

SCOTTS MIRACLE-GRO CO

Form DEF 14A

December 09, 2011

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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

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

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):

No fee required.

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2) Aggregate number of securities to which transaction applies:

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4) Proposed maximum aggregate value of transaction:

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The Scotts Miracle-Gro Company

Proxy Statement for 2012 Annual Meeting of Shareholders

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14111 Scottslawn Road

Marysville, Ohio 43041

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held on Thursday, January 19, 2012

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 19, 2012, at 9:00 A.M. Eastern Time (the Annual Meeting), for the following purposes:

1. To elect four directors, each to serve for a three-year term expiring at the 2015 Annual Meeting of Shareholders.
2. To conduct an advisory vote on the compensation of the Company's named executive officers.
3. To conduct an advisory vote on the frequency with which future advisory votes on executive compensation will occur.
4. To ratify the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending September 30, 2012.
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 Monday, November 28, 2011, 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 9, 2011, the Company is first mailing to shareholders either: (1) a copy of the accompanying Proxy Statement, a form of proxy and the Company's 2011 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 9, 2011

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Annual Meeting of Shareholders of
THE SCOTTS MIRACLE-GRO COMPANY
To Be Held on Thursday, January 19, 2012
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14111 Scottslawn Road

Marysville, Ohio 43041

PROXY STATEMENT

for

Annual Meeting of Shareholders

To Be Held on Thursday, January 19, 2012

GENERAL INFORMATION ABOUT VOTING

This Proxy Statement and the accompanying 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 (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 19, 2012, at 9:00 A.M. Eastern Time, and at any adjournment or postponement thereof. Should you wish to obtain directions to our corporate offices in order to attend the Annual Meeting and vote in person, please call us at (937) 644-0011. 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 (the "Common Shares") at the close of business on Monday, November 28, 2011 (the "Record Date") are entitled to receive notice of and to vote at the Annual Meeting. As of the Record Date, there were 60,957,452 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 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 2011 Annual Report. The Notice of Internet Availability of Proxy Materials contains instructions on how to access the proxy materials over the Internet and how shareholders can receive a paper copy of such materials. 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 itself is not a proxy card.**

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders To Be Held on January 19, 2012: The Notice of Annual Meeting of Shareholders, this Proxy Statement and the Company's 2011 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 a going-forward basis.

If you received a copy of the proxy materials by mail, a form of proxy for use at the Annual Meeting was 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, you may transmit your voting instructions electronically at www.proxyvote.com 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 instructions electronically or telephonically is 11:59 P.M. Eastern Time on January 18, 2012. The Internet and telephone voting procedures are designed to authenticate shareholders' identities, allow shareholders to give voting instructions and confirm that such voting instructions have been properly recorded.

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If you are a registered shareholder, you may revoke your proxy at any time before it is 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: (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. **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 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 any matters considered non-routine, including the election of directors and the advisory votes on the compensation of the Company's named executive officers and the frequency with which future advisory votes on executive compensation will occur. 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 the proxy materials. Directors, officers and certain 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 Shareowner 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 Retirement Savings Plan or RSP) and Common Shares have been allocated to your account in the RSP, you are 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 are entitled to vote the number of Common Shares credited to your custodial account. If you do not vote, the custodian under the Discounted Stock Purchase Plan will vote the Common Shares credited to your custodial account 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. Common Shares represented by properly executed forms of proxy, including proxies reflecting abstentions, which are 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. 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.

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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 voted as specified by the shareholder. Common Shares represented by valid proxies timely received prior to the Annual Meeting that 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** approval, on an advisory basis, of the compensation of the Company's named executive officers as proposed below under the caption **PROPOSAL NUMBER 2 ADVISORY VOTE ON THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS (SAY-ON-PAY)**; for the option of every **ONE YEAR** as the preferred frequency with which future advisory votes on executive compensation will occur as proposed below under the caption **PROPOSAL NUMBER 3 ADVISORY VOTE ON THE FREQUENCY WITH WHICH FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION WILL OCCUR**; and **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, 2012 as described below under the caption **PROPOSAL NUMBER 4 RATIFICATION OF THE SELECTION OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**. 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 II directors hold office for terms expiring at the Annual Meeting, the Class III directors hold office for terms expiring in 2013 and the Class I directors hold office for terms expiring in 2014.

