SCOTTS MIRACLE-GRO CO
Form DEF 14A
December 10, 2010

Table of Contents

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant þ
Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

The Scotts Miracle-Gro Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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3) Filing Party:

4) Date Filed:

The Scotts Miracle-Gro Company
Proxy Statement for 2011 Annual Meeting of Shareholders

14111 Scottslawn Road
Marysville, Ohio 43041

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held Thursday, January 20, 2011

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of The Scotts Miracle-Gro Company (the Company) will be held at The Berger Learning Center, 14111 Scottslawn Road, Marysville, Ohio 43041, on Thursday, January 20, 2011, at 9:00 A.M. Eastern Time (the Annual Meeting), for the following purposes:

1. To elect four directors, each to serve for a term of three years expiring at the 2014 Annual Meeting of Shareholders.

2. To ratify the selection of Deloitte & Touche LLP as the Company s independent registered public accounting firm for the fiscal year ending September 30, 2011.

3. To consider and vote upon a proposal to approve material terms of the performance criteria under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan.

4. To consider and vote upon a proposal to approve material terms of the performance criteria under The Scotts Company LLC Amended and Restated Executive Incentive Plan.

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

The Proxy Statement accompanying this Notice of Annual Meeting of Shareholders describes each of these items in detail. The Company has not received notice of any other matters that may be properly presented at the Annual Meeting.

Only shareholders of record at the close of business on Wednesday, November 24, 2010, the date established by the Company s Board of Directors as the record date, are entitled to receive notice of, and to vote at, the Annual Meeting.

On or about December 10, 2010, the Company is first mailing to shareholders either: (1) a copy of the accompanying Proxy Statement, a form of proxy and the Company s 2010 Annual Report or (2) a Notice of Internet Availability of Proxy Materials, which indicates how to access the Company s proxy materials on the Internet.

Your vote is very important. Please vote as soon as possible even if you plan to attend the Annual Meeting.

By Order of the Board of Directors,

James Hagedorn
Chief Executive Officer
and Chairman of the Board

December 10, 2010

Table of Contents

Proxy Statement for the
Annual Meeting of Shareholders of

THE SCOTTS MIRACLE-GRO COMPANY

To Be Held on Thursday, January 20, 2011

TABLE OF CONTENTS

	Page
General Information About Voting	1
The Board of Directors	3
Current Composition	3
Diversity	3
Experiences, Skills and Qualifications	4
Leadership Structure	5
Board Role in Risk Oversight	6
Proposal Number 1 Election of Directors	7
Meetings and Committees of the Board	13
Meetings of the Board and Board Member Attendance at Annual Meeting of Shareholders	13
Committees of the Board	13
Audit Committee	13
Compensation and Organization Committee	14
Finance Committee	14
Governance and Nominating Committee	15
Innovation & Technology Committee	15
Compensation and Organization Committee Interlocks and Insider Participation	15
Corporate Governance	15
Corporate Governance Guidelines	15
Director Independence	16
Nominations of Directors	16
Communications with the Board	17
Code of Business Conduct and Ethics	17
Preferred Stock Declawing Preferred Stock	17
Non-Employee Director Compensation	18
Benchmarking Board of Director Compensation	18
Structure of Non-Employee Director Compensation	18
Equity-Based Compensation	19
Vesting and Settlement	19
Dividend Equivalents	19
Deferral of Cash-Based Retainers	19
Non-Employee Director Compensation Table	20
Executive Compensation	22
Compensation Discussion and Analysis	22
Overview	22
Our Compensation Philosophy and Objectives	23
Elements of Executive Compensation	24

Base Salary (short-term compensation element)	24
Annual Cash Incentive Compensation Plan (short-term compensation element)	25
Long-Term Equity-Based Incentive Awards (long-term compensation element)	27
Executive Retention Awards (long-term compensation element)	27
Executive Perquisites and Other Benefits (short-term compensation element)	28
Retirement Plans and Deferred Compensation Benefits (long-term compensation element)	29
ERP	29
Other Retirement and Deferred Compensation Plans	29

	Page
Our Compensation Practices	30
Oversight of Executive Officer Compensation	30
Role of Outside Consultants	30
Compensation Peer Group	31
Use of Tally Sheets	31
Role of Management in Compensation Decisions	31
Setting Compensation Levels for CEO	32
Base Salary	32
Short-Term Cash-Based Incentive Compensation	32
Equity-Based Compensation	32
Setting Compensation Levels for Other NEOs	33
Base Salary	33
Short-Term Cash-Based Incentive Compensation	34
Equity-Based Compensation	34
Total Direct Compensation	34
Performance Shares	34
Other Executive Compensation Policies, Practices and Guidelines	35
Practices Regarding Equity-Based Awards	35
Stock Ownership Guidelines	35
Recoupment/Clawback Policies	36
Guidelines with Respect to Tax Deductibility and Accounting Treatment	36
Risk Assessment in Compensation Programs	37
Recent Developments	37
Compensation Committee Report	39
Executive Compensation Tables	40
Summary Compensation Table	40
All Other Compensation Table (Supplements Summary Compensation Table)	43
Grants of Plan-Based Awards Table	47
Outstanding Equity Awards Table	48
Option Exercises and Stock Vested Table	49
Pension Benefits Table	50
Non-Qualified Deferred Compensation Table	51
Employment Agreements and Termination of Employment and Change-in-Control Arrangements	53
Employment Agreements	53
Payments on Termination of Employment and Change in Control	58
Termination of Employment and Change in Control James Hagedorn	60
Termination of Employment and Change in Control Mark R. Baker	61
Termination of Employment and Change in Control David C. Evans	62
Termination of Employment and Change in Control Barry W. Sanders	64
Termination of Employment and Change in Control Claude L. Lopez	65
Employee Confidentiality, Noncompetition, Nonsolicitation Agreements	66
Equity Compensation Plan Information	66
Discounted Stock Purchase Plan	68
Beneficial Ownership of Securities of the Company	69
Proposal Number 2 Ratification of the Selection of the Independent Registered Public Accounting Firm	75
Audit Committee Matters	75

Report of the Audit Committee for the 2010 Fiscal Year	75
Role of the Audit Committee, Independent Registered Public Accounting Firm and Management	75
Management s Representation and Audit Committee Recommendation	76
Fees of the Independent Registered Public Accounting Firm	77

Table of Contents

	Page
Audit Fees	77
Audit-Related Fees	77
Tax Fees	77
All Other Fees	77
Pre-Approval of Services Performed by the Independent Registered Public Accounting Firm	77
Policies and Procedures Regarding Approval of Services Provided by the Independent Registered Public Accounting Firm	78
Certain Relationships and Related Transactions	80
Policies and Procedures with Respect to Related Person Transactions	81
Section 16(a) Beneficial Ownership Reporting Compliance	82
Proposal Number 3 Approval of Material Terms of the Performance Criteria Under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan	83
Proposal Number 4 Approval of Material Terms of the Performance Criteria Under The Scotts Company LLC Amended and Restated Executive Incentive Plan	97
Shareholder Proposals for 2012 Annual Meeting of Shareholders	101
Other Business	101
Annual Report on Form 10-K	101
Electronic Delivery of Future Shareholder Communications	101
Householding of Annual Meeting Materials	102
Annex A The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan	A-1
Annex B The Scotts Company LLC Amended and Restated Executive Incentive Plan	B-1
Map/Directions to The Scotts Miracle-Gro Company Annual Meeting	Outside Back Cover

Table of Contents

14111 Scottslawn Road
Marysville, Ohio 43041

PROXY STATEMENT

for
Annual Meeting of Shareholders
to be held on Thursday, January 20, 2011

GENERAL INFORMATION ABOUT VOTING

This Proxy Statement, along with the form of proxy, are being furnished in connection with the solicitation of proxies on behalf of the Board of Directors (the Board) of The Scotts Miracle-Gro Company (together with its corporate predecessors, as appropriate, the Company) for use at the Annual Meeting of Shareholders of the Company (the Annual Meeting) to be held at The Berger Learning Center, 14111 Scottslawn Road, Marysville, Ohio 43041, on Thursday, January 20, 2011, at 9:00 A.M. Eastern Time, and at any adjournment or postponement thereof. Our telephone number is (937) 644-0011 should you wish to obtain directions to our corporate offices in order to attend the Annual Meeting and vote in person. Directions to our corporate offices can also be found on the outside back cover page of this Proxy Statement.

Only holders of record of the Company s common shares, without par value (the Common Shares), at the close of business on Wednesday, November 24, 2010 (the Record Date) are entitled to receive notice of and to vote at the Annual Meeting. As of the Record Date, there were 66,557,295 Common Shares outstanding. Holders of Common Shares as of the Record Date are entitled to one vote for each Common Share held. There are no cumulative voting rights.

Again this year, the Company is furnishing proxy materials over the Internet to a number of its shareholders as permitted under the rules of the Securities and Exchange Commission (the SEC). Under these rules, many of the Company s shareholders will receive a Notice of Internet Availability of Proxy Materials instead of a paper copy of the Notice of Annual Meeting of Shareholders, this Proxy Statement and the Company s 2010 Annual Report. The Notice of Internet Availability of Proxy Materials contains instructions on how to access those documents over the Internet and how shareholders can receive a paper copy of the Company s proxy materials, including the Notice of Annual Meeting of Shareholders, this Proxy Statement, the Company s 2010 Annual Report and a form of proxy. All shareholders who do not receive a Notice of Internet Availability of Proxy Materials will receive a paper copy of the proxy materials by mail. The Company believes this process will conserve natural resources and reduce the costs of printing and distributing proxy materials. **Shareholders who receive a Notice of Internet Availability of Proxy Materials are reminded that the Notice is not itself a proxy card.**

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to Be Held on January 20, 2011: The Notice of Annual Meeting of Shareholders, Proxy Statement and 2010 Annual Report are available at www.proxyvote.com. At www.proxyvote.com, shareholders can view the proxy materials, cast their vote and request to receive proxy materials in printed form by mail or electronically by e-mail on an ongoing basis.

If you received a paper copy of the proxy materials by mail, a form of proxy for use at the Annual Meeting is included. You may ensure your representation at the Annual Meeting by completing, signing, dating and promptly returning the form of proxy. A return envelope, which requires no postage if mailed in the United States, has been provided for your use. Alternatively, shareholders may transmit their voting instructions electronically via the Internet

or by using the toll-free telephone number stated on the form of proxy or the Notice of Internet Availability of Proxy Materials. The deadline for transmitting voting

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instructions electronically via the Internet or telephonically is 11:59 P.M. Eastern Time on January 19, 2011. The Internet and telephone voting procedures are designed to authenticate shareholders identities, allow shareholders to give their voting instructions and confirm that such voting instructions have been properly recorded.

If you are a registered shareholder, 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 the Company, by revoking via the Internet site, by using the toll-free telephone number stated on the form of proxy or the Notice of Internet Availability of Proxy Materials and electing revocation as instructed or by attending the Annual Meeting and giving notice of revocation in person. You may also change your vote by choosing one of the following options: (1) executing and returning to the Company a later-dated form of proxy; (2) voting in person at the Annual Meeting; (3) submitting a later-dated electronic vote through the Internet site; or (4) voting by telephone at a later date by using the toll-free telephone number stated on the form of proxy or the Notice of Internet Availability of Proxy Materials. **Attending the Annual Meeting will not, in and of itself, constitute revocation of a previously-appointed proxy**.

If you hold your Common Shares in street name with a broker/dealer, financial institution or other nominee or holder of record, you are urged to carefully review the information provided to you by the holder of record. This information will describe the procedures you must follow in order to instruct the holder of record how to vote the street name Common Shares and how to revoke any previously-given voting instructions. If you hold your Common Shares in street name and do not provide voting instructions to your broker/dealer within the required time frame before the Annual Meeting, your Common Shares will not be voted by the broker/dealer on the proposals relating to the election of directors or other non-routine maters, such as approval of materials terms of the performance criteria under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan and The Scotts Company LLC Amended and Restated Executive Incentive Plan, but the broker/dealer will have discretion to vote your Common Shares on routine matters, such as the ratification of the selection of the Company s independent registered public accounting firm.

The Company will bear the costs of soliciting proxies on behalf of the Board and tabulating your votes. The Company has retained Broadridge Financial Solutions, Inc. to assist in distributing these proxy materials. Directors, officers and regular employees of the Company may solicit your votes personally, by telephone, by e-mail or otherwise, in each case without additional compensation. If you provide voting instructions through the Internet, you may incur costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, which the Company will not reimburse. The Company will reimburse its transfer agent, Wells Fargo Shareholder Services, as well as broker/dealers, financial institutions and other custodians, nominees and fiduciaries for forwarding proxy materials to shareholders, according to certain regulatory fee schedules.

If you participate in The Scotts Company LLC Retirement Savings Plan (the RSP) and Common Shares have been allocated to your account in the RSP, you will be entitled to instruct the trustee of the RSP how to vote such Common Shares. You may receive your form of proxy with respect to your RSP Common Shares separately. If you do not give the trustee of the RSP voting instructions, the trustee will not vote such Common Shares at the Annual Meeting.

If you participate in The Scotts Miracle-Gro Company Discounted Stock Purchase Plan (the Discounted Stock Purchase Plan), you will be entitled to vote the number of Common Shares credited to your custodial account (including any fractional Common Shares) on any matter submitted to the Company s shareholders for consideration at the Annual Meeting. If you do not vote or grant a valid proxy with respect to the Common Shares credited to your custodial account, those Common Shares will be voted by the custodian under the Discounted Stock Purchase Plan in accordance with any stock exchange or other rules governing the custodian in the voting of Common Shares held for customer accounts.

Under the Company s Code of Regulations, the presence, in person or by proxy, of the holders of a majority of the outstanding Common Shares entitled to vote is necessary to constitute a quorum for the transaction of business at the Annual Meeting. Proxies reflecting abstentions are counted for the purpose of

2

determining the presence or absence of a quorum. Broker non-votes, where broker/dealers who hold their customers Common Shares in street name sign and submit proxies for such Common Shares but fail to vote on non-routine matters because they were not given instructions from their customers, are also counted for the purpose of establishing a quorum.

The results of shareholder voting at the Annual Meeting will be tabulated by or under the direction of the inspector of election appointed by the Board for the Annual Meeting. Common Shares represented by properly executed forms of proxy returned to the Company prior to the Annual Meeting or represented by properly authenticated 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 For All, Withhold All, For All Except, For, Against Abstain or are not marked at all.

Those Common Shares represented by properly executed forms of proxy, or properly authenticated voting instructions recorded through the Internet or by telephone, which are timely received prior to the Annual Meeting and not revoked will be voted as specified by the shareholder. The Common Shares represented by valid proxies timely received prior to the Annual Meeting which do not specify how the Common Shares should be voted will, to the extent permitted by applicable law, be voted **FOR** the election as directors of the Company of each of the four nominees of the Board listed below under the caption PROPOSAL NUMBER 1 ELECTION OF DIRECTORS ; **FOR** the ratification of the selection of Deloitte & Touche LLP as the Company s independent registered public accounting firm for the fiscal year ending September 30, 2011 as described below under the caption PROPOSAL NUMBER 2 RATIFICATION OF THE SELECTION OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ; **FOR** approval of the material terms of the performance criteria under The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan described below under the caption PROPOSAL NUMBER 3 APPROVAL OF MATERIAL TERMS OF THE PERFORMANCE CRITERIA UNDER THE SCOTTS MIRACLE-GRO COMPANY AMENDED AND RESTATED 2006 LONG-TERM INCENTIVE PLAN ; and **FOR** approval of the material terms of the performance criteria under The Scotts Company LLC Amended and Restated Executive Incentive Plan described below under the caption PROPOSAL NUMBER 4 APPROVAL OF MATERIAL TERMS OF THE PERFORMANCE CRITERIA UNDER THE SCOTTS COMPANY LLC AMENDED AND RESTATED EXECUTIVE INCENTIVE PLAN. No appraisal rights exist for any action proposed to be taken at the Annual Meeting.

THE BOARD OF DIRECTORS

Current Composition

There are currently 12 individuals serving on the Board, which is divided into three staggered classes, with each class serving three-year terms. The Class I directors hold office for terms expiring at the Annual Meeting, the Class II directors hold office for terms expiring in 2012 and the Class III directors hold office for terms expiring in 2013.

Diversity

The Board believes that diversity is one of many important considerations in board composition. When considering candidates for the Board, the Governance and Nominating Committee (the Governance Committee) evaluates the entirety of each candidate s credentials, including factors such as diversity of background, experience, skill, age, race and gender, as well as each candidate s judgment, strength of character and specialized knowledge. Although the Board does not have a specific diversity policy, the Governance Committee evaluates the current composition of the Board to ensure that the directors reflect a diverse mix of skills, experiences, backgrounds and opinions. Depending on the current composition of the Board, the Governance Committee may weigh certain factors, including those relating to diversity, more or less heavily when evaluating a potential candidate.

The Governance Committee believes that the Board, as a group, reflects the diverse mix of skills, experiences, backgrounds and opinions that the Board and the Governance Committee consider necessary to

Table of Contents

foster an effective decision-making environment and promote the Company s culture. Board member experiences cover a wide range of industries, including consumer products, manufacturing, technology, financial services, media, insurance, regulatory and consulting. Three of the twelve current directors are women, including two of the four candidates for election as Class I directors. Each of these female directors chairs one of the Board s standing committees the Audit Committee (Stephanie M. Shern) the Finance Committee (Nancy G. Mistretta) and the Innovation & Technology Committee (Katherine Hagedorn Littlefield).

