FINAL TRANSCRIPT

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SMG - Q1 2011 The Scotts Miracle-Gro Company Earnings Conference Call

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PRESENTATION

Operator

Good morning and welcome to the first-quarter 2011 earnings conference call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. (Operator Instructions). Jim King, Senior Vice President, Investor Relations and Corporate Affairs, you may begin.

Jim King - *The Scotts Miracle-Gro Company - SVP, IR & Corporate Affairs*

Thanks, Amber. Good morning, everyone and welcome to the Scotts Miracle-Gro first-quarter conference call. With me today are Jim Hagedorn, our Chairman and Chief Executive Officer, as well as Dave Evans, our Chief Financial Officer. Our President, Barry Sanders, who would normally be with us this morning needed to be out of the office to manage a personal matter, so he won't be with us.

Jim and Dave will both share some brief prepared remarks about our results from the first quarter. At that point, we will open the call up for your questions. But in the interest of time, we request that you ask one question and one follow-up.

Before we begin, I want to remind everyone that our annual analyst and investor day meeting is now just a few weeks away, February 23 to be precise. The meeting, once again, will be held at the Boca Raton Marriott in Boca Raton, Florida. The meeting will start promptly at 8 a.m. The first two hours of the meeting will be dedicated to management presentations. At that point, we'll leave the hotel for a brief tour of local lawn and garden departments and then return to the hotel for lunch with management, as well as an extended Q&A session. We'll have a continental breakfast available at 7.15 for early risers and management will be there as well.

Because the store visits will be conducted in small groups, it is important for us to have an accurate count of attendees. So if you plan to attend and you haven't contacted us yet, I'd ask you to do so please by February 10. You can do so by either e-mailing us at investor@scotts.com or by calling my assistant, Heather Scott, at 937-578-5968.

With that, let's move to the business at hand and I want to remind everyone that our comments this morning will contain forward-looking statements. As such, actual results may differ materially. Due to that risk, Scotts Miracle-Gro encourages investors to review the risk factors outlined in our Form 10-K, which is filed with the Securities and Exchange Commission.

As a reminder, this call is being recorded and an archived version of the call will also be available on our Investor Relations website. If we make any comments this morning related to non-GAAP financial measures not covered in our press release, we will provide those items on the website as well. With that, let me turn the call over to Jim Hagedorn to discuss the quarter.

Jim Hagedorn - *The Scotts Miracle-Gro Company - Chairman & CEO*

Thanks, Jim. Good morning, everyone and happy new year. As someone who spends a lot of time in airplanes, this is always the point of year when I look down and wonder if spring will ever come. And that is probably more true this year than it has been for the last several, especially for the Northeast. But the fact is that spring will show up and the fact is that, in the midst of winter, this is a critical time of year for the lawn and garden business.

Our supply chain is working around the clock to make sure we have the inventory in place when the season hits in full force. Our marketing and sales teams are working hard right now on programs to ensure we remain in sync with our consumers and retail partners. Our TV and radio spots will begin to air within the next few weeks and we have already begun to reset the store shelves so that our retail partners will be ready when the season breaks.

Coming off of back-to-back years of record performance, we are confident in our ability to once again generate consistent sales growth, double-digit improvements in EPS and continued margin expansion. But we are not taking anything for granted. Our focus right now is on delivering the results I just outlined. We are off to a solid start and seeing good signs in warm weather markets in our Southeast and Southwest regions.

I am not going to go into too many details this morning. We will save a lot of the specifics for our meeting with you next month in Florida. But I do want to start by giving you my perspective on the results from the quarter and later on our outlook for the full year. Then I will turn the call over to Dave and go into more detail.

We told you during our last call that we anticipated lower year-over-year sales in the quarter as retailers delayed shipments until January. That happened as we expected. Sales in the Global Consumer business were down $25 million. We also said we had planned for a higher level of spending on a year-to-year basis. There are really three reasons for this. First, as our business evolves, we know incremental investments are needed. We opened two more regional offices and invested in our most comprehensive bit of consumer research ever, a point I will revisit in a few minutes.