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 Company's current directors, as a group, reflect the diverse mix of skills, experiences, backgrounds and opinions necessary to 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, each of whom 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 Governance Committee is responsible for 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

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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 that 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 innovation and technology experience add significant value to the Board. 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 evaluates the Company's leadership structure 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.

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In addition to Mr. Hagedorn, the Board is comprised of 11 non-employee directors, 10 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-employee directors of the Company regularly meet in executive session. These meetings allow non-employee 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 at least once a year and more frequently as matters appropriate for their consideration arise.

The directors have elected Carl F. Kohrt, Ph.D. to serve as the Company's Lead Independent Director each year since 2009. As Lead Independent Director, Dr. Kohrt:

has the ability to call meetings of independent and/or non-employee directors;

presides at all meetings of non-employee and/or 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 delegate from time to time.

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 and Nominating 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 combined Chairman of the Board and CEO roles, 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 oversee the Company's strategic plans and to ensure that management is taking appropriate action to identify, manage and mitigate the associated 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 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 facing 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.

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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 associated risks. To that end, management provides the Board with periodic reports regarding the significant risks facing the Company and how the Company is seeking to control or mitigate those risks. The Board also has responsibility for ensuring that the Company maintains appropriate succession plans for its senior officers and conducts an annual review of succession planning.

In other cases, the Board has delegated risk management oversight responsibilities to certain 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 shares oversight responsibility for financial risks with the Finance Committee. As part of its oversight role, the Audit Committee regularly reviews risks relating to the Company's key accounting policies and 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 each Audit Committee meeting, 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.

The Compensation Committee oversees risks relating to the Company's compensation programs and 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 to assist it in reviewing 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.

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PROPOSAL NUMBER 1

ELECTION OF DIRECTORS

At the Annual Meeting, four Class II directors will be elected. The four individuals currently serving as Class II directors Alan H. Barry, Thomas N. Kelly Jr., Carl F. Kohrt, Ph.D. and John S. Shiely have been nominated by the Board for election as directors at the Annual Meeting. The nomination of each individual was recommended to the Board by the Governance Committee.

The individuals elected as Class II directors at the Annual Meeting will hold office for a three-year term expiring at the 2015 Annual Meeting of Shareholders and until their respective successors are duly elected and qualified, or until their earlier death, resignation or removal. The individuals designated as proxy holders in the form of proxy 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 becomes unable to serve or for good cause will not serve as a candidate for election as a director, then 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 II directors at the Annual Meeting.

The following information, as of November 28, 2011, 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 II Terms to Expire at the 2015 Annual Meeting

Alan H. Barry, age 68, Director of the Company since 2009

On April 8, 2009, the Board, upon the recommendation of the Governance Committee, appointed Mr. Barry as a member of the Board to fill an existing vacancy in Class II. Mr. Barry was recommended by Mark R. Baker, the Company's President and Chief Operating Officer at that time. 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 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

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Thomas N. Kelly Jr., age 64, 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, Inc., which became Sprint Nextel Corporation, from February 2003 until August 2005, and as Executive Vice President and Chief Marketing Officer of Nextel Communications, Inc. from 1996 until February 2003.

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 67, 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 served as a director of one other public company, Kinetic Concepts, Inc., until its sale in 2011. He also has served as a director of numerous private and non-profit entities and is currently a Trustee of Furman University and of the Woodrow Wilson National Fellowship 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 also possesses extensive international experience, having lived in China while serving as the Executive Vice President and General Manager of Greater Asia at Eastman Kodak Company. Dr. Kohrt's leadership experience has also proven valuable in his role as the Company's Lead Independent Director.