Experiences, Skills and Qualifications

The Company has a standing Governance Committee that has responsibility for, among other things, providing oversight on the broad range of issues surrounding the composition and operation of the Board, including identifying candidates qualified to become directors and recommending director nominees to the Board. As noted above, when considering candidates for the Board, the Governance Committee evaluates the entirety of each candidate s credentials and does not have any specific eligibility requirements or minimum qualifications that candidates must meet. In general, as the Company s Corporate Governance Guidelines indicate, directors are expected to have the education, business experience and current insight necessary to contribute to the Board s performance of its functions, the interest and time available to be adequately involved with the Company over a period of years, and the functional skills, corporate leadership, diversity, international experience and other attributes which the Board believes will contribute to the development and expansion of the Board s knowledge and capabilities.

Set forth below is a general description of the types of experiences the Board and the Governance Committee believe to be particularly relevant to the Company:

Leadership Experience Directors who have demonstrated significant leadership experience over an extended period of time, especially current and former chief executive officers, provide the Company with valuable insights that can only be gained through years of managing complex organizations. These individuals understand both the day-to-day operational responsibilities facing senior management and the role directors play in overseeing the affairs of large organizations. Eight of the twelve members of the Board are current or former chief executive officers, and nearly every current director has significant leadership experience.

Innovation and Technology Experience Given the Company s continued focus on driving innovation, directors with significant innovation and technology experience add significant value to the Company. As one of the few companies with an Innovation & Technology Committee, this is particularly important to the Company s overall success.

International Experience Directors with experience in markets outside the United States bring valuable knowledge to the Company as it expands its footprint in international markets.

Marketing/Consumer Industry Experience Directors with experience identifying, developing and marketing new and existing consumer products bring valuable skills that can have a positive impact on the Company s operational results. Directors with experience dealing with consumers understand consumer needs and wants, recognize products and marketing/advertising campaigns that are most likely to resonate with consumers and are able to identify potential changes in consumer trends and buying habits.

Retail Experience Directors with significant retail experience bring valuable insights that can greatly assist the Company in managing its relationships with its largest retail customers.

Financial Experience Directors with an understanding of accounting, finance and financial reporting processes, particularly as they relate to a large, complex business, are critical to the Company. Accurate financial reporting is a cornerstone of the Company s success, and directors with financial expertise help to provide effective oversight of the

Company s financial measures and processes.

A description of the most relevant experiences, skills, attributes and qualifications that qualify each director to serve as a member of the Board is included in his or her biography.

Leadership Structure

The Company s governance documents provide the Board with flexibility to select the leadership structure that is most appropriate for the Company and its shareholders. The Board regularly considers the appropriate leadership structure for the Company and has concluded that the Company and its shareholders are best served by not having a formal policy regarding whether the same individual should serve as both Chairman of the Board and Chief Executive Officer (CEO). This approach allows the Board to elect the most qualified director as Chairman of the Board, while maintaining the ability to separate the Chairman of the Board and CEO roles when necessary.

Currently, the Company is led by James Hagedorn, who has served as CEO since May 2001 and as Chairman of the Board since January 2003. The Board believes that combining the roles of Chairman of the Board and CEO is in the best interests of the Company and its shareholders at this time as it takes advantage of the talent and experience of Mr. Hagedorn. The Board s decision to appoint Mr. Hagedorn to lead the Company is supported by the Company s success and track record of innovation since the time of Mr. Hagedorn s appointment.

In addition to Mr. Hagedorn, the Board is comprised of eleven non-management directors, ten of whom also qualify as independent. In accordance with the Company s Corporate Governance Guidelines and applicable sections of the New York Stock Exchange (NYSE) Listed Company Manual (the NYSE Rules), the non-management directors of the Company regularly meet in executive session. These meetings allow non-management directors to discuss issues of importance to the Company, including the business and affairs of the Company as well as matters concerning management, without any member of management present. In addition, the independent directors of the Company meet in executive session as matters appropriate for their consideration arise but, in any event, at least once a year.

The directors elected Carl F. Kohrt, Ph.D. to serve as the Lead Independent Director on January 22, 2009 and again on January 21, 2010. Dr. Kohrt serves in this capacity at the pleasure of the Board and will continue to so serve until his successor is elected and qualified. As Lead Independent Director, Dr. Kohrt:

- has the ability to call meetings of independent and/or non-management directors;
- presides at all meetings of non-management directors;
- presides at all meetings of independent directors;
- consults with the Chairman of the Board and CEO with respect to appropriate agenda items for meetings of the Board;
- serves as a liaison between the Chairman of the Board and the independent directors;
- approves the retention of outside advisors and consultants who report directly to the Board on critical issues;
- can be contacted directly by shareholders; and
- performs such other duties as the Board may from time to time delegate.

Finally, the Board has established five standing committees to assist with its oversight responsibilities: (1) the Audit Committee; (2) the Compensation and Organization Committee (the Compensation Committee); (3) the Finance

Committee; (4) the Governance Committee; and (5) the Innovation & Technology Committee. Each of the Audit, Compensation and Governance Committees is comprised entirely of independent directors, and all of the Board s committees, with the exception of the Innovation & Technology Committee, are chaired by independent directors.

The Board believes that its current leadership structure including a combined Chairman of the Board and CEO role, 10 out of 12 independent directors, a Lead Independent Director, key committees comprised

solely of independent directors and committees chaired primarily by independent directors provides an appropriate balance among strategy development, operational execution and independent oversight and is therefore in the best interests of the Company and its shareholders.

Board Role in Risk Oversight

It is management s responsibility to develop and implement the Company s strategic plans and to identify, evaluate, manage and mitigate the risks inherent in those plans. It is the Board s responsibility to understand and oversee the Company s strategic plans and the associated risks and to ensure that management is taking appropriate action to identify, manage and mitigate those risks. The Board administers its risk oversight responsibilities both through active review and discussion of enterprise-wide risks and by delegating certain risk oversight responsibilities to various Board committees for further consideration and evaluation. The decision to administer the Board s oversight responsibilities in this manner has a key effect on the Board s leadership and committee structure.

Because the roles of Chairman of the Board and CEO are currently combined, to ensure proper oversight of management and the potential risks that face the Company, the directors annually elect a Lead Independent Director. In addition, the Board is comprised of predominantly independent directors and all members of the Board s key committees the Audit, Compensation and Governance Committees are independent. This system of checks and balances helps to ensure that key decisions made by the Company s most senior management, up to and including the CEO, are reviewed and overseen by independent directors of the Board.

In some cases, risk oversight is addressed by the full Board as part of its engagement with the CEO and other members of senior management. For example, the full Board conducts a comprehensive annual review of the Company s overall strategic plan and the plans for each of the Company s business units, including the risks associated with those strategic plans. To that end, management provides periodic reports regarding the significant risks facing the Company and how the Company is seeking to control or mitigate those risks, if and when appropriate. The Board also has overall responsibility for leadership succession for the Company s most senior officers and conducts an annual review of succession planning.

In other cases, the Board has delegated risk management oversight responsibilities to certain Board committees, each of which reports regularly to the full Board. The Audit Committee oversees the Company s compliance with legal and regulatory requirements and its overall risk management process. It also regularly receives reports regarding the Company s most significant internal controls and compliance risks from the Company s Chief Financial Officer as well as its internal auditors. Representatives of the Company s independent registered public accounting firm attend Audit Committee meetings, regularly make presentations to the Audit Committee and comment on management presentations. In addition, the Company s Chief Financial Officer and internal auditors, as well as representatives of the Company s independent registered public accounting firm, individually meet in private session with the Audit Committee on a regular basis, affording ample opportunity to raise any concerns with respect to the Company s risk management practices.

As discussed in more detail in the section captioned Our Compensation Practices *Role of Outside Consultants* within the Compensation Discussion and Analysis, the Compensation Committee employs an independent compensation consultant who does no work for management. Among other tasks, the compensation consultant reviews the Company s compensation programs, including the potential risks created by and other impacts of these programs.

Finally, the Governance Committee oversees issues related to the Company s governance structure and other corporate governance matters and processes, as well as non-financial risks and compliance matters. In addition, the Governance Committee is charged with overseeing compliance with the Company s Related Person Transaction Policy. The Governance Committee regularly reviews the Company s key corporate governance documents, including the

Corporate Governance Guidelines, the Related Person Transaction Policy and the Insider Trading Policy, to ensure they remain in compliance with the changing legal and regulatory environment and appropriately enable the Board to fulfill its oversight responsibilities.

PROPOSAL NUMBER 1

ELECTION OF DIRECTORS

At the Annual Meeting, four Class I directors will be elected. The four individuals currently serving as Class I directors James Hagedorn, William G. Jurgensen, Nancy G. Mistretta and Stephanie M. Shern have been nominated by the Board for election as directors of the Company at the Annual Meeting. The nomination of each individual was recommended to the Board by the Governance Committee.

The individuals elected as Class I directors at the Annual Meeting will hold office for a three-year term expiring at the 2014 Annual Meeting of Shareholders and until their respective successors are duly elected and qualified, or until their earlier death, resignation or removal. The individuals named as proxy holders in the form of proxy solicited by the Board intend to vote the Common Shares represented by the proxies received under this solicitation for the Board s nominees, unless otherwise instructed on the form of proxy or through the telephone or Internet voting procedures. The Board has no reason to believe that any of the nominees will be unable or unwilling to serve as a director of the Company if elected. If any nominee who would have otherwise received the required number of votes becomes unable to serve or for good cause will not serve as a candidate for election 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 following recommendation by the Governance Committee. The individuals designated as proxy holders cannot vote for more than four nominees for election as Class I directors at the Annual Meeting.

The following information, as of November 24, 2010, with respect to the age, principal occupation or employment, other affiliations and business experience of each director or nominee for election as a director has been furnished to the Company by each such director or nominee.

Nominees Standing for Election to the Board of Directors

Class I Terms to Expire at the 2014 Annual Meeting

James Hagedorn, age 55, Director of the Company since 1995 and Chairman of the Board since January 2003

Mr. Hagedorn has served as CEO of the Company since May 2001. He served as President of the Company from November 2006 until October 2008, and from May 2001 until December 2005. Mr. Hagedorn is the brother of Katherine Hagedorn Littlefield, a director of the Company.

Having joined both the Company and the Board in 1995, and having served as CEO for nearly a decade, Mr. Hagedorn has more working knowledge of the Company and its products than any other individual, making him a key advisor to the Board on a wide range of issues. His presence in the boardroom also ensures efficient communication between the Board and management of the Company. Throughout his extensive career at the Company, Mr. Hagedorn has developed valuable leadership, international, and marketing/consumer industry experience.

Committee Memberships: None at this time

William G. Jurgensen, age 59, Director of the Company since May 2009

On May 6, 2009, the Board, upon the recommendation of the Governance Committee, appointed Mr. Jurgensen as a member of the Board to fill an existing vacancy in Class I. He was recommended by Carl F. Kohrt, Ph.D., a non-management director of the Company, who knew Mr. Jurgensen from his business and civic activities. From 2000 until February 2009, Mr. Jurgensen served as a director for and Chief Executive Officer of Nationwide Mutual Insurance Company and Nationwide Financial Services, Inc. (collectively, Nationwide), leading providers of diversified insurance and financial services. During that time, he also served as a director for and Chief Executive Officer of several other companies within the Nationwide enterprise, which is comprised of Nationwide Financial Services, Inc., Nationwide Mutual Insurance Company, Nationwide Mutual Fire and all of their respective subsidiaries and affiliates. He currently serves as a member of the Human Resources and Nominating and Governance Committees of ConAgra Foods, Inc., where he has been a director since August 2002.

As the former Chief Executive Officer of Nationwide, Mr. Jurgensen has extensive leadership and financial experience, particularly in the areas of risk assessment and strategic development. His knowledge of Ohio business, civic and government affairs has also proven valuable to the Board.

Committee Memberships: Audit; Governance

Nancy G. Mistretta, age 56, Director of the Company since 2007

Ms. Mistretta is a retired partner of Russell Reynolds Associates, an executive search firm (Russell Reynolds), where she served as a partner from February 2005 until June 2009. She was a member of Russell Reynolds Not-For-Profit Sector and was responsible for managing executive officer searches for many large philanthropies, with a special focus on educational searches for presidents, deans and financial officers. Based in New York, New York, she was also active in the CEO/Board Services Practice of Russell Reynolds. Prior to joining Russell Reynolds, Ms. Mistretta was with JPMorgan Chase & Co. and its heritage institutions (collectively, JPMorgan) for 29 years and served as a Managing Director in Investment Banking from 1991 to 2005. She also serves on the New York Advisory Board of The Posse Foundation, Inc.

Throughout her nearly 30-year career at JPMorgan, including roles as Managing Director responsible for Investment Bank Marketing and Communications, industry head responsible for the Global Diversified Industries group and, prior to Chase Manhattan Corporation s merger with J.P. Morgan & Co. in 2000, industry head responsible for Chase s Diversified, Consumer Products and Retail Industries group, Ms. Mistretta has demonstrated a broad base of leadership, international, marketing/consumer industry, retail and financial experience. Her financial experience is particularly valuable to the Board in her position as Chair of the Finance Committee.

Committee Memberships: Compensation; Finance (Chair)

Stephanie M. Shern, age 62, Director of the Company 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 retail 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. 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 and member of the Audit and Remuneration Committees of Koninklijke Ahold N.V. (Royal Ahold) and a director and Chair of the Audit Committee of GameStop Corp., where she also serves as the lead independent director. During the past five years, Mrs. Shern has served as a director of CenturyLink, Inc.; Embarq Corporation; Sprint Nextel Corporation; and Nextel Communications, Inc.

As the founder of Shern Associates LLC, and having spent a significant portion of her nearly 40-year career focused on retail and consumer industries in both the United States and abroad, Mrs. Shern has vast leadership, international, marketing/consumer industry and retail experience. In addition, as a CPA and member of the Audit Committee of both GameStop Corp. (where she serves as Chair) and Koninklijke Ahold N.V. (Royal Ahold), Mrs. Shern has extensive financial experience, which has proven valuable to the Board, where Mrs. Shern serves as the Chair of the Audit Committee and as the audit committee financial expert as that term is defined in the applicable rules and regulations of the SEC.

Committee Membership: Audit (Chair)

Directors Continuing in Office
Class II Terms to Expire at the 2012 Annual Meeting

Alan H. Barry, age 67, Director of the Company since April 2009

Mr. Barry is the former President and Chief Operating Officer of Masco Corporation (Masco), a manufacturer, distributor and installer of home improvement and building products, a position which he held from April 2003 until his retirement in December 2007. Mr. Barry began his career at Masco in 1972. Mr. Barry serves as a director of two privately-held companies: IPS Corporation and H.W. Kaufman Financial Group, Inc.

As the former President and Chief Operating Officer of Masco, Mr. Barry brings significant leadership and marketing experience to the Board. His more than 35 years of experience at Masco, which emphasizes brand name products and services holding leadership positions in their markets, enable him to advise the Board on key brand-related strategies and initiatives. His current service as a director of H.W. Kaufman Financial Group, Inc. also provides him with extensive financial experience.

Committee Memberships: Audit; Finance

Table of Contents

Thomas N. Kelly Jr., age 63, Director of the Company since 2006

Mr. Kelly served as Executive Vice President, Transition Integration of Sprint Nextel Corporation, a global communications company, from December 2005 until April 2006. He served as the Chief Strategy Officer of Sprint Nextel Corporation from August 2005 until December 2005. He served as the Executive Vice President and Chief Operating Officer of Nextel Communications, which became Sprint Nextel Corporation, from February 2003 until August 2005, and as Executive Vice President and Chief Marketing Officer of Nextel Communications from 1996 until February 2003. Mr. Kelly serves as a director of ChaCha Search, Inc., a privately-held company located in Indianapolis, Indiana, and as a director of the Weston Playhouse Theatre Company, a not-for-profit regional theater located in Weston, Vermont. Mr. Kelly also volunteers for several school and youth athletic organizations in Northern Virginia.

Having served at various times as Chief Strategy Officer, Chief Operating Officer and Chief Marketing Officer of large communications companies, Mr. Kelly brings an extensive skill set to the boardroom. His blend of leadership, innovation and technology, international, marketing/consumer industry and financial experience make him a key advisor to the Board on a full range of consumer and strategy-related matters.

Committee Membership: Compensation (Chair)

Carl F. Kohrt, Ph.D., age 66, Director of the Company since 2008

Dr. Kohrt served as President and Chief Executive Officer of Battelle Memorial Institute (Battelle), a non-profit charitable trust headquartered in Columbus, Ohio, from October 15, 2001 until his retirement on December 31, 2008. Battelle is an international science and technology enterprise that explores emerging areas of science, develops and commercializes technology and manages laboratories for customers. Dr. Kohrt serves as a director of one other public company, Kinetic Concepts, Inc., and two privately-held companies: Pharos, LLC and Levitronix, Inc. He also has served as a director of numerous non-profit entities and is currently a Trustee of Furman University and of the Woodrow Wilson Foundation.

Given the Company s continued focus on driving innovation, Dr. Kohrt s considerable innovation and technology experience, developed during his tenure as Chief Executive Officer of Battelle, his more than 29 years at Eastman Kodak Company (where he last served as Chief Technical Officer), and as a lifelong research scientist, has proven extremely valuable to the Board. Dr. Kohrt s leadership experience has also proven valuable in his role as the Company s Lead Independent Director.