Second, about half of the increase in G&A in the quarter was due to severance costs, primarily driven by the departure of Mark Baker, but also related to the elimination of a handful of other VP level roles.

And third, we knew that the phasing of spending would be different this year. Over the past two years, we were pretty conservative in the first quarter in order to maintain appropriate cushions with our debt covenants. As we are not burdened with those concerns this year and have more financial flexibility, we took a different approach. Actually accelerating some investments to get in front of the season.

Knowing all of these things led us to project that our pretax loss in the quarter could be $20 million to $25 million more than a year ago and that is where we landed. When we provided that guidance, we also said that it would not impact our full-year outlook and that is still the case. So I think the real story in the quarter remains the consumer. For the quarter, consumer purchases at our largest retailers were up 11%. What makes that quarter even more impressive is the fact that Florida was down 6% in the month of December when the weather was very cold.

What remains particularly encouraging to us is the widespread nature of the consumer support. We had positive POS growth in 48 states and double-digit POS growth in 34 states. In Canada and the UK, we also saw double-digit POS improvements.

Due to the nature of our business, we tend do disregard the fiscal calendar at this time of year and focus instead on the season. It is important to remember that our fall season straddles our fourth and first quarters and most of the activity occurs between mid-September to mid-November.

On that basis, our fall season was up 13%. That growth was primarily driven by lawn renovation projects, which were up over 76% compared to last year. For example, we saw a 90% increase in consumer purchases of grass seed, a nearly 50% increase in our Starter lawn fertilizer products and a more than 30% improvement in lawn soils.

We posted those results against tough comps. We had similar mid-teen growth in the fall business a year ago. Back-to-back years of double-digit fall POS growth reinforces our belief that the fall business still has a lot of upside.

In addition to our investment behind the fall business, the weather did not hurt either. Recall that last summer was hot and dry in most of the United States. As a result, lawns got pretty beat up. So once the fall hit, a lot of consumers went outside to repair their lawns. We know that relatively few consumers are engaged in the category in the fall compared with the spring. And so history tells us that many consumers will still be engaged in lawn repair as the new season takes shape.

Based on those assumptions, we are putting aggressive marketing plans in place, as well as strong merchandising displays and retail support. If we have a relatively normal spring weather, we are optimistic that we will get off to a good start.

The other important story is that we are well-positioned coming out of the quarter. The combination of strong fall POS and a delay in shipments in December means that retail inventories are in very good shape as we get ready for the season.

Adding to our confidence is our belief that our retail partners will continue to provide support for both our category and our brands. So we are confident in our ability to execute to meet the volatile demands of the business. We will keep consumers engaged and we will be there to ensure that our retail partners have the inventory and merchandising in place to have another successful season. That is true in both the United States and in Europe. In fact, we expect the European markets to maintain the positive momentum they showed over the past couple of seasons, growing their business, improving their margins and increasing their return on capital.

We'll talk a lot more in February and those who join us in person will have an opportunity to see how the category is coming to life at retail. So with that said, I'm going to switch gears for a moment and provide an update on Scotts LawnService, which I believe continues to be an underappreciated story.

Let me start by sharing my view of SLS as it relates to our overall strategy. When we decided to sell the Pro business, we also had a lot of discussion about LawnService and in the end, we agreed this business belongs in our portfolio. Yes, the delivery mechanism is different from the rest of the business, but it is a consumer-facing lawn care solution and an area where we can leverage our knowledge of the lawncare category.

It is also a space in which our brands play well and it is a category that offers good opportunities to extend our reach, especially in areas like home pest control. Not only that, but the business is performing extremely well. Despite its sensitivity to the economy, it has delivered two straight years of record performance and the team has built a business model that we believe can be easily leveraged as the economy improves.

