

THE SCOTTS COMPANY AUDIT COMMITTEE CHARTER

ARTICLE I PURPOSE

The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of The Scotts Company (the “Company”) is appointed by the Board to: (1) oversee the accounting and financial reporting processes of the Company, (2) oversee the audits of the financial statements of the Company, (3) appoint, compensate and oversee the Company’s independent auditor employed by the Company for the purpose of preparing or issuing an audit report or related work (“External Auditor”), and (4) assist the Board in its oversight of:

- the integrity of the Company’s financial statements;
- the Company’s compliance with applicable laws, rules and regulations, including applicable rules of the New York Stock Exchange (collectively, “Applicable Rules”); and
- the performance of the Company’s internal audit function.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles, such duties being the responsibility of management (the financial statements) and the External Auditor (the audits).

ARTICLE II ASSESSMENTS

The Committee shall review and reassess the adequacy of this Charter and evaluate the Committee’s performance no less frequently than annually. The Committee shall make any recommendations arising out of such review, reassessment and evaluation to the Board.

ARTICLE III COMPOSITION

1. The Committee shall consist of at least three directors, all of whom shall have no relationship to the Company that may interfere with the exercise of their independence from management, as determined annually on the recommendation of the Governance and Nominating Committee.

2. Each Committee member shall be financially literate as required by Applicable Rules or must become financially literate within a reasonable time after his or her appointment to the Committee.

3. At least one Committee member must be a financial expert and must have accounting or related financial management expertise each as defined by Applicable Rules.

4. If a Committee member serves on the audit committee of more than two other public companies, such member shall promptly inform the Committee and the Governance and Nominating, and the Governance and Nominating Committee shall recommend to the Board, and the Board shall determine, whether such simultaneous service would impair the ability of such member to effectively serve on the Committee.

5. The Company shall disclose Board determinations in respect of the independence of the Committee members in the Company's proxy statement for the Company's annual meeting.

6. The Committee shall be nominated by the Governance and Nominating Committee and appointed by the Board. One Committee member shall be nominated by the Governance and Nominating Committee and designated by the Board as the Chairman of the Committee.

7. Following a recommendation by the Governance and Nominating Committee, a majority of the members of the Board who are independent under the Applicable Rules may remove a Committee member at any time.

8. The Committee shall meet at least four times per year and shall make regular reports to the Board on the Committee's activities. To the extent permitted by the Company's Articles and Code of Regulations, the Committee may also take action by unanimous written consent.

ARTICLE IV ADVISORS

The Committee shall have the authority to engage and compensate independent counsel and other advisors, as it determines necessary to carry out its duties, and may, as appropriate, obtain outside advice and assistance from legal, accounting and other advisors. The Company shall provide for appropriate funding, as determined by the Committee in its capacity as a committee of the Board, for payment of compensation to the External Auditor employed by the Company for the purpose of rendering or issuing an audit report and to any advisors employed by the Committee, and payment of ordinary administrative expenses of the Company.

ARTICLE V AUTHORITY AND SPECIFIC DUTIES

External Auditor Retention and Oversight

1. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of the External Auditor. The Committee shall have the sole authority to retain and replace the External Auditor. The External Auditor shall not be permitted to render any services to the Company unless the terms of, and the fees to be paid for, such services, whether audit services or otherwise, have been approved by the Committee as provided for under paragraphs 4, 5 and 6 below. The External Auditor shall report directly to the Committee.

2. The Committee shall obtain annually from the External Auditor a written list of all of their relationships with and professional services provided to the Company and its related entities, as required by Independent Standards Board Standard No. 1, Independence Discussions with Committees, other applicable standards and Applicable Rules, and review no less frequently than annually a report from the External Auditor regarding (a) the External Auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the External Auditor, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the External Auditor, and any steps taken to deal with any such issues, and (c) (to assess the External Auditor's independence) all relationships between the External Auditor and the Company.