Committee Memberships: Compensation; Innovation & Technology

Table of Contents

John S. Shiely, age 58, Director of the Company since 2007

Mr. Shiely served as Chief Executive Officer of Briggs & Stratton Corporation (Briggs & Stratton), a manufacturer of small, air-cooled engines for lawn and garden and other outdoor power equipment and a producer of lawn mowers, generators and pressure washers in the United States, from July 1, 2001 until his retirement from that position on December 31, 2009. He was appointed as a director of Briggs & Stratton in 1994, and served as Chairman of the Board from 2003 through October 20, 2010. Mr. Shiely serves as a director of two other public companies, Marshall & Ilsley Corporation, and Quad/Graphics, Inc., as well as numerous privately-held and charitable companies, including Cleveland Rock and Roll, Inc. (the corporate board of the Rock and Roll Hall of Fame and Museum) and Children s Hospital and Health System, Inc.

As the former Chief Executive Officer and Chairman of the Board of Briggs & Stratton, Mr. Shiely brings substantial leadership, marketing/consumer industry and financial experience to the Board. His extensive experience managing a large manufacturing and marketing company makes him a particularly valuable advisor to the Board in those areas, as well as in the area of corporate governance, which he recently studied in the graduate program at Harvard Law School.

Committee Memberships: Audit; Governance (Chair)

Class III Terms to Expire at the 2013 Annual Meeting

Joseph P. Flannery, age 78, Director of the Company since 1987

Mr. Flannery has served as President, Chief Executive Officer and Chairman of the Board of Directors of Uniroyal Holding, Inc., an investment management company, since 1986. He served as a director of ArvinMeritor, Inc. from 1991 2007.

As Chief Executive Officer and Chairman of the Board of Directors at Uniroyal Holding, Inc., Mr. Flannery brings extensive leadership and financial experience to the Board. Having served on the Board for more than 20 years, Mr. Flannery also has significant marketing/consumer industry experience and is able to advise the Board on a variety of strategic and business matters.

Committee Memberships: Compensation; Governance

Adam Hanft, age 60, Director of the Company since 2010

Mr. Hanft is the founder and Chief Executive Officer of Hanft Projects LLC, a strategic consultancy that provides marketing intelligence and insight to leading consumer and business-to-business companies such as The Procter & Gamble Company, Sony Corporation, Bic Corporation and The Sherwin-Williams Company, as well as many leading digital brands. He writes broadly about the consumer culture for places like Salon, Slate, The Daily Beast, Fast Company and the Wall Street Journal. Mr. Hanft is also a

frequent commentator on marketing and branding issues and is the co-author of Dictionary of the Future. Prior to starting Hanft Projects LLC, Mr. Hanft served as founder and Chief Executive Officer of Hanft Unlimited, Inc., a marketing organization created in 2004 that included an advertising agency, strategic consultancy and custom-publishing operation.

As the Chief Executive Officer of Hanft Projects LLC, Mr. Hanft brings his extensive leadership, marketing/consumer industry and innovation and technology experience to the Board. His knowledge of the consumer marketplace, media and current branding initiatives has proven particularly valuable.

Committee Memberships: Governance; Innovation & Technology

Table of Contents

Stephen L. Johnson, age 59, Director of the Company since 2010

On November 11, 2010, the Board, upon the recommendation of the Governance Committee, appointed Mr. Johnson as a member of the Board to fill the vacancy in Class III created by the resignation of Mark R. Baker. Mr. Johnson was recommended by several non-management directors of the Company who knew Mr. Johnson from his work on the Company s Innovation & Technology Advisory Board. Mr. Johnson is the President and Chief Executive Officer of Stephen L. Johnson and Associates Strategic Consulting, LLC (Johnson and Associates), a strategic provider of business, research and financial management and consulting services formed in 2009. Prior to forming Johnson and Associates, Mr. Johnson worked for the U.S. Environmental Protection Agency for 30 years, where he became the first career employee and scientist to serve as Administrator, a position he held from January 2005 through January 2009. Mr. Johnson serves as a director of FlexEnergy LLC, a privately-held company, and as a Trustee of Taylor University.

As President and Chief Executive Officer of Johnson and Associates and as the former Administrator of the U.S. Environmental Protection Agency, as well as a lifelong scientist, Mr. Johnson brings considerable leadership and innovation and technology experience to the Board. His appointment also fills a need for both regulatory and environmental expertise that was identified by the Governance Committee.

Committee Memberships: Governance; Innovation & Technology

Katherine Hagedorn Littlefield, age 55, Director of the Company since 2000

Ms. Littlefield is the Chair of Hagedorn Partnership, L.P. She also serves on the boards for Hagedorn Family Foundation, Inc., a charitable organization, and Adelphi University. She is the sister of James Hagedorn, the Company s CEO and Chairman of the Board.

As the Chair of Hagedorn Partnership, L.P., the Company s largest shareholder, Ms. Littlefield brings a strong shareholder voice to the boardroom. She also has significant innovation and technology experience, having served on the Company s Innovation & Technology Committee since its formation in May 2004.

Committee Memberships: Finance; Innovation & Technology (Chair)

Effective October 28, 2010, Mark R. Baker resigned as the Company s President and Chief Operating Officer and as a Class III member of the Board. Patrick J. Norton s term as a Class III director expired at the Annual Meeting of Shareholders held on January 21, 2010.

Recommendation and Vote

Under Ohio law and the Company s Code of Regulations, the four nominees for election as Class I directors receiving the greatest number of votes **FOR** election will be elected as directors of the Company. Common Shares represented by properly executed and returned forms of proxy or properly authenticated voting instructions recorded through the Internet or by telephone will be voted **FOR** the election of the Board s nominees unless authority to vote for one or more of the nominees is withheld. Common Shares as to which the authority to vote is withheld and Common Shares

represented by broker non-votes will not be counted toward the election of directors or toward the election of the individual nominees of the Board, as applicable. The individuals designated as proxy holders cannot vote for more than four nominees for election as Class I directors at the Annual Meeting.

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

MEETINGS AND COMMITTEES OF THE BOARD

Meetings of the Board and Board Member Attendance at Annual Meeting of Shareholders

The Board held six regularly scheduled or special meetings during the Company s fiscal year ended September 30, 2010 (the 2010 fiscal year). Each incumbent member of the Board attended at least 75% of the aggregate of the total number of meetings of the Board and the total number of meetings held by the committee(s) of the Board on which he or she served, in each case during the period of the 2010 fiscal year that such individual served as a director.

Although the Company does not have a formal policy requiring members of the Board to attend annual meetings of the shareholders, the Company encourages all directors to attend each such annual meeting. All then-current directors, other than William G. Jurgensen, attended the Company s last Annual Meeting of Shareholders held on January 21, 2010.

Committees of the Board

The Board has established five standing committees to assist with its oversight responsibilities: (1) the Audit Committee; (2) the Compensation and Organization Committee; (3) the Finance Committee; (4) the Governance and Nominating Committee; and (5) the Innovation & Technology Committee.

Audit Committee

The Audit Committee, which was established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act), is organized and conducts its business pursuant to a written charter adopted by the Board. A copy of the Audit Committee charter is posted under the Corporate Governance link on the Company s Internet website at http://investor.scotts.com. At least annually, in consultation with the Governance Committee, the Audit Committee evaluates its performance, reviews and assesses the adequacy of its charter and recommends to the Board any proposed changes thereto as may be necessary or desirable.

The Audit Committee is responsible for: (1) overseeing the accounting and financial reporting processes of the Company, including the audits of the Company s consolidated financial statements, (2) appointing, compensating and overseeing the work of the independent registered public accounting firm employed by the Company, (3) establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters or other compliance matters, (4) assisting the Board in its oversight of: (a) the integrity of the Company s consolidated financial statements; (b) the Company s 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 the Company s internal audit function, and (5) undertaking the other matters required by applicable SEC Rules 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.

The Board has determined that each member of the Audit Committee satisfies the applicable independence requirements set forth in the NYSE Rules and under Rule 10A-3 promulgated by the SEC under the Exchange Act. The Board believes each member of the Audit Committee is qualified to discharge his or her duties on behalf of the Company and its subsidiaries and satisfies the financial literacy requirement of the NYSE Rules. The Board has determined that Stephanie M. Shern qualifies as an audit committee financial expert as that term is defined in 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 14 times during the 2010 fiscal year.

The Audit Committee report relating to the Company s 2010 fiscal year begins on page 75.

Compensation and Organization Committee

The Compensation Committee is organized and conducts its business pursuant to a written charter adopted by the Board. A copy of the Compensation Committee charter is posted under the Corporate Governance link on the Company s Internet website located at http://investor.scotts.com. At least annually, in consultation with the Governance Committee, the Compensation Committee evaluates its performance, reviews and assesses the adequacy of its charter and recommends to the Board any proposed changes thereto as may be necessary or desirable.

The Compensation Committee reviews, considers and acts upon matters concerning salary and other compensation and benefits of all executive officers and other key employees of the Company and its subsidiaries, including the executive officers named in the Summary Compensation Table for 2010 Fiscal Year (the NEOs). As part of this process, the Compensation Committee determines the general compensation philosophy applicable to these individuals. In addition, the Compensation Committee advises the Board regarding executive officer organizational issues and succession plans. The Compensation Committee also acts upon all matters concerning, and exercises such authority as is delegated to it under the provisions of, any benefit or retirement plan maintained by the Company, and serves as the committee administering The Scotts Miracle-Gro Company Amended and Restated 1996 Stock Option Plan (the 1996 Plan), The Scotts Miracle-Gro Company Amended and Restated 2003 Stock Option and Incentive Equity Plan (the 2003 Plan), The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan (the 2006 Plan), The Scotts Company LLC Amended and Restated Executive Incentive Plan (the EIP) and the Discounted Stock Purchase Plan.

Pursuant to its charter, the Compensation 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 of any such counsel, consultants or experts. During the 2010 fiscal year, the Compensation Committee engaged an independent consultant from Frederic W. Cook & Co. (Fred Cook & Co.) to advise the Compensation Committee with respect to market practices and competitive trends in the area of executive compensation, as well as ongoing legal and regulatory considerations. The consultant provided guidance to assist the Compensation Committee in its evaluation of the compensation recommendations submitted by management with respect to the CEO, the other NEOs and other key management employees. Fred Cook & Co. did not provide consulting services directly to management. The role of Fred Cook & Co. is further described in the section captioned Our Compensation Practices *Role of Outside Consultants* within the Compensation Discussion and Analysis.

The Board has determined that each member of the Compensation Committee satisfies the applicable independence requirements set forth in the NYSE Rules and qualifies as an outside director for purposes of IRC § 162(m) and as a non-employee director for purposes of Rule 16b-3 under the Exchange Act.

The Compensation Committee met 10 times during the 2010 fiscal year.

The Compensation Discussion and Analysis regarding executive compensation for the 2010 fiscal year begins on page 22. The Compensation Committee Report relating to the Company s 2010 fiscal year appears on page 39.

Finance Committee

The Finance Committee is organized and conducts its business pursuant to a written charter adopted by the Board. A copy of the Finance Committee charter is posted under the Corporate Governance link on the Company s Internet website located at http://investor.scotts.com. At least annually, in consultation with the Governance Committee, the Finance Committee evaluates its performance, reviews and assesses the adequacy of its charter and recommends to the

Board any proposed changes thereto as may be necessary or desirable.

The Finance Committee oversees the financial strategies and policies of the Company and its subsidiaries. In discharging its duties, the Finance Committee: (1) reviews investments, stock repurchase programs and dividend payments; (2) oversees cash management and corporate financing matters; and (3) oversees the Company s acquisition and divestiture strategies and the financing arrangements related thereto.

Table of Contents

The Finance Committee met six times during the 2010 fiscal year.

Governance and Nominating Committee

The Governance Committee is organized and conducts its business pursuant to a written charter adopted by the Board. A copy of the Governance Committee charter is posted under the Corporate Governance link on the Company s Internet website located at http://investor.scotts.com. At least annually, the Governance Committee evaluates its performance, reviews and assesses the adequacy of its charter and recommends to the Board any proposed changes thereto as may be necessary or desirable.

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

The Board has determined that each member of the Governance Committee satisfies the applicable independence requirements set forth in the NYSE Rules.

The Governance Committee met four times during the 2010 fiscal year.

Innovation & Technology Committee

The Innovation & Technology Committee is organized and conducts its business pursuant to a written charter adopted by the Board. A copy of the Innovation & Technology Committee charter is posted under the Corporate Governance link on the Company s Internet website located at http://investor.scotts.com.

The Innovation & Technology Committee assists the Board in providing counsel to the Company s senior management regarding strategic management of global science, technology and innovation issues and acts as the Board s liaison to the Company s Innovation & Technology Advisory Board, a board of experts which assists in carrying out the work of the Innovation & Technology Committee.

The Innovation & Technology Committee met one time during the 2010 fiscal year.

Compensation and Organization Committee Interlocks and Insider Participation

The Compensation Committee is currently comprised of Thomas N. Kelly Jr., Joseph P. Flannery, Carl F. Kohrt, Ph.D. and Nancy G. Mistretta. With respect to the 2010 fiscal year and from October 1, 2010 through the date of this Proxy Statement, there were no interlocking relationships between any executive officer of the Company and any entity, one of whose executive officers served on the Company s Compensation Committee or Board, or any other relationship required to be disclosed in this section under the applicable SEC Rules.

CORPORATE GOVERNANCE

Corporate Governance Guidelines

In accordance with applicable sections of the NYSE Rules, the Board has adopted Corporate Governance Guidelines to promote the effective functioning of the Board and its committees. The Board, with the assistance of the Governance Committee, periodically reviews the Corporate Governance Guidelines to ensure

they are in compliance with all applicable requirements and address evolving corporate governance issues. The Corporate Governance Guidelines are posted under the Corporate Governance link on the Company s Internet website located at http://investor.scotts.com.

Director Independence

In consultation with the Governance Committee, the Board has reviewed, considered and discussed the relationships, both direct and indirect, of each current director or nominee for election as a director with the Company and its subsidiaries, including those listed under CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, and the compensation and other payments each director and each nominee has, both directly and indirectly, received from or made to the Company and its subsidiaries, in order to determine whether such director or nominee satisfies the applicable independence requirements set forth in the NYSE Rules and the rules and regulations of the SEC (the SEC Rules). Based upon the recommendation of the Governance Committee and its own review, consideration and discussion, the Board has determined that the following current members of the Board satisfy such independence requirements and are, therefore, independent directors:

(1) Alan H. Barry
(2) Joseph P. Flannery
(3) Adam Hanft
(4) Stephen L. Johnson
(5) William G. Jurgensen
(6) Thomas N. Kelly Jr.
(7) Carl F. Kohrt, Ph.D.
(8) Nancy G. Mistretta
(9) Stephanie M. Shern
(10) John S. Shiely

In determining that Mr. Hanft qualifies as an independent director, the Board considered that, during the 2010 fiscal year, the Company paid Mr. Hanft or companies controlled by him $20,000 for consulting services he provided as a member of the Company s Innovation & Technology Advisory Board prior to his election as a Class III director on January 21, 2010. Since his election to the Board, Mr. Hanft has not received any compensation from the Company beyond the compensation he receives for services as a director. In determining that Mr. Johnson qualifies as an independent director, the Board considered that, during the 2010 fiscal year, the Company paid Mr. Johnson or companies controlled by him $89,266 for consulting services he provided as a member of the Company s Innovation & Technology Advisory Board as well as other consulting services he provided to the Company, in each case prior to his appointment as a Class III director on November 11, 2010. Since his appointment to the Board, Mr. Johnson has not received any compensation from the Company beyond the compensation he receives for services as a director.

The Board determined that: (a) James Hagedorn is not independent because he is the Company s CEO and beneficially owns more than 5% of the outstanding Common Shares and (b) Katherine Hagedorn Littlefield is not independent because she beneficially owns more than 5% of the outstanding Common Shares and is the sister of James Hagedorn.

Nominations of Directors

The Board, taking into account the recommendations of the Governance Committee, selects nominees to stand for election to the Board. The Governance Committee considers candidates for the Board from any reasonable source, including current director, management and shareholder recommendations, and does not evaluate candidates differently based on the source of the recommendation. Pursuant to its written charter, the Governance Committee has the authority to retain consultants and search firms to assist in the process of identifying and evaluating director candidates and to approve the fees and other retention terms of any such consultant or search firm.

Shareholders may recommend director candidates for consideration by the Governance Committee by giving written notice of the recommendation to the Corporate Secretary of the Company. The recommendation must 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, must accompany any such recommendation.

Table of Contents

While the Corporate Governance Guidelines indicate that, in general, a director should not stand for re-election once he or she has reached the age of 72, the Governance Committee and the Board will review individual circumstances and may from time to time choose to renominate a director who is 72 or older. Although he was older than 72, the Board chose to nominate Joseph P. Flannery for re-election to the Board at the Company s Annual Meeting of Shareholders held on January 21, 2010 because his expertise and knowledge made him a valuable candidate.