In the quarter, SLS saw a 12% increase in revenue, marking the third straight quarter in which they benefited from higher customer accounts and grew the top line. But our first fiscal quarter is really the fourth quarter for SLS. We manage this business based on the customer experience, so when we think of a full season for SLS, a calendar year is a better way to look at the business.

On that basis, SLS showed a full season increase of 35% in operating income to a record $26.7 million and closed the calendar year with an operating margin of nearly 12%, as well as a return on invested capital of also 12%, a 50% improvement from last year and a return well above our cost of capital.

So as we look at SLS from a strategic perspective, we not only see it remaining in the portfolio, but we once again see real opportunities for growth. Now as the economy is improving, we are considering whether we should explore opportunities to expand the footprint of this business.

When we were preparing for this call, I was struck by how much easier it was for us to talk about our business than it has been in the past. Our portfolio now reflects what we want it to be -- a focused consumer company. That doesn't mean we won't seek new opportunities for growth. We will, but when we do, it is going to be in consumer-facing businesses.

That point provides a natural transition to talk about our announcement last week. If you didn't see it, we announced that Dave Evans is taking an expanded role in the organization as the Head of Strategic Planning and Business Development. Let's be clear, he is not giving up his CFO duties. We are working to make some organizational design changes to ensure that Dave has the flexibility to succeed in both areas because I believe, and our Board agrees, that Dave can play a broader and more critical role in the future growth of the business.

He led a thoughtful process as we focused on portfolio with the closure of Smith & Hawken and the pending sale of Global Pro. We are now asking him to take the same approach in helping us grow. Dave will lead an important cross-functional team in establishing a new strategic planning and business development group. Dave's group will be charged with leading the development of a strategy to help us determine how much to invest in our existing business, how much to invest in emerging opportunities and how much to send back to our shareholders. He will work closely with the rest of my team, led by Barry, to ensure the opportunities we identify are properly driven through our operations.

Before I turn things over to Dave, I want to elaborate on one final point, our full-year outlook. We feel confident that the consumer and retail support for our business will continue in 2011, which we think will translate into sales growth of 4% to 6%. And we continue to see the ability to get leverage out of the rest of the P&L from both improved gross margin and strong controls on non-revenue-generating SG&A.

Given all the moving pieces related to the sale of Pro, we are going to wait until next month to provide you a precise EPS target for the year, but we remain optimistic 2011 is setting up as another solid year and we see double-digit EPS growth as being well within our sites once again.

As I said at the outset, we are taking nothing for granted. As our industry has evolved over the past few years, I often say that complacency could become our biggest competitor. We know that. And so we are determined to stay focused on our business, stay committed to our consumer and to drive the kind of results that continue to enhance shareholder value. I look forward to seeing many of you as possible in Florida and I look forward to continuing to communicate with all of you over the course of the year. Thanks for listening and I will turn things over to Dave.

Dave Evans - *The Scotts Miracle-Gro Company - CFO & EVP, Strategy & Business Development*

Thanks, Jim and good morning, everyone. Jim mentioned the expanded role I am taking on, so I wanted to share some brief thoughts on what we are trying to do and why. When I was named CFO in September 2006, we were just wrapping up the fiscal year and reported 2006 sales of $2.7 billion and adjusted operating income of $328 million. While we had a strong North American consumer lawn and garden business, we also had a relatively diverse and complex business portfolio with an autonomous international consumer business, a LawnService business, an outdoor living retailer and a professional business that sold to turf, ornamental, hort and specialty ag growers.

Fast forwarding five years, by September 2011, we expect to be a highly-focused, consumer-facing lawn and garden business with sales just north of $3 billion, but with operating margins elevated to the midteens. Our balance sheet is strong, our long-term financing secure and cash flow from operations even less cyclical. And we have accomplished this transformation through one of the worst economic environments of our generation.