Committee Memberships: Compensation; Innovation & Technology

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John S. Shiely, age 59, 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 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 currently serves as a director of one other public company, Quad/Graphics, Inc., where he is a member of the Audit Committee and

chair of the Compensation Committee. He also serves as a director of 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 Foundation, Inc. Mr. Shiely served as a director of Marshall & Ilsley Corporation from 1999 until its acquisition by BMO Financial Group in July 2011 and currently serves as a director of BMO Financial Corp. (Harris Bank).

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 studied in the graduate program at Harvard Law School in 2010.

Committee Memberships: Compensation; Governance (Chair)

Directors Continuing in Office

Class III Terms to Expire at the 2013 Annual Meeting

Joseph P. Flannery, age 79, 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 through 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.

Mr. Flannery, who is 79, was last re-elected to the Board at the 2010 Annual Meeting of Shareholders. The Company's 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, but provide the Board with flexibility to nominate a director who is age 72 or older based on individual circumstances. The Board determined to nominate Mr. Flannery for re-election to the Board in 2010 based on his significant leadership experience and more than 20-year history with the Company.

Committee Memberships: Compensation; Governance

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Adam Hanft, age 61, 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 advice and insight to leading consumer and business-to-business companies as well as many leading digital brands. He writes broadly about the consumer culture for numerous publications and is the co-author of *Dictionary of the Future*. He is also a frequent commentator on marketing and branding issues. 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

Stephen L. Johnson, age 60, Director of the Company since 2010

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 two privately-held companies: FlexEnergy Inc. and M2 Renewables, Inc., and as a Trustee of Taylor University.

As President and Chief Executive Officer of Johnson and Associates and 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 filled a need for both regulatory and environmental expertise that was identified by the Governance Committee.

Committee Memberships: Governance; Innovation & Technology

Katherine Hagedorn Littlefield, age 56, Director of the Company since 2000

Ms. Littlefield is the Chair of Hagedorn Partnership, L.P. She also serves on the board for the Hagedorn Family Foundation, Inc., a charitable organization. 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)

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Class I Terms to Expire at the 2014 Annual Meeting

James Hagedorn, age 56, Director of the Company since 1995 and Chairman of the Board since 2003

Mr. Hagedorn has served as CEO of the Company since May 2001 and Chairman of the Board since January 2003. In addition to serving as CEO and Chairman of the Board, 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 over a decade and Chairman of the Board for nearly as long, Mr. Hagedorn has more working knowledge of the Company and its products than any other individual. During his career at the Company, Mr. Hagedorn has developed extensive leadership, international, and marketing/consumer industry experience that has proven invaluable as he leads the Board through a wide range of issues.

Committee Memberships: None at this time

William G. Jurgensen, age 60, Director of the Company since 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, from May 2000 until February 2009. 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 Insurance Company 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

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Nancy G. Mistretta, age 57, Director of the Company since 2007

Ms. Mistretta is a retired partner of Russell Reynolds Associates (Russell Reynolds), an executive search firm, 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, Ms. Mistretta has demonstrated a broad base of leadership, international, marketing/consumer industry, retail and financial experience, including through roles as Managing Director responsible for Investment Bank Marketing and Communications, industry head responsible for the Global Diversified Industries group and industry head responsible for the Diversified, Consumer Products and Retail Industries group. Her financial experience is particularly valuable to the Board in her position as Chair of the Finance Committee.

Committee Memberships: Audit; Finance (Chair)

Stephanie M. Shern, age 63, Director of the Company since 2003

Mrs. Shern operated Shern Associates LLC, a retail consulting and business advisory firm, from February 2002 until 2011. From 1995 to April 2001, Mrs. Shern was the Vice Chairman and Global Director of Retail and Consumer Products for Ernst & Young LLP, and prior thereto was a partner at Ernst & Young serving various clients in the retail and consumer sectors. 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, member of the Compensation Committee 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.

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. This experience has proven valuable to the Board, where Mrs. Shern serves as 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)

Table of Contents**Recommendation and Vote**

Under Ohio law and the Company's Code of Regulations, the four nominees for election as Class II 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.