Communications with the Board

The Board believes it is important for shareholders of the Company and other interested persons to have a process pursuant to which they can send communications to the Board and its individual members, including the Lead Independent Director. Accordingly, shareholders and other interested persons who wish to communicate with the Board, the Lead Independent Director, the non-management directors as a group, the independent directors as a group or any particular director may do so by addressing such correspondence to the name(s) of the specific director(s), to the Lead Independent Director, to the Non-Management Directors as a group, to the Independent Directors as a group or to the Board of Directors as a whole, and sending it in care of the Company to the Company s principal corporate offices at 14111 Scottslawn Road, Marysville, Ohio 43041. All such correspondence should identify the author as a shareholder or other interested person, explain such person s interest and clearly indicate to whom the correspondence is directed. Correspondence marked personal and confidential will be delivered to the intended recipient(s) without opening. Copies of all correspondence will be circulated to the appropriate director or directors. There is no screening process in respect of communications from shareholders and other interested persons.

Code of Business Conduct and Ethics

In accordance with applicable NYSE Rules and SEC Rules, the Board has adopted The Scotts Miracle-Gro Company Code of Business Conduct and Ethics, which is available under the Corporate Governance link on the Company s Internet website located at http://investor.scotts.com.

All of the employees of the Company and its subsidiaries, including executive officers, and all directors of the Company are required to comply with the Company s Code of Business Conduct and Ethics. The Sarbanes-Oxley Act of 2002 and the SEC Rules promulgated thereunder require companies to have procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and to allow for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. The Company s procedures for addressing these matters are set forth in the Code of Business Conduct and Ethics.

Preferred Stock Declawing Preferred Stock

The Company s Articles of Incorporation, as amended, authorize the Board to issue up to 195,000 preferred shares, without par value (the Preferred Shares), and to adopt amendments to the Articles of Incorporation in respect of any unissued Preferred Shares in order to fix or change, among other things, the division of the Preferred Shares into series, the dividend or distribution rights associated with the Preferred Shares, the liquidation rights, preferences and price of the Preferred Shares, and the redemption rights, voting rights, pre-emptive rights and conversation rights associated with the Preferred Shares. Although the Articles of Incorporation do not limit the purposes for which the Preferred Shares may be issued or used, the Board represents that it will not, without prior shareholder approval, issue or use the Preferred Shares for any defensive or anti-takeover purpose, for the purpose of implementing any shareholder rights plan, or with features intended to make any attempted acquisition of the Company more difficult or costly. Within these limits, the Board may issue Preferred Shares for capital raising transactions, acquisitions, joint ventures or other corporate purposes that have the effect of making an acquisition of the Company more difficult or costly.

Table of Contents

NON-EMPLOYEE DIRECTOR COMPENSATION

Benchmarking Board of Director Compensation

The Board believes that non-employee director compensation levels should be competitive with similarly situated companies and should encourage high levels of ownership of the Company s Common Shares. Accordingly, at the direction of the Board, the Company engaged a third-party consultant from Towers Watson (formerly Towers Perrin) to conduct a benchmark study of the compensation structure for the Company s non-employee directors for the 2008 calendar year (the 2008 Study). For purposes of the 2008 Study, Towers Watson compared each element of the non-employee directors compensation against two groups of similarly situated companies:

18 consumer products-oriented companies with annual revenues ranging from $1.3 billion to $9.0 billion; and

100 S&P Mid Cap companies with annual revenues between $2.0 billion to $4.0 billion.

The survey information was compiled from definitive proxy statement filings for the respective companies. Based on the 2008 Study, the average compensation level for the Company s non-employee directors (including both the cash and equity-based compensation elements) was above the 75th percentile when compared to the above-mentioned groups of companies. The Board determined to maintain the same compensation structure for the 2010 calendar year, as described below, and the 2008 Study was not updated for the 2010 calendar year.

Structure of Non-Employee Director Compensation

The compensation structure for non-employee directors is established on a calendar year basis. Based on the findings of the 2008 Study discussed above, the Board established the non-employee director compensation for the 2010 calendar year to reflect a combination of annual cash retainers and equity-based compensation granted in the form of deferred stock units (DSUs), as follows:

	Annual Retainers Paid in Cash(1)		Value of DSUs Granted	
Board Membership	$	100,000	$	70,000
Lead Independent Director	$	15,000	$	35,000
Additional Compensation for Committee Chairs:				
Audit	$		$	25,000
Compensation and Organization	$		$	25,000
Finance	$		$	25,000
Governance and Nominating	$		$	25,000
Innovation & Technology	$		$	25,000
Additional Compensation for Committee Membership:				
Audit	$		$	17,500
Compensation and Organization	$		$	12,500
Finance	$		$	12,500
Governance and Nominating	$		$	12,500
Innovation & Technology	$		$	12,500

(1) The annual cash-based retainer is paid in quarterly installments.

In addition to the above compensation elements, non-employee directors also receive reimbursement of all reasonable travel and other expenses for attending Board meetings or other Company-related travel.

Equity-Based Compensation

For the 2010 calendar year, the equity-based compensation for non-employee directors was granted in the form of DSUs. Each whole DSU represents a contingent right to receive one full Common Share.

Vesting and Settlement

DSU grants for non-employee directors are typically approved by the Board at a meeting held on the date of the annual meeting of shareholders. The grant date is established as the first business day after the Board approves the grant. For the 2010 calendar year, DSUs were granted to the non-employee directors on January 22, 2010. In general, the DSUs granted to non-employee directors in the 2010 calendar year, including dividend equivalents converted to DSUs, vest on the third anniversary of the grant date, but are subject to earlier vesting or forfeiture, as the case may be, in the event of death, disability or retirement. Subject to the terms of the 2006 Plan, whole vested DSUs will be settled in Common Shares and fractional DSUs will be settled in cash as soon as administratively practicable, but in no event later than 90 days, following the earliest to occur of: (i) termination; (ii) death; (iii) disability; or (iv) the fifth anniversary of the grant date. Upon a change in control of the Company, each non-employee director s outstanding DSUs will vest on the date of the change in control and settle as described above. Until the DSUs are settled, a non-employee director has none of the rights of a shareholder with respect to the Common Shares underlying the DSUs other than with respect to the dividend equivalents.

Dividend Equivalents

Each DSU (including dividend equivalents converted to DSUs) is granted with a related dividend equivalent, which represents the right to receive additional DSUs in respect of dividends that are declared and paid in cash in respect of the Common Shares underlying the DSUs, during the period beginning on the grant date and ending on the settlement date. Such cash dividends are converted to DSUs based on the fair market value of Common Shares on the date the dividend is paid. Dividends declared and paid in the form of Common Shares are converted to DSUs in proportion to the dividends paid per Common Share.

Deferral of Cash-Based Retainers

For the 2010 calendar year, the non-employee directors had the option to elect, in advance, to receive up to 100% of their quarterly cash retainers in cash or fully-vested DSUs. If DSUs are elected, the non-employee director receives a grant equal to the number determined by dividing the chosen dollar amount by the closing price of the Common Shares on the applicable grant date. Subject to the terms of the 2006 Plan, whole vested DSUs will be settled in Common Shares and fractional DSUs will be settled in cash as soon as administratively practicable, but no later than 90 days, following the earliest to occur of: (i) termination; (ii) death; (iii) disability; or (iv) the fifth anniversary of the grant date. Upon a change in control of the Company, each non-employee director s outstanding DSUs will settle as described above. Until the DSUs are settled, a non-employee director has none of the rights of a shareholder with respect to the Common Shares underlying the DSUs other than with respect to the dividend equivalents. For the 2010 calendar year, Mr. Hanft made an election to receive 50% of his quarterly retainers in fully vested DSUs. None of the other non-employee directors elected to defer any portion of their 2010 calendar year cash retainer.

Table of Contents

Non-Employee Director Compensation Table

The following table sets forth the compensation awarded to, or earned by, each of the non-employee directors of the Company for the 2010 fiscal year. Neither Mr. Hagedorn, the Company s Chairman of the Board and CEO, nor Mr. Baker, the Company s President and Chief Operating Officer, received any additional compensation for their services as a director. Accordingly, Mr. Hagedorn s and Mr. Baker s compensation is reported in the section captioned EXECUTIVE COMPENSATION and is not included in the table below. Mr. Johnson was not a director of the Company during the 2010 fiscal year. Therefore, the table below does not include the 320 DSUs awarded to Mr. Johnson on November 12, 2010.

Non-Employee Director Compensation Table for 2010 Fiscal Year

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(5)(6)	Option Awards ($)(7)	All Other Compensation ($)(8)	Total ($)
Alan H. Barry	100,000	100,031		2,775	202,806
Joseph P. Flannery	100,000	95,025		5,032	200,057
Adam Hanft	75,000(2)	95,025		1,282	171,307
William G. Jurgensen	100,000	100,031		2,551	202,582
Thomas N. Kelly Jr.	100,000	107,540		5,294	212,834
Carl F. Kohrt, Ph.D.	115,000(3)	130,024		6,107	251,131
Katherine Hagedorn Littlefield	100,000	120,013		5,351	225,364
Nancy G. Mistretta	100,000	120,013		5,525	225,538
Patrick J. Norton (retired)	25,000(4)			622	25,622
Stephanie M. Shern	100,000	112,504		5,652	218,156
John S. Shiely	100,000	125,018		5,070	230,088

(1) Reflects the cash-based retainer earned for services rendered during the 2010 fiscal year. The calendar year fees were paid at a rate of $25,000 per quarter, and are prorated for partial service. Consistent with Mr. Hanft s election to defer 50% of his cash retainer, the amount reported in this column includes a total of $37,500 in cash fees that were deferred and awarded in the form of fully vested DSUs. The deferred fees include $12,500 that was awarded in the form of DSUs on each of January 22, 2010, April 1, 2010 and July 1, 2010, respectively. None of the other non-employee directors elected to defer their cash-based retainers for the 2010 calendar year and there are no outstanding DSUs as of September 30, 2010 attributed to non-employee directors who had elected to defer all or a portion of their cash-based retainers for previous calendar years.

(2) The calendar year fees have been prorated to reflect Mr. Hanft s service during the 2010 fiscal year beginning January 21, 2010, and the prorated amount is shown in this column.

(3) Dr. Kohrt received an additional cash-based retainer of $15,000 in respect of his service as the Company s Lead Independent Director.

(4)

Mr. Norton, who retired from the Board effective January 21, 2010, received cash-based retainers totaling $100,000 for the 2009 calendar year. The 2009 calendar year fees have been prorated to reflect his service during the 2010 fiscal year and the prorated amount is shown in this column. Mr. Norton did not receive any cash-based retainers in respect of the 2010 calendar year.

(5) The amounts in this column reflect the aggregate grant date fair value of the DSUs granted to the non-employee directors during the 2010 fiscal year. The value of each DSU is determined using the fair market value of the underlying Common Share on January 22, 2010, the date of the grant, and were calculated in accordance with the equity compensation accounting provisions of FASB ASC Topic 718, without respect to forfeiture assumptions.

Table of Contents

(6) The aggregate number of Common Shares subject to DSUs (including DSUs granted as a result of converting dividend equivalents), outstanding as of September 30, 2010 were as follows:

Name	**Aggregate Number of Common Shares Subject to Stock Awards Outstanding as of September 30, 2010***
Alan H. Barry	4,949
Joseph P. Flannery	8,580
Adam Hanft	3,199
William G. Jurgensen	4,562
Thomas N. Kelly Jr.	9,178
Carl F. Kohrt, Ph.D.	10,421
Katherine Hagedorn Littlefield	9,196
Nancy G. Mistretta	9,532
Patrick J. Norton (retired)	
Stephanie M. Shern	9,636
John S. Shiely	8,841

* All fractional Common Shares have been rounded to the nearest whole Common Share.

(7) While there were no options granted to non-employee directors during the 2010 fiscal year, the aggregate number of Common Shares subject to option awards outstanding as of September 30, 2010 were as follows:

Name	**Aggregate Number of Common Shares Subject to Option Awards Outstanding as of September 30, 2010**
Alan H. Barry	
Joseph P. Flannery	74,975
Adam Hanft	
William G. Jurgensen	
Thomas N. Kelly Jr.	21,442
Carl F. Kohrt, Ph.D.	
Katherine Hagedorn Littlefield	85,683
Nancy G. Mistretta	
Patrick J. Norton (retired)	26,197
Stephanie M. Shern	72,599
John S. Shiely	14,300

(8) Reflects the value of the cash dividends declared and paid by the Company during the 2010 fiscal year.

21

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

The purpose of this Compensation Discussion and Analysis (the CD&A) is to provide insight to our shareholders regarding our executive compensation philosophy and objectives, guiding principles, policies and practices.

Overview

Our compensation programs are intended to align our NEO s interests with those of our shareholders by rewarding performance that meets or exceeds the goals the Compensation Committee establishes with the objective of increasing shareholder value. In structuring our compensation programs, the Compensation Committee strives to ensure that our executive compensation levels are competitive with companies of a like nature. The summary below highlights (i) our belief in performance-based pay, (ii) the tie between 2010 executive compensation and our strong financial performance, and (iii) key market practices reflected in the design of our compensation programs.

We Believe in Performance-Based Pay

The design of our compensation programs include the following measures to ensure that the compensation granted to our NEOs is based on the Company s performance:

- Our annual incentive compensation programs include funding triggers (namely, the credit facility compliance and corporate profitability targets). Failure to meet such funding triggers would jeopardize the eligibility of our NEOs to receive annual incentive awards.

- In addition to the funding triggers, the annual incentive payouts are subject to a reduction based on a sliding scale of measures comprising our Quality of Earnings governors. For example, should the Company s cash flows for a given year fall below a certain threshold, the payout to our NEOs will be reduced by a certain percentage.

The funding triggers and quality of earnings governors described above are intended to mitigate the potential risk associated with short-term decisions by our NEOs that may not be in the best interest of the Company or its key stakeholders.

- The grants of our long-term equity-based incentive awards are targeted at the 50th percentile of our Compensation Peer Group; however, the grant value is subject to adjustment (up or down) based on achievement of individual performance goals set at the beginning of each performance cycle.

Executive Compensation Reflects Strong Financial Performance

Consistent with our compensation program design, our compensation program results for the fiscal year ended September 30, 2010 reflected the strong financial results that we delivered during the 2010 fiscal year despite the challenging economic environment:

- Our net sales on a consolidated basis increased by 5.3% compared to the fiscal year ended September 30, 2009; and

Our adjusted EBITDA on a consolidated basis increased by 25.6% compared to the fiscal year ended September 30, 2009.

Performance with respect to each of these metrics was above target (as described below) and resulted in annual incentive awards considerably over 100% of the target for our NEOs. Despite our strong financial results, in light of recent economic conditions, the Compensation Committee decided not to award any base pay increases to the NEOs (including our CEO) for the 2010 fiscal year.

Compensation Design Reflects Key Market Practices

We are committed to periodically making adjustments to our compensation practices to further align our executive compensation design with our shareholders interests and current market practices, including:

Elimination of Gross-Ups: We have eliminated the gross-up payments that we previously provided to our NEOs, other than those relating to relocation-related benefits.

Double-Trigger Change in Control Provisions: Our plans currently include double-trigger change in control provisions, which preclude acceleration of vesting of outstanding cash and equity-based awards upon a change in control if such awards are assumed or substituted. In these instances, our plans preclude acceleration of vesting unless an employee is terminated.

Clawback Provisions: All of our equity-based awards and annual incentive awards contain provisions designed to recoup such awards for violation of non-compete covenants or engaging in conduct that is detrimental to the Company. In addition, on September 22, 2010, the Compensation Committee approved the Executive Compensation Recovery Policy, which allows the Company to recover annual incentive award payments and equity award distributions in the event of a required accounting restatement due to material non-compliance with any financial reporting requirement.

Stock Ownership Guidelines: Our stock ownership guidelines are designed to align the interests of each NEO with the long-term interests of the shareholders by ensuring that a material amount of each NEO s accumulated wealth is maintained in the form of Common Shares. The ownership guideline for the CEO is effectively 10 times base salary.

No Excess Benefit Retirement Plan: Our excess benefit plan was frozen effective December 31, 1997, and the only NEO who was enrolled in this plan prior to this date is Mr. Hagedorn.

Independent Consultants: Our Compensation Committee engages an independent consultant to advise with respect to executive compensation levels and practices. The consultant provides no services to management and had no prior relationship with any of our NEOs.

Tally Sheets: Our Compensation Committee uses tally sheets in order to obtain a perspective on the overall level of executive compensation and wealth accumulation, the relationship between short-term and long-term compensation elements, and how each element relates to our compensation philosophy and guiding principles.

Our Compensation Philosophy and Objectives

The culture of our Company is based on a strong bias for action aimed at delivering sustainable results. We value and recognize high performance and our compensation programs are structured to promote an accountability and performance-based culture with significant emphasis on variable pay in the form of both short-term and long-term incentives.

Our compensation programs are designed to achieve the following objectives:

Attracting and retaining the leadership talent to sustain and expand upon our competencies and capabilities;

Driving performance that generates long-term profitable growth;

Promoting behaviors that reinforce our business strategy and desired culture;

Encouraging teamwork across business units and functional areas; and

Connecting rewards to shareholder value creation.

The Company has adopted guiding principles as a framework for making compensation decisions while preserving the flexibility needed to respond to the competitive market for executive talent. Our guiding principles for compensation are as follows:

- Structure total compensation levels around the 50th percentile of the Compensation Peer Group (as defined herein) for achieving target levels of performance and above the 50th percentile of the Compensation Peer Group for achieving higher levels of performance;
- Place greater emphasis on variable pay (*i.e.,* incentive compensation) versus fixed pay (*i.e.*, base salary);
- Emphasize pay-for-performance to motivate both short-term and long-term performance for the benefit of shareholders; and
- Provide the opportunity for meaningful wealth accumulation over time, tied directly to shareholder value creation.