As a team, we are proud of our accomplishments, but we also understand that we must continue to grow and evolve to maintain our momentum, sustain the high standard we have historically set for shareholder return. It is in this context that I am excited to take a greater leadership role, facilitating the strategy process as Jim's partner and take an increased role in the execution of future growth priorities.

Just as I helped facilitate the execution of Jim's vision for increasing our focus on the core, I now look forward to my evolving role working with Jim and the team to leverage our unique assets for growth and increased shareholder return, all while maintaining a disciplined focus. I will share more with you in Florida about how I will approach the assignment.

With that said though, I want to spend a few minutes adding some additional color to Jim's comments. There are three key messages I want to make sure you take away from this call. One, our first-quarter results are in line with our expectations; two, accounting and reporting related to the planned divestiture of our professional business is complex and at its conclusion will fundamentally affect the presentation of our financial statements.

Because we are still in the process of recasting our historic results and our 2011 outlook to reflect the changes driven by Pro, we cannot speak with precision today with respect to full-year estimates, though I will share some broad numbers to help guide you. We will be providing updated historic results to reflect Pro as a discontinued operation with an 8-K that we expect to file in mid-February. We will then be prepared to speak with more precision on guidance when we meet at our analyst conference next month.

And three, despite the lack of closure on accounting for Pro, we can communicate with confidence that our Global Consumer and LawnService businesses are well-positioned to deliver the operating results we shared last quarter. And as Jim said, we expect to report a third consecutive year of double-digit earnings growth in 2011.

So while I suspect I won't answer all of your questions, I think my comments today should set the stage for the next three weeks that lead up to our February meeting.

I will now share some very brief comments on our first quarter. Our reported loss was $1.02 per share. Our adjusted loss from continuing operations was $0.99 per share. The difference of $0.03 per share is comprised of the loss from discontinued operations, that is the Pro business we are divesting, and cost of registration matters. Reported sales of $230 million represents a year-over-year decline of $22 million. Global Consumer sales decreased $25 million as many of our retailers and distributors delayed purchases into the second fiscal quarter. This decline was per partially offset by an increase of $4 million in Scotts LawnService driven by higher year-over-year customer count.

I consciously use dollars rather than percentages to describe the year-over-year changes as percentages of small numbers can be misleading and the first quarter historically represents less than 10% of our full-year sales.

Our adjusted gross margin rate improved 40 basis points versus prior year. While positive, this is slightly less than our full-year guidance for a 70 to 100 basis point improvement and prior comments indicating the improvement would be disproportionately recognized in the first half of the year.

The explanation is straightforward. Out inventory storage costs are expensed as incurred. Since we are building inventory in the first quarter and less than 10% of our annual sales historically occur in the first quarter, storage costs are spread over a small sales base, resulting in proportionately lower gross margin rates than in high sales volume quarters.

And given the low sales base in our first quarter, the rates are more sensitive to volume changes than in high volume quarters. It is that dynamic -- lower year-over-year first-quarter sales -- that is masking the structural improvement in our gross margin rate.

Excluding the impact of volume, rates are more in line with the full-year expectations. We remain confident we will see strong improvement in our second quarter and I want to stress that we still expect a 70 to 100 basis point improvement for the full year as we guided to last quarter.

Jim has already touched on SG&A, so I won't repeat his comments. Interest expense was slightly less than last year with higher average rates related to our two bond offerings offset by reduced average debt outstanding.

Effective tax rate for the quarter was 35.9%, which approximates the rate we estimate for the full year. Shares outstanding increased by 400,000 versus prior year. We have been actively repurchasing shares and through our first quarter had repurchased nearly 1 million shares since the program's inception. However, an offsetting increase in year-over-year shares related to cumulative option exercises over the preceding 12 months more than offset the repurchased amount for the first quarter.