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

MEETINGS AND COMMITTEES OF THE BOARD**Meetings of the Board and Board Member Attendance at Annual Meeting of Shareholders**

The Board held seven meetings during the fiscal year ended September 30, 2011 (the 2011 fiscal year). Each Board member attended at least 75% of the aggregate number of Board and applicable Board committee meetings during the 2011 fiscal year.

Although the Company does not have a formal policy requiring Board members to attend annual shareholder meetings, the Company encourages all directors to attend each such annual meeting. All of the directors attended the Company's last Annual Meeting of Shareholders held on January 20, 2011.

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. Membership on each of these committees, as of November 28, 2011, is shown in the following chart:

Audit	Compensation and Organization	Finance	Governance and Nominating	Innovation & Technology
Stephanie M. Shern (Chair)	Thomas N. Kelly Jr. (Chair)	Nancy G. Mistretta (Chair)	John S. Shiely (Chair)	Katherine Hagedorn Littlefield (Chair)
Alan H. Barry	Joseph P. Flannery	Alan H. Barry	Joseph P. Flannery	Adam Hanft
William G. Jurgensen	Carl F. Kohrt, Ph.D.	Katherine Hagedorn	Adam Hanft	Stephen L. Johnson
Nancy G. Mistretta	John S. Shiely	Littlefield	Stephen L. Johnson	Carl F. Kohrt, Ph.D.
			William G. Jurgensen	

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

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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 NYSE Rules as well as the rules and regulations of the SEC (the "SEC 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 11 times during the 2011 fiscal year.

The Audit Committee report begins on page 59.

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 has responsibility for determining all elements of executive compensation and benefits for our CEO and other key executives of the Company and its subsidiaries, including the executive officers named in the Summary Compensation Table (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 Stock Option Plan"), The Scotts Miracle-Gro Company Amended and Restated 2003 Stock Option and Incentive Equity Plan (the "2003 Equity Plan"), The Scotts Miracle-Gro Company Amended and Restated 2006 Long-Term Incentive Plan (the "2006 Long-Term 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 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 2011 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 determining compensation for 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.

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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 § 162(m) of the Internal Revenue Code of 1986, as amended (the "IRC"), and as a non-employee director for purposes of Rule 16b-3 under the Exchange Act.

The Compensation Committee met eight times during the 2011 fiscal year.

The Compensation Discussion and Analysis begins on page 22. The Compensation Committee Report appears on page 36.

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.

The Finance Committee met eight times during the 2011 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 as well as 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 regarding the consideration of candidates recommended by shareholders for election or appointment to the Board and procedures to be followed by shareholders in submitting such recommendations, consistent with any shareholder nomination requirements that 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 2011 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>.

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The Innovation & Technology Committee assists the Board by providing counsel to senior management regarding 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 that assists in carrying out the work of the Innovation & Technology Committee.

The Innovation & Technology Committee met twice during the 2011 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 John S. Shiely. With respect to the 2011 fiscal year and from October 1, 2011 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 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 remain in compliance with all applicable requirements and appropriately address evolving corporate governance issues. The Corporate Governance Guidelines were amended in November 2011 to increase the stock ownership guidelines applicable to non-employee directors from two times the annual cash retainer to five times the annual cash retainer. For additional information regarding the non-employee director stock ownership guidelines, see the section captioned **NON-EMPLOYEE DIRECTOR COMPENSATION** Non-Employee Director Stock Ownership Guidelines.

The amended 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 the section captioned **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 SEC Rules. Based upon the recommendation of the Governance Committee and its own review, consideration and discussion, the Board has determined that the following Board members satisfy such independence requirements and are, therefore, **independent** directors:

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

The Board determined that: (a) James Hagedorn is not independent because he is the Company's CEO and (b) Katherine Hagedorn Littlefield is not independent because she 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

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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.

The Company's 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, but provide the Board with flexibility to nominate a director who is age 72 or older based on individual circumstances.