Elements of Executive Compensation

To best promote the objectives of our executive compensation program, the Company relies on a mix of five principal short-term and long-term compensation elements. For the 2010 fiscal year, the elements of executive compensation were as follows:

- Base salary;
- Annual cash incentive compensation plan;
- Long-term equity-based incentive awards;
- Executive perquisites and other benefits; and
- Retirement plans and deferred compensation benefits.

The Compensation Committee has oversight responsibility for all elements of compensation granted to Mr. Hagedorn, our CEO, and other key management employees, including the other NEOs listed in the Summary Compensation Table for 2010 Fiscal Year. For each NEO, the Compensation Committee reviews each element of compensation, as well as the relative mix or weighting of elements, on an annual basis.

Base Salary (short-term compensation element)

Consistent with the Company s performance-based pay philosophy, base salary is not intended to deliver the majority of the total compensation to any of the NEOs or other key management employees. However, base salary, which is the primary fixed element of total compensation, serves as the foundation of the total compensation structure since most of the variable compensation elements are linked directly or indirectly to the base salary level.

Base salaries of the NEOs are reviewed on an annual basis and compared against the median salaries of similar positions, based on survey data provided by the Company s compensation consultants. Individual base salaries may be higher or lower than the benchmark based on a subjective assessment of organizational and individual qualities and characteristics, including the strategic importance of the individual s job function to the Company as well as an NEO s

experience, competency, skill level, overall contribution to the success of our business and potential to make significant contributions to the Company in the future. In light of recent economic conditions, the Compensation Committee decided not to award any base pay increases to the NEOs for the 2010 fiscal year.

Annual Cash Incentive Compensation Plan (short-term compensation element)

The focus of our annual executive incentive plan, the EIP, is to promote profitable top line growth and quality of earnings. The EIP design is grounded by the following set of core guiding principles which are reflective of our compensation philosophy and are intended to support a sustainable plan design:

Accountability plans are heavily weighted to individual business unit performance;

Focus pick a few things and do them well;

Alignment plans are aligned with overall business strategy and growth objectives;

Simplicity plans are easy to understand and communicate; and

Differentiation recognize the unique aspects of regions and business units, as well as individual performance.

The EIP provides annual cash incentive compensation opportunities based on various performance metrics related to the financial performance of the Company and its business units. An incentive target is established for each NEO as a percentage of base salary, which is generally intended to approximate the market median for similar positions within the Compensation Peer Group. For the 2010 fiscal year, the incentive targets for Mr. Hagedorn, Mr. Baker and all other NEOs were set at 100%, 75% and 55% of base salary, respectively. The Compensation Committee believes the incentive targets compare favorably with those of our Compensation Peer Group for similar positions.

Funding Triggers: The EIP design includes two funding triggers that are intended to ensure alignment between management and key stakeholders.

Credit facility compliance Payouts under the EIP are subject to the Company maintaining compliance with the quarterly debt/EBITDA ratio (Leverage Ratio) requirement under its senior secured credit facilities. The Compensation Committee believes this feature ensures that management continues to be aligned with the interests of all key stakeholders, including the Company s creditors. The Company was in compliance with the Leverage Ratio requirement under its senior credit facilities throughout the 2010 fiscal year.

Corporate profitability If the Company fails to achieve a specified level of Corporate Adjusted EBITA for the full fiscal year, all payouts calculated under the EIP are reduced by 50%. The Compensation Committee believes this feature ensures that management delivers growth to the shareholders before significant bonuses can be earned. For the 2010 fiscal year the funding trigger was established at a Corporate Adjusted EBITA (as defined below) target of $369 million, which approximated the actual results for the prior year after adjusting for non-recurring items and applying a growth factor. The Company s actual performance of $427.5 million substantially exceeded the funding trigger for the 2010 fiscal year.

Payouts Subject to Quality of Earnings Governors: The EIP design encourages alignment within the senior leadership team around the goal of improving the Quality of Earnings as well as the overall level of earnings. In addition to the funding triggers, the total incentive payouts calculated under the EIP, based on the achievement of the performance metrics, were subject to reduction based on the following Quality of Earnings measurements, each of which is calculated at the consolidated Company level:

Gross Margin Rate Expansion: If the Global Consumer gross margin rate for the 2010 fiscal year is less than 37.3%, payouts reduced up to 10%.

Cash Flow Generation: If the free cash flow generation for the 2010 fiscal year is less than $175 million, payouts reduced up to 10%.

SG&A Control: If the total SG&A expenses for the 2010 fiscal year, excluding media expenses and incentive payouts in excess of target, are greater than $600.8 million, payouts reduced up to 10%.

Table of Contents

For the 2010 fiscal year the Company exceeded the performance targets for each of the quality of earnings governors so no reductions were applied to the calculated payouts.

Individual Discretionary Component: The EIP also includes a discretionary component to further distinguish individual performance. The Compensation Committee may exercise its discretion to adjust the total weighted incentive award calculated under the EIP for each plan participant based on various business factors, including individual performance. As a result, an individual participant could receive a total incentive payout that differs from the payout that would be calculated based solely on achievement of the performance metrics under this plan.

For the 2010 fiscal year, 80% of the total weighted payout (the non-discretionary portion) for plan participants was determined based directly on achievement of the pre-defined performance metrics, with the remaining 20% (the discretionary portion) awarded at the discretion of the Compensation Committee based on each NEO s performance during the fiscal year. For further discussion of the discretionary incentive amounts awarded to the NEOs for the 2010 fiscal year, see the Summary Compensation Table for 2010 Fiscal Year.

Tax Deductibility: The design and administration of the EIP are generally intended to qualify the underlying payouts as performance-based compensation for purposes of IRC § 162(m) in order to maximize the tax deductibility of such compensation for the Company. Accordingly, the Compensation Committee oversees the operation of the EIP, including approval of the plan design, performance objectives and payout targets for each fiscal year.

The EIP Performance Metrics: For the 2010 fiscal year, the incentive awards for all NEOs were based on the following performance measures, each of which is calculated at the consolidated Company level:

*Net Sales Growth** a measurement of net sales growth, including Roundup® net sales.

Adjusted EBITA earnings before interest, taxes and amortization, adjusted to exclude discontinued operations, charges related to registration and recall matters, impairment and other non-cash charges.

* For reporting purposes in accordance with generally accepted accounting principles in the United States (U.S. GAAP), the Company includes the commission relating to the Roundup® Marketing Agreement and associated cost reimbursements in net sales; as a result, there is a difference between the Company s reported net sales and the net sales used for purposes of calculating incentive payouts under the EIP.

The Compensation Committee believes these measures reflect key value drivers of the business and align management with shareholder interests. As reflected in the table below, for each performance measure, achievement of pre-defined minimum, target and maximum performance goals resulted in compensation payouts of 50%, 100% and 200% of the NEO s target incentive opportunity, respectively. Actual payouts for performance results between the pre-defined performance goals were calculated on a straight-line basis.

The target performance goals chosen for the NEOs were based on the Company s operating plan for the 2010 fiscal year. The minimum performance goals were established based on the 2009 actual results, with pro forma adjustments for discontinued operations, incentive payments in excess of target and non-cash items. The target performance goals, which establish the performance criteria to achieve a payout of 100%, were based on achieving the operating budget for the 2010 fiscal year and the maximum performance goals were set at a level thought to reflect aggressive, but attainable growth. The consolidated Company level performance goals and actual performance results for the 2010 fiscal year (with dollars in millions) were:

Metric	Payout Level	Actual	Calculated

Metric	Weighting	50%	100%	200%	Results	Payout %
Net Sales Growth	25%	$ 3,318.4	$ 3,402.6	$ 3,589.9	$ 3,446.4	123.4%
Adjusted EBITA	75%	$ 387.0	$ 403.2	$ 435.2	$ 427.5	175.9%
Weighted Payout %						162.8%

Note: The Compensation Committee believes that the performance metrics should not be influenced by currency fluctuations and, therefore, where applicable, the EIP metrics reflect currency translation based on budgeted exchange rates, which is in contrast to actual exchange rates employed for currency conversions used

for U.S. GAAP reporting. As a result, there could be a difference between the Company s reported financial results and the amounts used for purposes of calculating incentive payouts under the EIP.

Long-Term Equity-Based Incentive Awards (long-term compensation element)

Long-term incentive compensation is an integral part of total compensation for Company executives and directly ties rewards to performance that is intended to create and enhance shareholder value. The Compensation Committee targets the grant value (equity award value) of long-term equity-based incentive awards at the 50th percentile of the Compensation Peer Group. The target award value may be delivered in any combination of options, stock appreciation rights (SARs), restricted stock, restricted stock units (RSUs), performance shares or other equity-based awards. Consistent with the Company s performance-based pay philosophy, the targeted grant value of individual equity-based incentive awards may be adjusted upward or downward from the 50th percentile based on factors such as the overall performance level of the individual, the overall contribution of the individual to the success of the business, years of service and the potential of the individual to make significant contributions to the Company in the future.

For the 2010 fiscal year, approximately 50% of the target equity award value granted to NEOs was in the form of non-qualified stock options (NSOs), with the remaining 50% granted in the form of RSUs. The decision to use a combination of NSOs and RSUs reflected competitive pay practices as compared to the Compensation Peer Group and allowed the Company to deliver the intended equity award value with fewer Common Shares underlying the awards granted. The specific numbers of Common Shares subject to NSOs and RSUs awarded were determined as follows:

Target Option Award value / Black-Scholes value per NSO = number of Common Shares subject to NSOs awarded; and

Target Stock Award value / fair market value per share = number of Common Shares underlying RSUs awarded.

All NSOs and RSUs awarded to the NEOs in the 2010 fiscal year were awarded subject to a three-year, time-based cliff vesting provision. The RSU grants did not qualify as performance-based compensation for purposes of IRC § 162(m). As a result, the Company s ability to deduct the full value of these awards at the time of vesting may be limited. Information regarding our equity grant practices, including the determination of exercise price, can be found in the section captioned Other Executive Compensation Policies, Practices and Guidelines *Practices Regarding Equity-Based Awards* below.

Executive Retention Awards (long-term compensation element)

In the 2008 fiscal year, the Company was facing a number of challenging circumstances, including rising commodity costs and a sharp decline in the market value of its Common Shares. As a result, the majority of the Company s outstanding NSOs decreased significantly in value. In response to these circumstances, the Company commenced a strategy to retain key executive talent. In furtherance of this strategy, the Compensation Committee authorized grants of discretionary retention awards to Mr. Evans and Mr. Sanders on November 4, 2008, each of which had a grant date value of $1.0 million, in the form of deferred compensation under The Scotts Company LLC Executive Retirement Plan (the ERP). A similar retention award with an equal value was approved with respect to Mr. Lopez and is more fully described below.

Mr. Evans and Mr. Sanders had the right to elect an investment fund, including a Company stock fund, against which the retention award will be benchmarked, and both elected the Company stock fund. The retention awards are generally subject to cliff vesting on November 4, 2011, with limited exceptions that provide for accelerated or pro rata vesting. Each retention award is subject to forfeiture if Mr. Evans or Mr. Sanders is terminated for cause at any time

or if they engage in certain actions prohibited by the retention award agreement within 180 days before or 730 days after their employment is terminated for any reason.

The value of the retention awards, which have not vested as of the end of the 2010 fiscal year, are reflected in the Non-Qualified Deferred Compensation Table For 2010 Fiscal Year. Provided the vesting

provisions are met, the Company will distribute one-fourth of the vested retention award account balance on each of November 4, 2011 and November 4, 2012 and the remaining account balance will be distributed on November 4, 2013.

On November 4, 2008, the Compensation Committee also granted a discretionary retention award to Mr. Lopez in the form of 36,400 RSUs. Mr. Lopez retention award is governed by the terms of the Company s 2006 Plan and the applicable award agreement that contains terms and conditions substantially similar to the form of retention award agreement approved by the Compensation Committee for Mr. Evans and Mr. Sanders.

Executive Perquisites and Other Benefits (short-term compensation element)

The Company maintains traditional health and welfare benefit plans and the RSP, a qualified 401(k) plan, that are generally offered to all employees (subject to basic plan eligibility requirements) and are consistent with the types of benefits offered by other similar corporations. In addition to these traditional benefits, the Company offers certain executive level perquisites to key executives which are designed to be competitive with the compensation practices of corporations in the Compensation Peer Group, including comprehensive annual physical examinations, a car allowance of $1,000 per month (except for Mr. Baker who received a car allowance of $1,167 per month) and annual financial planning services valued at approximately $4,000 per year.

For safety and security reasons, the Board approved CEO/COO Travel Guidelines (the Travel Guidelines) for the 2010 fiscal year which provide that Mr. Hagedorn and Mr. Baker may use either personal aircraft or Company aircraft for commuting purposes. With respect to Mr. Hagedorn, and in lieu of further increasing his cash-based compensation to compensate him for his prior commuting perquisite, the Compensation Committee approved a compensatory monthly commuting allowance of $20,000, beginning in the 2010 fiscal year. The commuting allowance is intended to offset the annual costs associated with Mr. Hagedorn s compliance with the Travel Guidelines.

With respect to Mr. Baker, the Compensation Committee approved a compensatory monthly commuting allowance of $35,000, beginning in the 2010 fiscal year. The commuting allowance is intended to offset the annual costs associated with Mr. Baker s compliance with the Travel Guidelines. In an effort to mitigate the cost increase to the Company associated with providing the commuting allowance, Mr. Baker agreed to restructure his total compensation package to reduce the minimum grant date value of his long-term equity-based compensation by $240,000 per year, beginning in the 2010 fiscal year. The Compensation Committee believes that the approved approach is fair and equitable to the Company and Mr. Baker.

Mr. Hagedorn and Mr. Baker are also entitled to limited personal use of Company aircraft at their own expense. Specifically, Mr. Hagedorn has an option to purchase up to 100 flight hours per year for personal use and Mr. Baker has an option to purchase up to 50 flight hours per year for personal use. Both Mr. Hagedorn and Mr. Baker purchase their respective flight hours at the Company s incremental direct operating cost per flight hour so there is no incremental cost to the Company associated with providing this perquisite other than the partial loss of a tax deduction of certain aircraft-related costs as a result of any personal use of Company aircraft. Since Company aircraft are used primarily for business travel, the determination of the direct operating cost per flight hour excludes the fixed costs which do not change based on usage, such as pilots salaries, the purchase cost of Company aircraft and the cost of maintenance not related to personal trips. As an additional perquisite, Mr. Hagedorn and Mr. Baker have access to the services of the Company s aviation mechanics and pilots in circumstances involving commuting flights on personal aircraft. Since the Company s aviation mechanics and pilots are paid on a salary basis, there is no incremental cost to the Company for providing this perquisite. For further discussion see section captioned CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Retirement Plans and Deferred Compensation Benefits (long-term compensation element)

ERP

The ERP is a non-qualified deferred compensation plan which provides executives the opportunity to: (1) defer compensation above the specified statutory limits applicable to the RSP and (2) defer compensation with respect to any Performance Award (as defined in the ERP). The ERP is an unfunded plan and is subject to the claims of the Company s general creditors. During the 2010 fiscal year, the ERP consisted of five parts:

Compensation Deferral, which allows continued deferral of salary and amounts received in lieu of salary;

Performance Award Deferral, which allows the deferral of up to 100% of any cash incentive compensation earned under the EIP;

Retention Awards, which reflect the Company s contribution to the ERP in respect of the retention awards described above;

Crediting of Company Matching Contributions on qualifying deferrals that could not be made to the RSP due to certain statutory limits; and

Retirement contributions (referred to as Base Retirement Contributions), which were made by the Company to the ERP once the statutory compensation cap was reached in the RSP and with respect to any qualifying deferrals to the ERP. A Base Retirement Contribution was made to the ERP regardless of whether Compensation Deferral or Performance Award Deferral elections were made under the ERP.

The Company Matching Contributions and Base Retirement Contributions to the ERP were based on the same contribution formulae as those used for the RSP. Specifically, the Company matched the Compensation Deferral at 100% for the first 3% of eligible earnings contributed to the ERP and 50% for the next 2% of eligible earnings contributed to the ERP. Performance Award Deferrals to the ERP are not eligible for Company Matching Contributions. The Company also made a Base Retirement Contribution in an amount equal to 2% of eligible earnings for all eligible executive officers, regardless of whether they made deferral elections under the ERP. This amount increased to 4% once an executive officer s eligible earnings reached 50% of the Social Security wage base. Base Retirement Contributions were made to the ERP once an executive officer exceeded the maximum statutory compensation allowable under the RSP and with respect to all qualifying deferrals to the ERP.

All accounts under the ERP are bookkeeping accounts and do not represent claims against specific assets of the Company. Each participant directs the portion of future credits to the participant s ERP accounts that will be, as well as the existing balance of the participant s ERP accounts that is, credited to one or more benchmarked investment funds, including a Company stock fund and mutual fund investments, which are substantially consistent with the investment options permitted under the RSP. Accordingly, there were no above-market or preferential earnings on investments associated with the ERP for any of the NEOs for the 2010 fiscal year.