I stated last quarter that we expect share count to be no worse than flat to last year on a full-year basis. I will review updated expectations for fully diluted share count, including an update on our share repurchase program and planned use of proceeds from the sale of Pro at the February meeting. But it would be reasonable at this time to assume that our fully diluted share count will decline about 1 million shares in 2011 when including consideration of the series of transactions, which will follow the close and that will ultimately result in the repurchase of additional shares.

Let me now transition to a discussion on the accounting and reporting for the sale of Pro. As you know, last month, we entered into an agreement with ICL to sell the bulk of our Global Pro business in an all-cash transaction valued at $270 million.

Just so we are clear, this transaction excludes the US professional seed business. The Pro Seed business, which last fiscal year had sales of $25 million, is now reflected in our Corporate and Other segment. We expect to close the deal with ICL later this quarter pending the successful completion of regulatory reviews and satisfying certain other conditions.

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Between now and mid-February, we will be finalizing accounting for the discontinued operation, including implications on allocations of intercompany charges, interest expense and tax rate. This is a complex process and a complex carveout.

While we can't be precise until we complete the work, it would be appropriate to assume the impact of moving Pro to a discontinued operation on fiscal 2010 earnings will be somewhere in the range of $0.18 to $0.22 per share.

When the Global Pro transaction does close later this quarter, we will record a gain on the sale. I can't tell you the amount today. We are still in the process of assigning fair market values to the ongoing contractual relationships, something needed to quantify the gain. What I can tell you is we expect the net proceeds after all costs and taxes to be roughly $200 million.

With that, I will wrap up by saying that I look forward to seeing everyone later in February at the analyst meeting when we will have a lot more to share about the business and our expectations. I will now turn it back over to the operator for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Jason Gere, RBC Capital Markets.

Jason Gere - *RBC Capital Markets - Analyst*

Good morning. Hey, I guess I just wanted to get a little bit more color on the 4% to 6% organic breakdown. Can you just kind of talk about category growth, one; two, share opportunities with the regionalization program and some of the increased distribution gains maybe in comparison to last year and then I just have a follow-up question?

Jim Hagedorn - *The Scotts Miracle-Gro Company - Chairman & CEO*

Holy mackerel, I think it is actually asking a lot.

Jason Gere - *RBC Capital Markets - Analyst*

Alright, then I will leave it at that for now and I will get back in the queue.

Jim Hagedorn - *The Scotts Miracle-Gro Company - Chairman & CEO*

Look, maybe I will just start and then -- Claude Lopez is our Global Head of Sales and I think he can give you his impressions. In regard to distribution, I think maybe hit with that, we have I think the best programs we've ever had with our retailers. We are in -- our inventory in the street is in excellent condition, meaning a lot of opportunity to, as we build out, to ship product in.

So we have better programs than we've ever had, better programs with our retailers and promotional plans with our retailers than we've ever had. I think that the -- and this is more an I think than I know, but it's my belief that retailers continue to see and view lawn and garden as an area to bring customers into their store and plan to spend at a rate equal to or above last year to drive category sales, including our business. And so we are pretty comfortable with that.

We recognize that, with retailer footprint -- this actually is a super important question, which maybe I should spend more time on when we are in February. I hope you're going to be there. But I would say that we recognize our responsibility for category growth. So if this business is going to grow, it is going to be because we are growing to grow the category, not because you are going to see a lot more retail footprint.

On the other hand, remember that somewhere between a third and half the people, depending on what category you look at, don't do anything and that virtually every participant in lawn and garden does not apply to products correctly, meaning they apply it infrequently -- more infrequent than they should and therefore, there is an opportunity, if we get people to use the product, which means -- this is a perpetual issue, but a lot of people don't use it and most people don't use it as directed, meaning they use it too little. We need to grow the category. Our expectation is that we will grow these categories and take the lion's share of that growth.