3. The Committee shall evaluate the qualifications, performance and independence of the External Auditor and the senior members of the External Auditor team, taking into account (a) the opinions of management and the Company's internal auditors, (b) an assessment of whether the External Auditor's quality controls are adequate, and (c) an assessment of whether the provision of non-audit services, if any, is compatible with maintaining the External Auditor's independence. The Committee shall assure the regular rotation of the lead audit partner of the External Auditor as required by Applicable Rules and consider whether, in order to assure continuing auditor independence, there should be regular rotation of the audit firm itself. The Committee shall take such additional actions as it deems necessary to satisfy itself of the qualifications, performance and independence of the External Auditor.

4. The Committee shall, and shall have sole authority to, pre-approve (a) all audit services, which may entail providing comfort letters in connection with securities underwritings, and (b) non-audit services, which means any professional services provided to the Company by the External Auditor other than those provided to the Company in connection with an audit or a review of the financial statements of the Company.

5. The Committee may satisfy its pre-approval duties under Paragraph 4 above by delegating pre-approval authority to one or more members of the Committee

pursuant to procedures that are detailed as to the particular service. A pre-approval granted pursuant to the preceding sentence shall be reported to the Committee at the next Committee meeting following such pre-approval.

6. The pre-approval requirements of Paragraphs 4 and 5 are waived with respect to External Auditor services other than audit, review or attest services, if (a) the aggregate amount of all such services constitutes no more than five percent of the total amount of revenues paid by the Company to the External Auditor during the Company's fiscal year in which the services are provided; (b) such services are not recognized by the Company at the time of the engagement to be non-audit services; and (c) such services are promptly brought to the attention of the Committee and approved prior to the completion of the audit by the Committee or the person or persons to whom pre-approval authority has been delegated under Paragraph 5 above.

7. The Company must disclose the following in each of the Company's proxy statements: (a) the Committee's pre-approval policies and procedures, (b) the percentage of the total fees paid to the External Auditor where the de minimis exception described in Paragraph 6 above was used, and (c) the amount of audit fees, audit-related fees, tax fees and all other fees paid by the Company to the External Auditor for the two most recently completed fiscal years.

8. Upon the commencement of the operations of the Public Company Accounting Oversight Board established under Section 101 of the Sarbanes-Oxley Act of 2002 (the "Oversight Board"), the Committee shall be responsible for overseeing compliance by the Company and the External Auditor with the requirements imposed by the Oversight Board. The Committee shall obtain assurances from the External Auditor that the auditor has complied with Section 10A of the Securities Exchange Act of 1934, the rules and policies of the Oversight Board and all other Applicable Rules.

9. The Committee shall set clear hiring policies for employees or former employees of the External Auditor.

Independent Audit

10. The Committee shall review with the External Auditor, and approve, prior to the beginning of their audit, the scope of the External Auditor's examination. The Committee's review should include an explanation from the External Auditor of the factors considered by the auditors in determining the audit scope, including the major risk factors.

11. The Committee shall inquire about the extent to which external accountants other than the principal External Auditor are used and understand the rationale for using them and the extent of the review of their work to be performed by the principal External Auditor.

12. The Committee shall on a timely basis obtain and review reports from the External Auditor relating to the performance of the audit in accordance with Applicable Rules.

13. The Committee shall discuss with the External Auditor the matters required to be discussed by the Statement on Auditing Standards No. 61 relating to the conduct of the audit.

14. The Committee shall review with the External Auditor any audit problems or difficulties and management's response, including without limitation whether there were any restrictions on the scope of the External Auditor's activities or on access to requested information and any significant disagreements with management. As considered appropriate by the Committee, the review may include a review of any accounting adjustments that were noted or proposed by the External Auditor but were passed on by the Company as immaterial or otherwise, and discuss with the External Auditor any issues on which the national office of the External Auditor was consulted by the External Auditor team respecting auditing or accounting issues arising in connection with the External Auditor's provision of services to the Company. The Committee shall review all material written communications between the External Auditor and management that are delivered to the Committee, including, without limitation, any management or internal control letter issued, or proposed to be issued, by the External Auditor to the Company. The Committee shall be responsible for resolving disagreements between management and the External Auditor regarding financial reporting.

Disclosure and Financial Reporting

15. The Committee shall review and discuss with management and the External Auditor the Company's annual audited financial statements and quarterly financial statements, including the Company's disclosures under the section "Management's Discussion and Analysis of Financial Condition and Results of Operation", and the Committee shall recommend whether the annual audited financial statements should be included in the Company's annual report on Form 10-K.