Other Retirement and Deferred Compensation Plans

The Scotts Company LLC Excess Benefit Plan for Non Grandfathered Associates (the Excess Pension Plan) is an unfunded plan that provides benefits which cannot be provided under The Scotts Company LLC Associates Pension Plan (the Associates Pension Plan) due to specified statutory limits. The Associates Pension Plan was frozen effective

December 31, 1997 and, therefore, no additional benefits have accrued after that date under the Excess Pension Plan. Continued service taken into account for vesting purposes under the Associates Pension Plan is, however, recognized with respect to the entitlement to, and the calculation of, subsidized early retirement benefits under the Excess Pension Plan. Based on his tenure, Mr. Hagedorn is the only NEO who participates in the Excess Pension Plan. For further details regarding the Excess Pension Plan, see Pension Benefits Table.

Our Compensation Practices

Oversight of Executive Officer Compensation

The Compensation Committee has oversight responsibility for all elements of executive compensation for our CEO and other key executives. As part of its responsibility, the Compensation Committee is responsible for evaluating the CEO s performance and setting the CEO s annual compensation. In setting the CEO s compensation, the Compensation Committee considers:

- The specific performance of the CEO;
- The performance of the Company against pre-determined performance goals;
- Management s recommendations with respect to the CEO s compensation; and
- The competitive level of the CEO s compensation as benchmarked against similar positions with the Compensation Peer Group.

In addition to setting the compensation of the CEO and approving the compensation recommendations for other key executives, the Compensation Committee is also responsible for administering or overseeing all equity-based incentive plans to achieve the objectives of the compensation program within the framework approved by our shareholders. Under the terms of these plans, the Compensation Committee has sole discretion and authority to determine the size and type of all equity-based awards, as well as the period of vesting and all other key terms and conditions of the awards.

With respect to the annual incentive compensation plans the Compensation Committee has responsibility for approving the overall plan design, as well as the performance metrics, performance goals and payout levels proposed by management.

Role of Outside Consultants

During the 2010 fiscal year, the Compensation Committee engaged an independent consultant from Fred Cook & Co. to advise the Compensation Committee with respect to best practices and competitive trends in the area of executive compensation, as well as ongoing regulatory considerations. The consultant provided guidance to assist the Compensation Committee in its evaluation of the recommendations submitted by management with respect to executive compensation. Fred Cook & Co. did not provide any consulting services directly to management.

During the 2010 fiscal year, the Company engaged consultants from Towers Watson and Hewitt Associates, Inc. These firms worked directly with management to advise the Company on best practices and competitive trends, as well as ongoing regulatory considerations with respect to executive compensation. Neither firm provided consulting services directly to the Compensation Committee.

Table of Contents

Compensation Peer Group

For the purpose of enabling the Company to benchmark our compensation practices, as well as the total compensation packages of the CEO and other key executives, the Company uses a customized Compensation Peer Group, which was developed in cooperation with the Committee s consultant. For the 2010 fiscal year the Compensation Committee approved changes to the Compensation Peer Group, expanding it from 15 companies to 24 companies, which is reflective of best practice and helps to ensure the statistical quality of the benchmark data. The Compensation Committee believes that the companies chosen for the Compensation Peer Group (listed below) reflect the types of highly regarded consumer products-oriented companies that the Company typically competes with to attract and retain executive talent.

ACCO Brands Corporation	Alberto-Culver Company	American Greetings Corporation	Blyth, Inc.
Central Garden & Pet Company	Church & Dwight Co., Inc.	The Clorox Company	Del Monte Foods Company
Elizabeth Arden, Inc.	Energizer Holdings, Inc.	FMC Corporation	Fortune Brands, Inc.
The Hershey Company	Jarden Corporation	The Estée Lauder Companies Inc.	Masco Corporation
McCormick & Company, Inc.	Newell Rubbermaid Inc.	Nu Skin Enterprises	Revlon, Inc.
The J. M. Smucker Company	Stanley Black & Decker, Inc.	The Toro Company	Tupperware Brands Corporation

The Compensation Committee believes this Compensation Peer Group reflects the pay practices of the broader consumer products industry and is reflective of the size and complexity of the Company. In general, the Compensation Peer Group reflects companies that range between $1.0 billion and $7.8 billion of annual revenues, with a median annual revenue slightly above the Company s revenue for the 2010 fiscal year.

Use of Tally Sheets

On an annual basis, management prepares and furnishes to the Compensation Committee a comprehensive statement, known as a Tally Sheet, reflecting the value of each element of compensation for the current fiscal year as well as executive perquisites and other benefits provided to the NEOs.

The Tally Sheets provide perspective to the Compensation Committee on the overall level of executive compensation and wealth accumulation, as well as the relationship between short-term and long-term compensation elements, and how each element relates to our compensation philosophy and guiding principles. The Tally Sheets are instructive for the Compensation Committee when compensation decisions are being evaluated, particularly as it relates to compensation decisions made in connection with promotions, special retention issues and separations from the Company.

Role of Management in Compensation Decisions

The CEO is responsible for conducting annual performance reviews and establishing performance objectives for all of the other NEOs, who in turn are responsible for conducting reviews and establishing performance objectives for other key management employees. As mentioned above, the Compensation Committee establishes the annual performance

objectives for the CEO and completes an annual assessment of his performance. The Compensation Committee believes that the performance evaluation and goal-setting process is critical to the overall compensation-setting process, because the personal performance level of each NEO is one of the most heavily weighted factors considered by the Compensation Committee when making compensation decisions.

In conjunction with the Company s outside consultants from Towers Watson and Hewitt Associates, Inc., management conducts annual market surveys of the base salary levels, short-term incentives and long-term incentives for the CEO and each of the other NEOs. The benchmark compensation data provided by Towers Watson and Hewitt reflects approximately 200 general industry companies ranging between $1.0 and $9.0 billion of annual revenue. To account for the wide range of companies included in the surveys, the data is statistically adjusted by the Company s compensation consultants to more closely reflect the relative size of the Company, based on revenue. Management s goal in conducting these surveys is to better understand competitive compensation programs and trends, as well as the level and mix of compensation elements. The Compensation Committee considers the survey information to help ensure that executive compensation levels remain competitive with the Company s Compensation Peer Group, which facilitates our ability to retain and motivate key executive talent.

The CEO and the Executive Vice President, Global Human Resources make specific recommendations to the Compensation Committee with respect to each element of executive compensation for each of the NEOs, other than the CEO. These recommendations are based on their assessment of the competitive market trends, as referenced by the benchmark compensation data, and the performance level of the individual NEO. The Compensation Committee, with the assistance of its compensation consultant, independently evaluates these recommendations taking into account the competitive market data, the overall performance level of each NEO and our compensation guiding principles.

Setting Compensation Levels for CEO

Consistent with our performance-oriented pay philosophy, the compensation structure for the CEO is designed to deliver approximately 20% of the annual compensation opportunity in the form of fixed pay (*i.e.*, base salary) and the remaining 80% in the form of variable pay (*i.e.*, annual incentive compensation and long-term equity-based compensation). Once a year, the Compensation Committee completes an evaluation of the CEO s performance with respect to the Company s goals and objectives and makes its report to the Board. Based on this assessment, the Compensation Committee set the CEO s annual compensation for the 2010 fiscal year, including base salary, annual incentive compensation, long-term equity-based compensation and perquisites and other benefits. When evaluating Mr. Hagedorn s total level of compensation for the 2010 fiscal year, the Compensation Committee considered information including:

Mr. Hagedorn s personal performance against pre-established goals and objectives;

The Company s performance and relative shareholder return; and

The compensation of CEOs at companies within our Compensation Peer Group.

Base Salary

Mr. Hagedorn receives an annual base salary of $1.0 million, which is reviewed annually by the Compensation Committee. In light of recent economic conditions the Compensation Committee did not award a base salary increase to Mr. Hagedorn for the 2010 fiscal year. Mr. Hagedorn s base salary for the 2010 fiscal year was slightly above the median of his peers as reflected in the compensation benchmark data.

Short-Term Cash-Based Incentive Compensation

For purposes of his participation in the EIP, Mr. Hagedorn s target incentive opportunity was equal to 100% of his base salary for the 2010 fiscal year, which remained unchanged from the prior year. Based on the benchmark compensation data, Mr. Hagedorn s target incentive opportunity, expressed as a percentage of base salary, approximated the market median of his peers.

For the 2010 fiscal year, Mr. Hagedorn s target incentive opportunity under the EIP was directly attributable to attainment of annual performance measures established at the consolidated Company level and approved by the Compensation Committee. Under the EIP, the measures used to determine Mr. Hagedorn s incentive compensation for the 2010 fiscal year, which were the same measures used for all other NEOs, were Net Sales (25% weighting) and Adjusted EBITA (75% weighting). A description of the specific performance goals and the payout levels associated with each performance measure is included above in the section captioned Elements of Executive Compensation *Annual Cash Incentive Compensation Plan (short-term compensation element).*

Equity-Based Compensation

For the 2010 fiscal year, the Compensation Committee maintained the grant value for Mr. Hagedorn s equity-based compensation at approximately $3.0 million, representing 60% of his total direct compensation (salary, annual cash-based incentive compensation and long-term equity-based compensation) based on target levels of performance. This positions his long-term compensation at approximately 19% above the market median when compared to the benchmark compensation data, a level that is viewed by the Compensation Committee as competitive and reflects Mr. Hagedorn s personal performance as well as the overall

performance of the Company. Mr. Hagedorn s total direct compensation, based on target levels of performance, was approximately 15% above the market median of the benchmark compensation data.

Of the long-term compensation value, approximately 50% of the grant value of Mr. Hagedorn s long-term equity-based compensation was awarded in the form of NSOs and the remaining 50% was awarded in the form of RSUs. Both the NSOs and the RSUs are subject to three-year, time-based cliff vesting. The Compensation Committee s decision to award a mix of NSOs and RSUs reflects a balance between rewarding Mr. Hagedorn for future share price appreciation while attempting to mitigate dilution to existing shareholders since a grant of RSUs requires considerably fewer Common Shares than a grant of NSOs, while delivering the same grant value.

Setting Compensation Levels for Other NEOs

The Compensation Committee strives to deliver a competitive level of total compensation to each of the NEOs by evaluating and balancing the following objectives:

- The strategic importance of the position within our executive ranks;
- The overall performance level of the individual and the potential to make significant contributions to the Company in the future;
- The value of the job in the marketplace;
- Internal pay equity; and
- Our executive compensation structure and philosophy.

Consistent with our performance-oriented pay philosophy, the compensation structure for Mr. Baker was designed to deliver approximately 20% of the annual compensation opportunity in the form of fixed pay (*i.e.*, base salary) and the remaining 80% in the form of variable pay (*i.e.*, annual incentive compensation and long-term equity-based compensation). With respect to the other NEOs, the compensation structure is designed to deliver approximately one-third of the annual compensation opportunity in the form of fixed pay and the remaining two-thirds in the form of variable pay. The Compensation Committee believes that this pay mix is generally in line with the pay mix for similar positions within our Compensation Peer Group.

Based on their assessment of the individual performance of each NEO, the CEO and the Executive Vice President, Global Human Resources submit compensation recommendations to the Compensation Committee for each NEO. These recommendations address all elements of compensation, including base salary, annual incentive compensation, long-term equity-based compensation and perquisites and other benefits. In evaluating these compensation recommendations, the Compensation Committee considers information such as the Company s financial performance as well as the compensation of similarly situated executive officers as determined by reference to the benchmark compensation data.

Base Salary

Mr. Baker received an annual base salary of $900,000, which is reviewed annually by the Compensation Committee. The decision by the Compensation Committee to set Mr. Baker s base salary at this level was based on an assessment of the magnitude of his responsibility in the organization and an attempt to position his pay level between that of our CEO and Mr. Baker s direct reports.

In light of recent on economic conditions, the Compensation Committee did not award base salary increases to Mr. Baker or any of the other NEOs for the 2010 fiscal year. Based on the benchmark compensation data, the base salary level of Mr. Baker compared above the 75% percentile of the benchmark compensation data. The base salary levels of Mr. Evans and Mr. Sanders remained within a competitive range of plus or minus 10% compared to the market median of the benchmark compensation data. We determine compensation levels for executives who are based outside the U.S., such as Mr. Lopez, based on local market competitive practices.

Short-Term Cash-Based Incentive Compensation

For purposes of the EIP, the target incentive opportunity for Mr. Baker was equal to 75% of base salary for the 2010 fiscal year, which approximated the market median of the benchmark compensation data. The target incentive for the other NEOs, was equal to 55% of base salary for the 2010 fiscal year, which put less of their total pay at risk than that of Mr. Hagedorn and Mr. Baker, and was generally lower than the comparable percentage of short-term cash-based incentives offered to similarly situated executive officers as reflected in the benchmark compensation data.

For the 2010 fiscal year, the target incentive compensation opportunity under the EIP was directly attributable to attainment of annual performance measures which were approved by the Compensation Committee. Under the EIP, the measures used to determine the incentive compensation for the 2010 fiscal year, which were the same measures used for all other NEOs, were Net Sales (25% weighting) and Adjusted EBITA (75% weighting). A description of the specific performance goals and the payout levels associated with each performance measure is included above in the section captioned Elements of Executive Compensation *Annual Cash Incentive Compensation Plan (short-term compensation element).*

Equity-Based Compensation

The Company supports a compensation philosophy of strongly linking rewards to shareholder value creation and to motivating long-term performance. As a result, approximately 60% of the value of Mr. Baker s annual compensation opportunity was delivered in the form of equity-based compensation. Per the terms of his employment agreement, Mr. Baker was entitled to receive long-term equity-based compensation awards for the 2010 fiscal year valued at approximately $2.46 million on the date of grant. This positions his long-term compensation above the 75th percentile when compared to his peers reflected in the benchmark compensation data.

For the 2010 fiscal year, the target value of the equity-based compensation for each of the NEOs as a percentage of base salary was as follows: Mr. Baker (274%), Mr. Evans (147%), Mr. Sanders (147%) and Mr. Lopez (119%). The specific equity-based award granted to each NEO was determined based on a subjective assessment of the NEO s overall performance level as well as the NEO s expected contributions to the business. The grant value of the equity-based compensation awarded to the NEOs for the 2010 fiscal year reflected competitive grants levels, ranging between 8% to 26% above the market median of the benchmark compensation data. The Compensation Committee believes the grant values are reflective of competitive practice and recognize the personal performance of each of the NEOs.

Approximately 50% of the grant value of the long-term equity-based compensation awarded to the NEOs was in the form of NSOs and the remaining 50% in the form of RSUs. Both the NSOs and the RSUs are subject to three-year, time-based cliff vesting. The Compensation Committee s decision to award a mix of NSOs and RSUs reflects a balance between rewarding the NEOs for future share price appreciation while attempting to mitigate the dilution to existing shareholders since a grant of RSUs requires considerably fewer Common Shares than a grant of NSOs while delivering the same grant value.

Total Direct Compensation

Mr. Baker s total direct compensation (based upon target levels of performance), which exceeds the 75th percentile of the peers reflected in the benchmark compensation data, evidences the overall compensation level that the Compensation Committee deemed appropriate. The total direct compensation (based upon target levels of performance) for each of Mr. Evans and Mr. Sanders was below the median of peers reflected in the benchmark

compensation data. We determine compensation levels for executives who are based outside the U.S., such as Mr. Lopez, based on local market competitive practices.

Performance Shares

On October 30, 2007, in recognition of Mr. Sanders ongoing commitment to the Company, the Compensation Committee approved the award of up to 40,000 performance shares in the aggregate, which included up to 10,000 performance shares for the 2008 fiscal year performance period, up to 10,000 performance

shares for the 2009 fiscal year performance period and up to 20,000 performance shares for the 2010 fiscal year performance period. Each performance share represents the right to receive one full Common Share if the applicable performance goals are satisfied. Based on performance criteria established by the Compensation Committee, Mr. Sanders previously earned 5,038 of a possible 10,000 performance shares with respect to the 2008 fiscal year, and 10,000 of a possible 10,000 shares with respect to the 2009 fiscal year.

The Compensation Committee established the performance goal for the 2010 fiscal year performance period based upon the results of the U.S. portion of our Global Consumer business segment (the U.S. Consumer) business, which reflected Mr. Sanders primary responsibility for the 2010 fiscal year. The performance criteria provided for performance shares to be earned ratably 10,000 performance shares (threshold) would be earned if the EBITDA achievement for the 2010 fiscal year for the U.S. Consumer business was at least $439.2 million (100% of the actual EBITDA results achieved in the 2009 fiscal year) and 20,000 performance shares (maximum) would be earned for achieving EBITDA performance of at least $473.9 million (the budget for the 2010 fiscal year). Based on the U.S. Consumer business achieving an actual EBITDA performance of $497.4 million, representing more than 100% of the budget, Mr. Sanders earned the full 20,000 performance shares possible for the 2010 fiscal year performance period.

Other Executive Compensation Policies, Practices and Guidelines

Practices Regarding Equity-Based Awards

In general, all employees are eligible to receive grants of equity-based awards; however, the Compensation Committee typically limits participation to the CEO, the NEOs and other key management employees. The decision to include certain key management employees in the annual equity-based awards is reflective of competitive market practice and serves to reward those individuals for their past and future positive impact on our business results.

Grants of equity-based awards are typically approved on an annual basis at a regularly scheduled meeting of the Compensation Committee. The grant date is established as the date of the Compensation Committee action. The Company s practice is to grant equity-based awards at the January Compensation Committee meeting. Other than this practice, the Company does not have any program, plan or practice to coordinate the timing of annual equity-based awards to our executive officers with the release of material, non-public information.