I think historically what we have seen is that roughly half of the growth will come from share gain and roughly half from category growth. And I think that, in that kind of 4% to 6% range, that sort of sets out where you are at. If you look at share gains in the regions, I think we made very -- like the Southeast and Mike Lukemire is on the line and so I think I got the numbers right, but I think we picked up at least 100 basis points a share in the Southeast for instance last year. 200 basis points, I am sorry.

So that is a very significant increase in share where remember we said that these southern regions were roughly 10% lower share than our legacy regions. So to pick up 1/5 of that in a year when we are really just getting organized around this idea of regionalization and customer first or consumer first is I think really good improvement so far. So I don't know, Claude, anything you would add to that?

Claude Lopez - *The Scotts Miracle-Gro Company - President, Global Sales*

I agree, Jim. Hi, Jason. Hi, everybody. We saw share gain last year and what I would expect is, as we ramp up the regions, you are going to see share gains in the Midwest and the Northeast, which (inaudible) this year and as time goes, you are going to see more consequences of the regionalization of the category growth. So I would say expect continued share gains in the region we set up a year ago, share gains in the regions we are just setting up right now and then category growth as we move.

Jim Hagedorn - *The Scotts Miracle-Gro Company - Chairman & CEO*

So did, Jason, we hit everything?

Jason Gere - *RBC Capital Markets - Analyst*

Yes, no, definitely on that question.

Operator

Bill Chappell, SunTrust.

Bill Chappell - *SunTrust Robinson Humphrey - Analyst*

Good morning. Just first wanted to talk a little bit more about the commodity exposure and I understand this is about 60% hedged, but if you look at kind of the 40% unhedged and your goals for gross margin expansion this year, I mean how should we look into what you need to do in pricing or how comfortable are you with that?

Jim Hagedorn - *The Scotts Miracle-Gro Company - Chairman & CEO*

I will start with saying comfortable. So we are probably slightly more -- I don't know, Dave, what, 65%, 63%?

Dave Evans - *The Scotts Miracle-Gro Company - CFO & EVP, Strategy & Business Development*

We are fairly similar in total, Bill, versus prior year, but the mix of where we are hedged has evolved a little bit year-over-year. And what I'd tell you is, last year, we were nearly completely bought in on bird food. This year, we are maybe only halfway bought in in bird food. But that reflects a change in pricing strategy in bird food as well where we have an intent on our commodity bird food business to take pricing periodically throughout the season. So I think that what you should take away on the other commodities, excluding bird food, we are actually in a better position and locked to a greater share than we were at the same point last year.

Jim Hagedorn - *The Scotts Miracle-Gro Company - Chairman & CEO*

And my view is urea is pretty stable. Resin, there is not sort of a perfect hedge for plastic and so there is probably some exposure on resin. But I would say all in all, I think we feel in that sort of equal probability that we got our stuff covered. So I don't see any issue except in this area of bird food and that is not -- this is not an announcement of pricing. It just says that this is one of those areas where we will price as necessary in the season if we see changes in the commodity. And that is common in this category.

So I would say all in all, I would say equal chance, which is a good place for us and I see no need to concern ourselves with sort of in-season pricing or significant risk on the P&L as (inaudible) the commodity. So I guess maybe stop there and say if you want to talk about it more?

Bill Chappell - *SunTrust Robinson Humphrey - Analyst*

Yes, well, maybe that ties into my other question. I am just trying to reconcile when you look at the push-out of orders from the December quarter to the March quarter trying to understand why inventories on the balance sheet would have gone down kind of 5% year-over-year when I would have expected kind of there to be a build-up going into the season.

And then also a quick one, when you are talking about double-digit kind of earnings growth, you are talking about adjusted for both years, both 2010 and 2011, without the Global Consumer, so without the $0.20-ish in 2010 for Global Pro. Is that right?

Dave Evans - *The Scotts Miracle-Gro Company - CFO & EVP, Strategy & Business Development*

Yes, Bill. So what we're saying, so last year we were at 341. If you just took the midpoint of the range I gave you for Pro, so take it to 321. So what we are saying is on that base, we expect to see double-digit earnings growth.