Communications with the Board

The Board believes it is important for shareholders 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-employee 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-employee Directors or 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 employees of the Company and its subsidiaries, including each NEO, 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 procedures for addressing these matters are set forth in the Company's Code of Business Conduct and Ethics.

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Preferred Stock Declawing Preferred Stock

The Company's Articles of Incorporation, as amended, authorize the Board to issue up to 195,000 preferred shares (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 conversion 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.

NON-EMPLOYEE DIRECTOR COMPENSATION

Benchmarking Board of Director Compensation

The Board believes that non-employee director compensation should be competitive with similarly situated companies and should encourage high levels of ownership of the Company's Common Shares. The current non-employee director compensation structure was established in 2008 following an independent study by Towers Watson (the 2008 Study). For purposes of the 2008 Study, Towers Watson compared each element of non-employee director 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 MidCap companies with annual revenues between \$2.0 billion and \$4.0 billion.

The survey information for the 2008 Study 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.

During the summer of 2011, the Board engaged an independent consultant from Fred Cook & Co. to conduct a new benchmark study of non-employee director compensation (the 2011 Study), which is used as the basis for determining the non-employee director compensation structure. For purposes of the 2011 Study, Fred Cook & Co. compared each element of non-employee director compensation against the same 24 companies that comprise the peer group used to benchmark NEO compensation (the Compensation Peer Group). The Board believes that these 24 consumer products-oriented companies, with annual revenues ranging between \$0.9 billion and \$8.4 billion, appropriately reflect the size and overall complexity of the Company. For further discussion of the Compensation Peer Group, see section captioned *Our Compensation Practices Compensation Peer Group* within the Compensation Discussion and Analysis.

As with the 2008 Study, the survey information for the 2011 Study was compiled from definitive proxy statement filings for the peer group companies. The 2011 Study produced results similar to those of the 2008 Study, showing average compensation for the Company's non-employee directors in calendar year 2011 at levels above the 75th percentile when compared to the Compensation Peer Group. The Board believes this level of compensation is competitive and determined that no changes to the overall compensation structure for non-employee directors were necessary at this time.

Table of Contents**Structure of Non-Employee Director Compensation**

The compensation structure for non-employee directors, which is established by the Board on a calendar-year basis, reflects 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 functions.

Equity-Based Compensation

For the 2011 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.

Dividend Equivalents

Each DSU 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.

Vesting and Settlement

DSU grants for non-employee directors are typically approved by the Board at a meeting held on the same date as the annual meeting of shareholders. The grant date is established as the first business day after the Board approves the grant. For the 2011 calendar year, DSUs were granted to the non-employee directors on January 21, 2011. In general, the DSUs granted to non-employee directors in the 2011 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 Long-Term 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.

Table of Contents**Deferral of Cash-Based Retainers**

For the 2011 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 were elected, the non-employee director received the number of DSUs determined by dividing the deferral amount by the closing price of one Common Share on NYSE on the applicable grant date. DSUs granted in connection with deferral elections will be settled on the same terms as described above. For the 2011 calendar year, Mr. Hanft made an election to receive 50% of his quarterly retainers in fully vested DSUs and Mr. Johnson made an election to receive 25% of his quarterly retainers in fully vested DSUs. None of the other non-employee directors elected to defer any portion of their 2011 calendar year cash retainer.

Non-Employee Director Stock Ownership Guidelines

The Board believes that ownership of Common Shares strengthens directors' commitment to the long-term future of the Company and further aligns their interests with those of the Company's shareholders. Accordingly, the Board has adopted stock ownership guidelines applicable to all non-employee directors. Under the stock ownership guidelines, each non-employee director is expected to own Common Shares having a value of at least five times the annual cash retainer. For purposes of determining compliance with the stock ownership guidelines, the value of beneficially-owned shares is determined as follows:

100% of the value of Common Shares directly registered to the director and/or held in a brokerage account (*i.e.*, shares held long);

60% of the in-the-money portion of any non-qualified stock option (NSO) or stock appreciation right (SAR), whether vested or unvested; and

60% of the value of unsettled full value awards (*e.g.*, deferred stock units).