The exercise price for each NSO is equal to the closing price of the Common Shares on the grant date, as reported on NYSE. If the grant date is not a trading day on NYSE, the exercise price is equal to the closing price on the next succeeding trading day.

Stock Ownership Guidelines

The Compensation Committee has established stock ownership guidelines, which vary by position, for the CEO and the other NEOs. The purpose of these guidelines is to align the interests of each NEO with the long-term interests of the shareholders by ensuring that a material amount of each NEO s accumulated wealth is maintained in the form of Common Shares. The minimum target levels of stock ownership established by position are as follows:

CEO	5 times the sum of base salary plus target EIP opportunity*
Other NEOs	3 times the sum of base salary plus target EIP opportunity

*

The ownership guideline for the CEO is effectively 10 times base salary since his incentive target is equal to his base salary.

The Compensation Committee believes that these stock ownership guidelines are generally more stringent than the practices of our Compensation Peer Group since we include the annual target EIP opportunity (in addition to base salary) when establishing the minimum amount of stock ownership desired, while most of the

other members of our Compensation Peer Group look only at multiples of base salary. For purposes of achieving the desired level of stock ownership, the following forms of equity-based holdings are included:

- Common Shares held directly or indirectly in personal or brokerage accounts;
- Common Shares reflecting amounts credited to the benchmark Company stock fund under the ERP;
- Common Shares held in an account under the RSP;
- Restricted stock and RSU grants;
- Performance share and performance unit grants; and
- Grants of NSOs and SARs, both vested and unvested, based on the Black-Scholes value at the time of grant.

According to the Company s stock ownership guidelines, each NEO has five years from the date of hire or promotion to fully reach the appropriate ownership guideline for his or her position.

Recoupment/Clawback Policies

To protect the interests of the Company and its shareholders, subject to applicable law, all equity-based awards and all amounts paid under the EIP contain recoupment provisions (known as clawback provisions) designed to enable the Company to recoup Common Shares or other amounts earned or received under the terms of an equity-based award or the EIP based on subsequent events, such as violation of non-compete covenants or engaging in conduct that is deemed to be detrimental to the Company (as outlined in the underlying plan and/or award agreement).

Consistent with the terms of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Compensation Committee approved the Executive Compensation Recovery Policy (the Recovery Policy) on September 22, 2010, which is intended to supplement the existing recoupment provisions contained within the equity award agreements and the EIP. The Recovery Policy allows the Company to recover incentive award payments and equity award distributions made to covered executives in the event of a required accounting restatement of a financial statement of the Company due to material non-compliance of the Company with any financial reporting requirement under U.S. securities laws. The Recovery Policy provides for the mandatory recovery of incentive amounts in excess of what would have been paid under the restated financial statements.

The Recovery Policy is applicable to all current and former incentive eligible executive officers, within a qualifying three year look-back period, and applies to all incentive awards paid or distributed in 2010 or thereafter, except to the extent required by regulations to be issued by the SEC.

Guidelines with Respect to Tax Deductibility and Accounting Treatment

The Company s ability to deduct certain elements of compensation paid to each of the NEOs is generally limited to $1.0 million annually under IRC § 162(m). This non-deductibility is generally limited to amounts that do not meet certain requirements to be classified as performance-based compensation. To ensure the maximum tax deduction allowable, the Company attempts to structure its cash-based incentive program to qualify as performance-based compensation under IRC § 162(m). For the 2010 fiscal year, Mr. Hagedorn and Mr. Baker had non-performance-based compensation in excess of $1.0 million, attributed to their base salary levels, the value of commuting allowances and the income associated with the vesting of restricted stock awards that were granted in prior years. None of the other NEOs had non-performance-based compensation in excess of $1.0 million.

The Company accounts for equity-based compensation, including option awards and stock awards, in accordance with U.S. GAAP. Prior to making decisions to grant equity-based awards, the Compensation Committee reviews pro forma expense estimates for the awards as well as an analysis of the potential dilutive effect such awards could have on existing shareholders. Where appropriate, the proposed level of the equity-based awards may be adjusted to balance these objectives.

Decisions regarding the design, structure and operation of the Company s incentive plans, including the EIP and the equity-based incentive plans, contemplate an appropriate balance between the underlying objectives of each plan and the resulting accounting and tax implications to the Company. While we view

preserving the tax deductibility of executive compensation as an important objective, there are instances where the Compensation Committee has approved design elements that may not be fully tax-deductible, but are accepted as trade-offs that support the achievement of other compensation objectives.

For the 2010 fiscal year, the Company awarded approximately 50% of the target grant value of equity-based long-term compensation in the form of NSOs, with the remaining 50% in the form of RSUs. While the RSUs do not qualify as performance-based compensation for purposes of IRC § 162(m) because they vest without regard to performance, the decision to use a combination of NSOs and RSUs reflected competitive pay practices and allowed the Company to deliver the intended grant value with fewer Common Shares underlying the awards granted and to balance the overall market risk associated with the equity-based compensation for each NEO.

Risk Assessment in Compensation Programs

Consistent with new SEC disclosure requirements, management has assessed the Company s compensation programs and has concluded that the Company s compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company. In reaching its conclusion, the Company has based its assessment on an evaluation of the compensation plans and arrangements that represent material sources of variable pay. In particular:

Annual cash incentive compensation plans The Company believes the design of the program, which incorporates funding triggers and quality of earnings governors intended to mitigate the potential risk associated with plan participants making short-term decisions that may not be in the best interest of the Company or its key stakeholders; and

Equity-based compensation plans The Company utilizes a mix of NSOs and full-value equity awards, which helps ensure that management maintains a responsible level of sensitivity to the impact of decision making on share price. Since the equity-based awards are subject to three-year, time-based cliff vesting, the Company believes the risks of focusing on short-term share price increases rather than long-term value creation are mitigated.

Based on the foregoing, we believe that our compensation policies and practices do not create inappropriate or unintended significant risk to the Company as a whole and are supported by the oversight and administration of the Compensation Committee with regard to executive compensation programs.

Recent Developments

In October 2010, Mr. Hagedorn announced that he had reconsidered his decision to retire and, with the support of the Board, intends to continue to serve as both Chairman of the Board and CEO. In light of Mr. Hagedorn s decision, Mr. Baker resigned as the Company s President and Chief Operating Officer effective October 28, 2010, and on November 3, 2010, Scotts LLC executed a Separation Agreement and Release of All Claims (the Separation Agreement) with Mr. Baker. The Separation Agreement, which supersedes Mr. Baker s employment agreement, addresses the payments and benefits to which Mr. Baker is entitled in connection with his resignation. Pursuant to the terms of the Separation Agreement, Scotts LLC provided Mr. Baker with a lump sum payment of $5,025,000 (less applicable taxes) on November 24, 2010. In addition, the vesting date for the 103,700 stock options granted to Mr. Baker on October 8, 2008, which were scheduled to vest on September 30, 2011, was changed to October 28, 2010. All other equity awards which had not vested as of October 28, 2010 were forfeited. The Separation Agreement did not supersede or nullify the Employee Confidentiality, Noncompetition, Nonsolicitation Agreement previously executed by Mr. Baker on September 29, 2008, which agreement remains in full force and effect as modified by the Separation Agreement.

The Compensation Committee believes that the separation benefits approved for Mr. Baker are appropriate given the circumstances surrounding Mr. Baker s employment and his subsequent resignation.

On October 29, 2010, the Company announced that Mr. Sanders had been elected to serve as President of the Company. In his new role, Mr. Sanders will oversee all business unit and operating functions of the Company. In connection with his election as President, the Compensation Committee approved an increase to Mr. Sanders compensation package, effective November 1, 2010. Specifically, Mr. Sanders base salary has

been increased from $475,000 to $600,000, and his target incentive opportunity has been increased from 55% of base salary to 70% of base salary.

For discussion of Mr. Lopez U.S. employment agreement, which was effective October 1, 2010, see section captioned EMPLOYMENT AGREEMENTS AND TERMINATION OF EMPLOYMENT AND CHANGE-IN-CONTROL ARRANGEMENTS Employment Agreements.

Table of Contents

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of SEC Regulation S-K with management and, based on such review and discussion, the Compensation Committee recommended to the Board of Directors (and the Board of Directors approved) that the Compensation Discussion and Analysis be included in this Proxy Statement.

Submitted by the Compensation Committee of the Board of Directors of the Company:

Thomas N. Kelly Jr., Chair
Joseph P. Flannery
Carl F. Kohrt, Ph.D.
Nancy G. Mistretta

EXECUTIVE COMPENSATION TABLES

For the 2010 fiscal year, the Company had the following NEOs that are subject to this disclosure:

James Hagedorn, who served as CEO throughout the 2010, 2009 and 2008 fiscal years;

Mark R. Baker, who was appointed as an executive officer on October 1, 2008 and served as President and Chief Operating Officer throughout the 2010 and 2009 fiscal years. Mr. Baker subsequently resigned effective October 28, 2010;

David C. Evans, who served as Chief Financial Officer throughout the 2010, 2009 and 2008 fiscal years;

Barry W. Sanders, who served as Executive Vice President, Global Consumer (formerly EVP, North America) throughout the 2010, 2009 and 2008 fiscal years; and

Claude L. Lopez, who served as Executive Vice President, International throughout the 2010, 2009 and 2008 fiscal years.

Each of Mr. Hagedorn, Mr. Baker, Mr. Evans, Mr. Sanders and Mr. Lopez served pursuant to an employment agreement as described below in the section captioned *EMPLOYMENT AGREEMENTS AND TERMINATION OF EMPLOYMENT AND CHANGE-IN-CONTROL ARRANGEMENTS* Employment Agreements.

Summary Compensation Table

The following table summarizes the total compensation paid to, awarded to or earned by each of the NEOs of the Company with respect to the 2010, 2009 and 2008 fiscal years, as applicable. The amounts shown include all forms of compensation provided to the NEOs by the Company, including amounts which may have been deferred. Since the table includes equity-based compensation costs and changes in the actuarial present value of the NEOs accumulated pension benefits, the total compensation amounts may be greater than the compensation that actually was paid to the NEOs during each of the fiscal years.

Summary Compensation Table for 2010 Fiscal Year

cipal	Year	Salary ($)(1)	Bonus ($)	Stock Awards ($)(7)	Option Awards ($)(9)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)(13)	All Other Compensati ($)(16)
	2010	1,000,000	350,000(3)	1,560,750	1,042,589	1,302,400(10)	25,251(14)	766,420
	2009	1,000,000		1,379,105	1,570,000	2,338,000(11)	37,811(14)	409,186
	2008	600,000		1,266,075	1,577,221	293,340(12)	(14)	1,011,657

rman of								
	2010	900,000	134,066(3)	1,281,896	855,129	879,120(10)		574,682
hief	2009	900,000	850,000(4)	1,194,950	814,045	1,572,075(11)		738,615
er								
	2010	475,000	85,063(3)	362,094	243,956	340,252(10)	2,810(15)	139,666
President	2009	475,000		129,900	274,750	666,330(11)	4,096(15)	92,871
cial	2008	440,000		232,560	309,499	138,182(12)	(15)	57,361
rs	2010	475,000	104,627(3)	362,094(8)	243,956	340,252(10)		147,419
President,	2009	475,000		980,125(8)	219,800	694,545(11)		119,190
er	2008	400,000	125,000(5)	643,900(8)	247,599	125,620(12)		49,337
.	2010	407,552(2)	86,122(3)	208,100	141,237	344,487(10)		339,491
President,	2009	437,881(2)	31,002(6)	1,087,600	157,000	722,036(11)		115,652
	2008	420,802(2)		116,280	185,699	154,395(12)		155,571

(1) Reflects the amount of base salary received by each NEO for the fiscal year.

(2) Mr. Lopez, a French citizen, is paid in Euros. The amounts shown reflect the base salary amount received with respect to each fiscal year, converted to U.S. Dollars at the same exchange rate used for financial accounting purposes as of the end of each respective fiscal year. The applicable exchange rates were 1.3626 USD per Euro with respect to the 2010 fiscal year, 1.464 USD per Euro with respect to the 2009 fiscal year and 1.4069 USD per Euro with respect to the 2008 fiscal year.

(3) Reflects the discretionary portion of the 2010 fiscal year EIP payout for each NEO. This amount was based on an assessment of their individual performance for the 2010 fiscal year. For Mr. Baker, Mr. Evans, Mr. Sanders and Mr. Lopez, this amount was awarded at the discretion of Mr. Hagedorn, in his capacity as the CEO, subject to approval by the Compensation Committee. Mr. Hagedorn had no discretionary authority with respect to his own annual incentive payout under the EIP only the Compensation Committee could award a discretionary EIP payout to Mr. Hagedorn. For the 2010 fiscal year, 80% of the total weighted payout for the key management team that reports to the CEO was determined based directly on achievement of the performance metrics under the EIP, with the remaining 20% placed into a pool to be awarded as described above. Each NEO could earn more or less than 20% of the total weighted payout based on the NEO s individual performance for the 2010 fiscal year. The maximum discretionary amount that could be awarded to the NEOs in the aggregate, however, was limited by the size of the discretionary pool.

(4) Reflects the one-time transition bonus that was paid to Mr. Baker as contemplated by the terms of his employment agreement.

(5) Reflects a special discretionary bonus award approved by the Compensation Committee for retention purposes and in recognition of Mr. Sanders service during the 2008 fiscal year.

(6) Reflects lump-sum bonus payment of 21,176 Euros received by Mr. Lopez in lieu of a merit increase for the 2009 fiscal year. This amount was converted to U.S. Dollars at an exchange rate of 1.464 USD per Euro, which is the same exchange rate used for financial reporting purposes as of September 30, 2009.

(7) Except with respect to Mr. Sanders, reflects the aggregate grant date value of restricted stock awards or RSUs granted to each NEO during the 2010, 2009 and 2008 fiscal years. The value of the restricted stock awards or RSUs is determined using the fair market value of the underlying Common Shares on the date of the grant, computed in accordance with the equity compensation accounting provisions of FASB ASC Topic 718. Pursuant to applicable SEC Rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions.

(8) Reflects the aggregate grant date value of restricted stock awards, RSUs or performance share awards granted to Mr. Sanders during the 2010, 2009 and 2008 fiscal years. The value of the restricted stock awards or RSUs is determined using the fair market value of the underlying Common Shares on the date of the grant, computed in accordance with the equity compensation accounting provisions of FASB ASC Topic 718. Pursuant to applicable SEC Rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. The value of the performance share award with respect to the 2009 and 2010 fiscal year performance periods (10,000 and 20,000 shares respectively) is determined using the fair market value of the underlying Common Shares on December 22, 2008, the date the Compensation Committee approved the performance criteria with respect to the 2009 and 2010 fiscal year performance periods. The value of the performance share awards with respect to the 2008 fiscal year performance period (10,000 shares) is determined using the fair market value of the underlying common shares on October 30, 2007, the date the Compensation Committee approved performance criteria with respect to the 2008 performance period.

(9) Reflects the aggregate grant date value of with respect to NSOs granted to each NEO during the 2010, 2009 and 2008 fiscal years. The value of the NSO awards is determined using a binomial option valuation on the date of the grant, computed in accordance with the equity compensation accounting provisions of FASB ASC Topic 718. Pursuant to applicable SEC Rules, the amount shown excludes the impact of estimated forfeitures related to service-based vesting conditions. Assumptions used in the calculation of the amounts shown are included in Note 12 to the Consolidated Financial Statements included in the Company s Annual Report on Form 10-K for the 2010 fiscal year, in Note 12 to the Consolidated Financial Statements included in the Company s Annual Report on Form 10-K for the 2009

Table of Contents

fiscal year and in Note 12 to the Consolidated Financial Statements included in the Company s Annual Report on Form 10-K for the 2008 fiscal year.

(10) Reflects the non-discretionary portion of the 2010 fiscal year EIP payout for each NEO. This amount represents 80% of the total weighted payout calculated based on the performance results under the EIP for the 2010 fiscal year. The amount shown for Mr. Lopez, who is paid in Euros, is converted to U.S. Dollars at an exchange rate of 1.3626 USD per Euro, which is the same exchange rate used for financial accounting purposes as of September 30, 2010.

(11) Reflects the EIP payout calculated for the 2009 fiscal year for each NEO. The amount shown for Mr. Lopez, who is paid in Euros, is converted to U.S. Dollars at an exchange rate of 1.464 USD per Euro, which is the same exchange rate used for financial accounting purposes as of September 30, 2009.

(12) Reflects the Supplemental Incentive Plan (SIP) payout calculated for the 2008 fiscal year for each NEO. The amount shown for Mr. Lopez, who is paid in Euros, is converted to U.S. Dollars at an exchange rate of 1.4069 USD per Euro, which is the same exchange rate used for financial accounting purposes as of September 30, 2008. The SIP was the annual short-term incentive plan for the 2008 fiscal year.

(13) Participant account balances in the ERP, a non-qualified deferred compensation plan, are credited to one or more benchmarked funds which are substantially consistent with the investment options permitted under the RSP. Accordingly, there were no above-market or preferential earnings on amounts deferred under the ERP for any of the NEOs for the 2010, 2009 or 2008 fiscal years.