Bill Chappell - *SunTrust Robinson Humphrey - Analyst*

Okay. Then on the inventory side, just to --.

Dave Evans - *The Scotts Miracle-Gro Company - CFO & EVP, Strategy & Business Development*

On the inventory there is a couple things going on. One is just a reduction in average cost embedded within our inventory units. And two is specific to lawn fertilizer, some better performance in terms of inventory turns on lawn fertilizers.

Bill Chappell - *SunTrust Robinson Humphrey - Analyst*

Okay, so the Global Consumer would have seen it kind of actually build up as you get ready for the reason; is that right?

Dave Evans - *The Scotts Miracle-Gro Company - CFO & EVP, Strategy & Business Development*

Yes, there is always a buildup, but relative to last year on a dollars basis, we saw some improvement there.

Bill Chappell - *SunTrust Robinson Humphrey - Analyst*

Great. Thanks so much.

Operator

Mark Rupe, Longbow Research.

Mark Rupe - *Longbow Research - Analyst*

Hey guys, just curious to see what maybe your thoughts are, initial thoughts, are on how the in channels will do in fiscal '11 -- hardware home centers -- relative to maybe the independents and the grocery, given the regionalization effort?

Jim Hagedorn - *The Scotts Miracle-Gro Company - Chairman & CEO*

Okay. (multiple speakers) And it's a somewhat more complicated story because, for instance, if you look at the Southeast, the sort of concentration of independents is significantly reduced compared to sort of the mix.

On the West Coast there are more independents, and so there is more opportunity for growth as we sort of get tighter to the market, which is the purpose of the regionalization. So I think it is kind of a different story depending on what region you look at.

But I have got to say this is one of the more -- prepping for this meeting given that like the weather blows here in Ohio, it actually makes me feel really good. Because as we prepped for the call this morning, I had all -- and they are all on the call now, all the regional presidents -- and there is really good stuff happening sort of across the United States, both in programs, retailer support.

So our independent programs I think are in really good shape. And we have new products uniquely for the independents. So I don't know, Claude, your view on basically just maybe call it big box and independent garden centers and hardware, what do you see?

Claude Lopez - *The Scotts Miracle-Gro Company - President, Global Sales*

Well, we are very excited by the different opportunities that we can have, that we will have, in the independent sector. We are launching an exclusive line of products for independents, which we call Garden Pro. This is receiving outstanding acceptance from the independent sector and this is going to drive a lot of growth in the future.

The other thing is we have given more -- obviously as we will generate our business, the regions are in charge of the independent business more and more and we are very excited about the increased focus that this would bring in terms of intimacy with the independent sector locally.

Jim Hagedorn - *The Scotts Miracle-Gro Company - Chairman & CEO*

I don't know if that really answered the question, but it is --

Mark Rupe - *Longbow Research - Analyst*

No, I appreciate the color. Just lastly, on the new product pipeline, I know you have commented on it being fairly robust as we get into 2012. Will we see some of those in test markets in fiscal '11?

Jim Hagedorn - *The Scotts Miracle-Gro Company - Chairman & CEO*

Yes, so continued work on that new spreader with the integrated package called [Snap] and so that -- we learned a lot last year. We intend to learn more. It is something that people who used it really liked it and we think, for some parts of the market, it is not only big innovation, but it is just -- for people who use product differently, i.e., smaller lawns, it is a product that is really handy and for accounts like Wal-Mart where you tend to have smaller lawns than some of the home centers, just if you look at how the consumers use the product, it is a big opportunity. Same for the West Coast.