The stock ownership guidelines require each non-employee director to retain 50% of the net shares realized from equity-based awards (after covering any exercise cost and the required tax withholding obligations) until the ownership guideline has been achieved.

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 2011 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 until his resignation on October 28, 2010, 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.

Non-Employee Director Compensation Table

Name	Fees	Stock	Option	Total (\$)
	Earned or Paid in Cash \$(1)	Awards \$(4)(5)	Awards \$(6)	
Alan H. Barry	100,000	100,046		200,046
Joseph P. Flannery	100,000	95,028		195,028
Adam Hanft	100,000	95,028		195,028
Stephen L. Johnson	91,667(2)	110,874		202,541
William G. Jurgensen	100,000	100,046		200,046
Thomas N. Kelly Jr.	100,000	107,547		207,547
Carl F. Kohrt, Ph.D.	115,000(3)	130,049		245,049
Katherine Hagedorn Littlefield	100,000	120,014		220,014
Nancy G. Mistretta	100,000	125,031		225,031

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Stephanie M. Shern	100,000	112,513	212,513
John S. Shiely	100,000	120,014	220,014

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- (1) Reflects the cash-based retainer earned for services rendered during the 2011 fiscal year, paid at a rate of \$25,000 per quarter. With respect to Mr. Hanft, consistent with his election to defer 50% of his cash retainer, the amount reported includes \$12,500 in cash fees each quarter (for a total of \$50,000) that were deferred and awarded in the form of fully vested DSUs on each of October 1, 2010, January 21, 2011, April 1, 2011 and July 1, 2011. With respect to Mr. Johnson, consistent with his election to defer 25% of his cash retainer, the amount reported includes \$6,250 in cash fees each quarter (for a total of \$18,750) that were deferred and awarded in the form of fully vested DSUs on each of January 21, 2011, April 1, 2011 and July 1, 2011.
- (2) Reflects prorated fees paid to Mr. Johnson as a result of his joining the Board on November 11, 2010.
- (3) Reflects an additional cash-based retainer of \$15,000 for Dr. Kohrt's service as the Company's Lead Independent Director.
- (4) Reflects the aggregate grant date fair value of DSUs granted during the 2011 fiscal year. The value of each DSU was determined using the fair market value of the underlying Common Share on January 21, 2011, the date of the grant, and was calculated in accordance with the equity compensation accounting provisions of FASB ASC Topic 718, without respect to forfeiture assumptions. The amount shown for Mr. Johnson also includes the grant date fair value of 320 DSUs that were granted on November 12, 2010 following his appointment to the Board.
- (5) The aggregate number of Common Shares subject to DSUs (including DSUs granted as a result of converting dividend equivalents) outstanding as of September 30, 2011 was as follows:

Name	Aggregate Number of Common Shares Subject to Stock Awards Outstanding as of September 30, 2011*
Alan H. Barry	7,015
Joseph P. Flannery	10,622
Adam Hanft	6,081
Stephen L. Johnson	2,548
William G. Jurgensen	6,620
Thomas N. Kelly Jr.	11,479
Carl F. Kohrt, Ph.D.	13,192
Katherine Hagedorn Littlefield	11,742
Nancy G. Mistretta	12,185
Stephanie M. Shern	12,046
John S. Shiely	11,380

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

- (6) While there were no options granted to non-employee directors during the 2011 fiscal year, the aggregate number of Common Shares subject to option awards outstanding as of September 30, 2011 was as follows:

Name	Aggregate Number of Common Shares Subject to Option Awards Outstanding as of September 30, 2011
Alan H. Barry	

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Joseph P. Flannery	59,512
Adam Hanft	
Stephen L. Johnson	
William G. Jurgensen	
Thomas N. Kelly Jr.	21,442
Carl F. Kohrt, Ph.D.	
Katherine Hagedorn Littlefield	71,406
Nancy G. Mistretta	
Stephanie M. Shern	72,599
John S. Shiely	14,300

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EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Discussion and Analysis (the CD&A) is intended to provide insight