16. The Committee shall review management's internal control report prior to its inclusion in the annual report on Form 10-K.

17. The Committee shall prepare the report required by the SEC's proxy rules to be included in the Company's annual proxy statement, or, if the Company does not file a proxy statement, in the Company's annual report to be filed on Form 10-K with the SEC.

18. The Committee shall discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies, in accordance with Applicable Rules.

Other Matters the Committee Shall Specifically Address

19. The Committee shall discuss with management and the External Auditor the significant financial reporting and disclosure items emphasized by the Applicable Rules, including, for example:

- Critical accounting policies;
- Liquidity;
- Special purpose entities and off-balance sheet transactions; and
- Related party transactions.

20. The Committee shall review the following matters related to the Company's financial reporting process:

- Whether there were any significant financial reporting issues discussed during the period and, if so, how they were resolved and whether a second opinion was sought;
- Major issues regarding accounting principles and financial statement presentations;
- The nature of any material correcting adjustments identified by the External Auditor;
- The use of pro-forma figures in any filings with the SEC or other public disclosure, release or pre-release;
- The methods used to account for significant unusual transactions;
- The substance of any significant litigation, contingencies or claims that had, or may have, a significant impact on the financial statements;
- Reports from the External Auditor regarding alternative treatments of financial information within generally accepted accounting principles that the External Auditor has discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the External Auditor; and
- The effect of regulatory and accounting initiatives on the financial statements of the Company.

21. The Committee shall take the following actions regarding legal and regulatory compliance:

- Review and discuss the effect of regulatory and accounting initiatives with management and the External Auditor; and
- Review and discuss the Company's compliance with legal and regulatory requirements with management and the External Auditor.

22. At least annually, the Committee shall discuss with management, including the risk manager, policies with respect to risk assessment and risk management, including guidelines and policies governing the process by which risk management is handled, the Company's major financial risk exposure and the steps

management has taken to monitor and control such exposures.

23. The Company shall review and discuss with management and the Company's lawyers any risk factor disclosure of the Company prior to its disclosure.

Oversight of Internal Audit Function

24. The Company's internal auditors shall receive instructions from the Chief Financial Officer of the Company. The Committee shall discuss with management, the internal auditors and the External Auditor the internal audit function, the adequacy and scope of the annual internal audit plan, budget and staffing and any recommended material changes in the planned scope of the internal audit function. The internal auditors may at any time, at their option or on the direction of the Committee, report on any matter directly to the Committee. The Committee has the authority to meet privately with any and all internal audit staff at any time, or from time to time, at the Committee's sole discretion.

25. The Committee shall periodically review the work and performance of the internal audit function.

Oversight of Internal Controls

26. The Committee shall review on an annual basis the adequacy of internal controls, steps adopted in light of material control deficiencies and significant internal control recommendations identified through the internal or external audit process and ensure that appropriate corrective actions are instituted.

27. The Committee shall review and discuss with management and the External Auditor the assessment of internal controls and the internal control report made by management and the attestation and report related to the assessment by the External Auditor, in each case as required by Applicable Rules.

28. The Committee shall establish procedures for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters or other compliance matters, and (b) the confidential, anonymous submission by employees of the Company of concerns regarding accounting or auditing matters.

General Compliance and Oversight

29. The Committee shall periodically meet separately with management, with the internal auditors and with the External Auditor.

30. The Committee shall regularly report to the Board and review with the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements,

the qualifications, performance and independence of the External Auditor, or the performance of the internal audit function.

31. The Committee shall have the authority to establish other rules and operating procedures in order to fulfill its obligations under this Charter and Applicable Rules.

32. The Committee shall, no less frequently than quarterly, review with the Chief Executive Officer and the Chief Financial Officer the Company's disclosure controls and procedures and management's conclusions about the adequacy of such disclosure controls and procedures.

33. The Committee shall receive reports from the General Counsel on at least an annual basis regarding the Company's compliance program, and review matters regarding the distribution of and compliance with the Company's Code of Business Conduct and Ethics.