(14) For Mr. Hagedorn, the actuarial present value of the accumulated benefit under both the Associates Pension Plan and the Excess Pension Plan increased by $25,251 with respect to the 2010 fiscal year, 37,811 with respect to the 2009 fiscal year, and decreased by $28,906 with respect to the 2008 fiscal year (and therefore is not reflected in this column for the 2008 fiscal year pursuant to SEC Rules). Both plans were frozen as of December 31, 1997; therefore, no service credits have been earned since that date by Mr. Hagedorn.

(15) For Mr. Evans, the actuarial present value of the accumulated benefit under the Associates Pension Plan increased by $2,810 with respect to the 2010 fiscal year, increased by $4,096 with respect to the 2009 fiscal year, and decreased by $3,567 with respect to the 2008 fiscal year (and therefore is not reflected in this column for the 2008 fiscal year pursuant to SEC Rules). The Associates Pension Plan was frozen as of December 31, 1997; therefore, no service credits have been earned since that date by Mr. Evans.

(16) The amounts reported in this column consist of amounts provided to each NEO with respect to: (a) automobile perquisites, (b) amounts contributed by the Company to defined contribution and non-qualified deferred compensation plans, (c) tax gross-ups, (d) Common Shares purchased under the Discounted Stock Purchase Plan, (e) annual financial planning services, (f) commuting and other personal use of Company aircraft, (g) deferred dividends on restricted stock/RSUs, (h) physical examinations and (i) other miscellaneous perquisites, all of which are detailed in the table captioned All Other Compensation (Supplements Summary Compensation Table) set forth below.

Table of Contents

All Other Compensation Table (Supplements Summary Compensation Table)

The following table shows the detail for the column captioned All Other Compensation of the Summary Compensation Table for 2010 Fiscal Year:

All Other Compensation (Supplements Summary Compensation Table)

Name	Year	Auto Perquisites ($)(1)	Defined Contribution Plans ($)(3)	Deferred Compensation Plans ($)(4)	Tax Gross-up Payments ($)	Other ($)	Total ($)
James Hagedorn	2010	12,000	18,532	153,650		582,238(8)	766,420
	2009	12,000	18,532	72,134	4,696(6)	301,824(9)	409,186
	2008	12,000	17,380	34,548	132,770(6)	814,959(10)	1,011,657
Mark R. Baker	2010	14,000	18,532	104,133		438,017(11)	574,682
	2009	14,000	26,712	51,000	18,060(6)	628,843(12)	738,615
David C. Evans	2010	12,000	16,500	45,353		65,813(13)	139,666
	2009	12,000	18,232	23,927(5)		38,712(14)	92,871
	2008	12,000	17,080	19,533	1,160(7)	7,588(15)	57,361
Barry W. Sanders	2010	12,000	16,649	48,065		70,705(16)	147,419
	2009	12,000	15,732	30,308(5)	1,540(6)	59,610(17)	119,190
	2008	12,000	16,180	16,879		4,278(18)	49,337
Claude L. Lopez	2010	6,365(2)				333,126(19)	339,491
	2009	6,838(2)				108,814(20)	115,652
	2008	6,466(2)				149,105(21)	155,571

(1) Except with respect to Mr. Lopez, reflects the monthly automobile allowance provided to each of the NEOs for the 2010, 2009 and 2008 fiscal years, as appropriate.

(2) Reflects the annual lease value of a Company-owned vehicle made available to Mr. Lopez for the 2010, 2009 and 2008 fiscal years for both business and personal usage. The amount was determined in Euros and converted to U.S. dollars at an exchange rate of 1.3626 USD per Euro with respect to the 2010 fiscal year, 1.464 USD per Euro with respect to the 2009 fiscal year and 1.4069 USD per Euro with respect to the 2008 fiscal year, which are the same exchange rates used for financial accounting purposes as of the last day of the respective fiscal years.

(3) Reflects the Company matching and base retirement contributions made in the 2010, 2009, and 2008 fiscal years, as appropriate, under the RSP on behalf of each NEO. Eligible participants may contribute up to 75% of eligible earnings on a before-tax and/or after-tax basis through payroll deductions up to the specified statutory limits under the IRC. The Company matches the total contributions at 100% for the first 3% of eligible earnings that is contributed to the RSP and 50% for the next 2% of eligible earnings contributed to the RSP (within the specified statutory limitations). The matching contributions, and any earnings on them, are immediately 100% vested. Mr. Lopez, a French citizen, does not participate in the RSP.

The Company also makes a base retirement contribution in an amount equal to 2% of eligible earnings for all eligible associates, whether or not they choose to contribute to the RSP. This amount increases to 4% once an associate s eligible earnings reach 50% of the Social Security wage base. The base retirement contributions, and any earnings on them, vest once an associate has reached three years of service with the Company.

(4) Reflects the amounts of all Company contributions into the ERP for each NEO. The ERP provides executives, including the NEOs, the opportunity to: (a) defer compensation above the specified statutory limits applicable to the RSP and (b) defer compensation with respect to any Performance Award (as defined in the ERP) or other bonus awarded to such executives. Additional details with respect to non-qualified deferred compensation provided for under the ERP are shown in the table captioned Non-Qualified Deferred Compensation for 2010 Fiscal Year and the accompanying narrative. Mr. Lopez, a French citizen, does not participate in the ERP.

(5) The amounts reported in this column for Mr. Evans and Mr. Sanders do not include the $1.0 million Company contribution made to the ERP in respect of the retention awards granted on November 4, 2008. As contemplated by applicable SEC Rules, since the retention awards are subject to a three-year vesting period, the Company s contribution to the ERP in respect of each retention award will not be included in the Summary Compensation Table or the table captioned All Other Compensation (Supplements Summary Compensation Table) until the year in which the retention award is earned (*i.e.*, until the award is vested).

(6) For Mr. Hagedorn, reflects estimated tax gross-up payments with respect to aircraft usage and commuting expenses for the 2009 and 2008 fiscal years, as appropriate. Reflects gross-up amount of $17,048 for Mr. Baker associated with the Company-paid commuting perquisite that was provided in connection with his relocation. Also reflects tax gross-up for Mr. Baker and Mr. Sanders of $1,012 and $1,540, respectively, in connection with a Company-sponsored promotional activity. The Company no longer provides gross-up payments to the NEOs with respect to perquisites.

(7) Reflects tax gross-up payments with respect to Company-paid financial-planning services. The Company no longer provides gross-up payments to the NEOs with respect to perquisites.

(8) Mr. Hagedorn realized additional compensation for the 2010 fiscal year of $4,000 as a result of his election to receive an opt-out payment in lieu of receiving Company-paid financial planning services; $1,560 associated with the value of a Company-paid physical examination; and $2,665 as a result of purchasing Common Shares at a 10% discount from the then current market price through his participation in the Discounted Stock Purchase Plan. Mr. Hagedorn also received a deferred dividend of $334,013 (including $19,563 in interest) related to an award covering 33,100 shares of restricted stock which was granted on October 11, 2006 and vested on October 11, 2009.

Amount also reflects the compensatory commuting allowance of $240,000 which was provided to Mr. Hagedorn in equal monthly installments during the 2010 fiscal year. For safety and security reasons, the Board-approved CEO/COO Travel Guidelines (the Travel Guidelines) provide that Mr. Hagedorn may use either personal aircraft or Company aircraft for commuting purposes and the commuting allowance is intended to offset the annual costs associated with their compliance with the Travel Guidelines. During the 2010 fiscal year, certain members of Mr. Hagedorn s family were passengers on a business-related flight on Company aircraft. There was no incremental cost to the Company associated with this perquisite. Accordingly, there was no reportable perquisite amount.

(9) As a result of his participation in the Discounted Stock Purchase Plan for the 2009 fiscal year, Mr. Hagedorn realized additional compensation of $2,665, associated with purchasing Common Shares at a 10% discount from the then current market price. Mr. Hagedorn also elected to receive an opt-out payment in lieu of receiving Company-paid financial planning services, which increased his compensation by $8,000. Of this amount, $4,000 was attributable to the 2008 calendar year and $4,000 was attributable to the 2009 calendar year. Both payments were received by Mr. Hagedorn in the 2009 fiscal year. Mr. Hagedorn also received a deferred dividend of $284,166 (including $12,466 in interest) related to an award covering 28,600 shares of restricted stock which was granted on October 12, 2005 and vested on October 12, 2008.

The amount shown also includes $2,268 representing the cost of Mr. Hagedorn s personal use of Company aircraft, excluding the cost of commuting, as well as $4,725 for the costs of commuting on Company aircraft. Amounts were calculated according to applicable SEC guidance which measures the aggregate incremental cost to the Company of personal use. The reported aggregate incremental cost of commuting on Company aircraft was based on the direct operating costs associated with operating a flight from origination to destination, such as fuel,

oil, landing fees, crew hotels and meals, on-board catering, trip-related maintenance, and trip-related hangar/parking costs. Since Company aircraft are used primarily for business travel, the calculation method excludes the fixed costs which do not change based on usage, such as pilots salaries, the purchase cost of Company aircraft and the cost of maintenance not related to trips. The limited commuting perquisite was approved by the Compensation Committee for the 2009 fiscal year for certain commuting flights that Mr. Hagedorn incurred on Company aircraft prior to executing the time sharing agreement in December 2008.

(10) As a result of his participation in the Discounted Stock Purchase Plan for the 2008 fiscal year, Mr. Hagedorn realized additional compensation of $2,667, associated with purchasing Common Shares at a 10% discount from the then current market price. Mr. Hagedorn also received a Company-paid physical examination which increased his compensation by $4,703 for the 2008 fiscal year. Mr. Hagedorn also received a deferred dividend of $252,381 (including $6,331 in interest) related to an award covering 26,600 shares of restricted stock which was granted on December 1, 2004 and vested on December 1, 2007.

The amount shown also includes $162,587 representing the cost of Mr. Hagedorn s personal use of Company aircraft, excluding the cost of commuting as well as $76,506 for the costs of commuting on Company aircraft. Amounts were calculated according to applicable SEC guidance which measures the aggregate incremental cost to the Company of personal use as described in footnote (9) above. This amount also includes $316,115 reimbursable directly to Mr. Hagedorn for a portion of the direct operating costs associated with commuting in his personal aircraft.

(11) Reflects the compensatory commuting allowance of $420,000 which was provided to Mr. Baker in equal monthly installments during the 2010 fiscal year. For safety and security reasons, the Travel Guidelines provide that Mr. Baker may use either personal aircraft or Company aircraft for commuting purposes and the commuting allowance is intended to offset the annual costs associated with his compliance with the Travel Guidelines. During the 2010 fiscal year, certain members of Mr. Baker s family were passengers on a business-related flight on Company aircraft. There was no incremental cost to the Company associated with this perquisite. Accordingly, there was no reportable perquisite amount.

Mr. Baker realized additional compensation for the 2010 fiscal year of $4,000 as a result of his election to receive an opt-out payment in lieu of receiving Company-paid financial planning services. Mr. Baker also received a deferred dividend of $13,613 (including $113 in interest) related to 12,000 shares of restricted stock that vested on September 30, 2010. Mr. Baker also received a Company-paid physical examination which increased his compensation by $404.

(12) Reflects a one-time lump-sum relocation bonus of $500,000 paid to Mr. Baker in connection with his relocation to the Central Ohio area as contemplated by his employment agreement. Mr. Baker elected to receive the opt-out payment in lieu of receiving Company-paid financial planning services, which increased his compensation by $8,000 for the 2009 fiscal year. Of this amount, $4,000 was attributable to the opt-out payment for the 2008 calendar year and $4,000 was attributable to the opt-out payment for the 2009 calendar year. Both payments were received by Mr. Baker during the 2009 fiscal year. Mr. Baker also received a deferred dividend of $6,038 (including $38 in interest) related to 12,000 shares of restricted stock that vested on September 30, 2009.

Amount also reflects $114,805 for the costs of commuting on Company aircraft, calculated according to applicable SEC guidance which measures the aggregate incremental cost to the Company of personal use as described in footnote (9) above. The limited commuting perquisite was approved by the Compensation Committee for the 2009 fiscal year as part of the terms of Mr. Baker s employment agreement.

(13) The value of Company-paid financial planning services paid for Mr. Evans in the 2009 calendar year increased his compensation by $4,179 for the 2010 fiscal year. In addition, Mr. Evans realized additional compensation for the 2010 fiscal year of $4,000 as a result of his election to receive an opt-out payment in lieu of receiving Company-paid financial planning services and $1,125 associated with the value of a Company-paid physical examination. Mr. Evans also received a deferred dividend of $56,509 (including $3,309 in interest) related to an award covering 5,600 shares of restricted stock which was granted on October 11, 2006 and vested on

October 11, 2009. During the 2010 fiscal year, certain members of Mr. Evans family were passengers on a business-related flight on Company aircraft. There was no incremental cost to the Company associated with this perquisite. Accordingly, there was no reportable perquisite amount.

(14) The value of Company-paid financial planning services for Mr. Evans increased his compensation by $8,904 for the 2009 fiscal year. Mr. Evans also received a deferred dividend of $29,808 (including $1,308 in interest) related to an award covering 3,000 shares of restricted stock which was granted on October 12, 2005 and vested on October 12, 2008. During the 2009 fiscal year, certain members of

Mr. Evans family were passengers on a business-related flight on Company aircraft. There was no incremental cost to the Company associated with this perquisite. Accordingly, there was no reportable perquisite amount.

(15) The value of Company-paid financial planning services for Mr. Evans increased his compensation by $7,588 for the 2008 fiscal year.

(16) Mr. Sanders realized additional compensation for the 2010 fiscal year of $4,000 as a result of his election to receive an opt-out payment in lieu of receiving Company-paid financial planning services and $333 as a result of purchasing Common Shares at a 10% discount from the then current market price through his participation in the Discounted Stock Purchase Plan. Mr. Sanders also received a deferred dividend of $33,300 (including $1,950 in interest) related to an award covering 3,300 shares of restricted stock which was granted on October 11, 2006 and vested on October 11, 2009 and a deferred dividend of $33,072 (including $572 in interest) related to the performance share award for the 2010 fiscal year covering 20,000 performance shares which were granted on October 30, 2007 and vested on September 30, 2010.

(17) As a result of his participation in the Discounted Stock Purchase Plan for the 2009 fiscal year, Mr. Sanders realized additional compensation of $333, associated with purchasing Common Shares at a 10% discount from the then current market price. Mr. Sanders also elected to receive the opt-out payment in lieu of receiving Company-paid financial planning services, which increased his compensation by $4,000 for the 2009 fiscal year. Mr. Sanders also received a deferred dividend of $41,731 (including $1,831 in interest) related to an award covering 4,200 shares of restricted stock which was granted on October 12, 2005 and vested on October 12, 2008 and a deferred dividend of $10,190 (including $190 in interest) related to the performance share award for the 2009 fiscal year covering 10,000 performance shares which were granted on October 30, 2007 and vested on September 30, 2009. Amount also reflects $3,356 in connection with the cost of a Company-sponsored promotional activity.

(18) As a result of his participation in the Discounted Stock Purchase Plan for the 2008 fiscal year, Mr. Sanders realized additional compensation of $278, associated with purchasing Common Shares at a 10% discount from the then current market price. Mr. Sanders also elected to receive the opt-out payment in lieu of receiving Company-paid financial planning services, which increased his compensation by $4,000 for the 2008 fiscal year.

(19) Reflects an expatriation bonus of 53,838 Euros and 3,260 Euros received by Mr. Lopez in lieu of Company-paid financial planning services. Since Mr. Lopez French employment contract was replaced and superseded by a U.S. employment agreement on October 1, 2010, the Company made a lump sum payment of 168,125 Euros to Mr. Lopez representing the accrued but untaken holiday/vacation entitlement that remained under his French employment contract. All amounts were paid to Mr. Lopez in Euros and have been converted to U.S. dollars at an exchange rate of 1.3626 USD per Euro, which is the same exchange rate used for financial accounting purposes as of September 30, 2010. Mr. Lopez also received a deferred dividend of $26,237 (including $1,537 in interest) related to an award covering 2,600 shares of restricted stock which was granted on October 11, 2006 and vested on October 11, 2009. During the 2010 fiscal year, certain members of Mr. Lopez family were passengers on a business-related flight on Company aircraft. There was no incremental cost to the Company associated with this perquisite. Accordingly, there was no reportable perquisite amount.

(20) Reflects an expatriation bonus of 53,838 Euros and 2,843 Euros received by Mr. Lopez in lieu of Company-paid financial planning services. All amounts were paid to Mr. Lopez in Euros and have been converted to U.S. dollars at an exchange rate of 1.464 USD per Euro, which is the same exchange rate used for financial accounting purposes as of September 30, 2009. Mr. Lopez also received a deferred dividend of $25,833 (including $1,133 in interest) related to an award covering 2,600 shares of restricted stock which was granted on

October 12, 2005 and vested on October 12, 2008.

(21) Reflects an expatriation bonus of 53,838 Euros, a holidays buy back bonus of 49,300 Euros and 2,843 Euros received by Mr. Lopez in lieu of Company-paid financial planning services. All amounts were paid to Mr. Lopez in Euros and have been converted to U.S. dollars at an exchange rate of 1.4069 USD per Euro, which is the same exchange rate used for financial accounting purposes as of September 30, 2008.

Table of Contents

Grants of Plan-Based Awards Table

The following table sets forth information concerning equity-based awards made to the NEOs during the 2010 fiscal year as well as the range of potential payouts under the EIP, a non-equity incentive plan, with respect to performance goals for the 2010 fiscal year.

Grants of Plan-Based Awards for 2010 Fiscal Year

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards		All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold	Maximum				