S. federal income tax purposes by holders of Scotts common shares exchanging such common shares solely for common shares of Scotts Miracle-Gro.

The aggregate tax basis of Scotts Miracle-Gro s common shares received by a holder of Scotts common shares will be the same as the aggregate tax basis of the Scotts common shares surrendered by the holder of Scotts common shares.

The holding period of Scotts Miracle-Gro s common shares received by a holder of Scotts common shares will include the period during which the holder held Scotts common shares.

Dissenting Shareholders

A holder of Scotts common shares who exercises dissenters rights will be paid cash with respect to all of the holder s Scotts common shares and, generally, will recognize capital gain or loss measured by the difference between the amount of cash received and the adjusted tax basis of the holder s redeemed Scotts common shares. Such capital gain or loss will be long-term capital gain or loss if Scotts common shares exchanged by such dissenting shareholder have been held for more than one year as of the effective date of the transaction.

Notwithstanding the foregoing, the amount of cash received in certain instances may be treated as dividend income under the rules of Internal Revenue Code Sections 302 and 318. Holders of Scotts common shares who dissent from the Restructuring Merger and are paid cash for their Scotts common shares are urged to consult their own tax advisors regarding the potential application of these rules.

Tax Consequences to Scotts and Scotts Miracle-Gro

Neither Scotts nor Scotts Miracle-Gro will recognize any gain or loss as a result of the Restructuring Merger or the related common share exchange.

Both Scotts and Scotts Miracle-Gro intend to treat the Restructuring Merger and the related common share exchange as a reorganization under Internal Revenue Code Section 368(a)(1)(F). Nevertheless, there is a possibility that, if the transaction is effected and more than 1% of the holders of Scotts common shares exercise dissenters rights, the Internal Revenue Service could take the position that the transaction is a reorganization under Internal Revenue Code Section 368(a)(1)(A) or 368(a)(1)(D) but not under Internal Revenue Code Section 368(a)(1)(F).

If the Internal Revenue Service were to successfully assert that the Restructuring Merger and the related common share exchange must be treated as a reorganization under Internal Revenue Code Section 368(a)(1)(A) or 368(a)(1)(D), the U.S. federal income tax consequences to holders of Scotts common shares, as outlined above, would not be altered, and neither Scotts nor Scotts Miracle-Gro would recognize any gain or loss as a result of the transactions. However, Scotts Miracle-Gro would be required to obtain a new federal employer identification number; Scotts taxable year would terminate on the effective date of the Restructuring Merger; and Scotts Miracle-Gro would not be able to carry back any net operating losses it may have in years subsequent to the transaction to offset taxable income of Scotts earned in a year prior to the transaction.

In general, a corporation can carry back net operating losses to offset taxable income earned in the two years preceding the loss and carry such losses forward to offset taxable income in the twenty years following the loss. If Scotts Miracle-Gro were unable to offset pre-transaction-year taxable income of Scotts with net operating losses incurred in the two years following the transaction, there could be an