So the other one is expandable soil, which is a really cool innovation, which -- the idea of having this giant bag that you have got to drag around, and it is like 50 pounds and remember, even though sitting around this table is a bunch of guys, gardening is a women's sport and for women to have to go to a distribution point and drag home bags of huge soil and remember, our soil business is a very robust growing profitable business, the idea of being able to sort of make the product concentrated and get the same amount of product with a bag that is half the size and half the weight or even less than half the weight, this is a huge opportunity and you are going to see that product in trial this year, but we are extremely enthusiastic about it.

Mark Rupe - *Longbow Research - Analyst*

Perfect. Thanks, guys. Good luck.

Operator

Eric Bosshard, Cleveland Research.

Eric Bosshard - *Cleveland Research Co. - Analyst*

Jim, you mentioned some additional spending on consumer research. Can you share any insights or perspective from what you are learning and what you are trying to --?

Jim Hagedorn - *The Scotts Miracle-Gro Company - Chairman & CEO*

Yes, and actually, listen, research is always one of those things -- my father sort of hated research unless it was exactly what he thought and then he said that is good research. I would say this was not exactly that, but it was some -- I think like all good research, and listen, this is a kind of shame on us a little bit, this is research we need to be doing more of, which is how the consumer thinks about our products, how they behave and sort of their attitudes.

But I would say some of the bigger opportunities on that are that consumers use the product differently than we thought. I mean I think this was I think the single biggest people -- the biggest single piece of research we have done in many years on -- specifically on lawns, is they use it differently and that people sort of jump in and out a lot more than we thought. And that when they dropped out in the past, we viewed them pretty quickly as a last user as opposed to -- this is a little bit of how people just are in and out all the time. And if you put them out and take them out of last and put them back into sort of active, but saying active users use it differently and maybe less frequently and more sporadically than we thought, that sort of changes how we look at people.

We know that young people who we had a serious concern that are we relevant, are lawns relevant, do young people, do young homeowners give a damn about the lawn and are they willing to put the time and do they have the sort of feeling that they would like to have a nice lawn. And the answer is a resounding yes and this is hugely important for the future because we were pretty concerned that maybe a lawn is not very relevant to young people, but young people do care about a lawn. They do want it, but they are very confused.

So I would say that, and maybe another issue and this is relevant, but it is something that is early days, is the effect of pricing on usage and we took a boatload of pricing. I think it was '09, '08 to '09 and we took more pricing in '10. And while we took share -- so this is not like we are losing share, what we are seeing is basically the category is not growing very well. And so I think we need to take a look at our sort of pricing and this is -- do not run away thinking though they are going to give up margin, but I think what this says is do we need a midpriced product, how do we look at it and remember category growth is what we are talking about.

So I don't think we really know -- and I don't think we will know in a month, but I think we will know by the year and we will have a position to take on what we think pricing means. And this is -- so I don't view this as a negative, Eric and I think it would be really wrong for you guys to take this research and say, a-ha, this is -- we continue to see unit volume declines in the category across the board, private label and -- so we are really interested in why.

The good news is not a relevancy issue. The good news is much different usage patterns than I think we sort of thought we were going to see. And lastly is that the single biggest reason, and I view this as a good reason because we were concerned about whether people were thinking about sustainability and stuff, is that the biggest single reason that people lapse is they have got no money.

I was boating in the Virgin Islands with some friends who are not doing that well economically, and I looked at Cheryl, who is my wife's cousin's wife and said you are using our product, right, Cheryl and she said not as much as I used to. And I think that this is something we have to understand is that consumers are probably a little less rich and we need to figure this out. But I think this is really good research for us and it is very actionable. So I am very excited about it.

Eric Bosshard - *Cleveland Research Co. - Analyst*

And then just one follow-up for Dave. In terms of the $200 million of net proceeds, I don't know that you have given sort of perfect color on this, but strategically is there any reason you don't just use it all to buy stock quickly?

Dave Evans - *The Scotts Miracle-Gro Company - CFO & EVP, Strategy & Business Development*

Well, Eric, just to be clear, our agreements on our debt facilities and with our bondholders, it is going to require us to kind of navigate through a couple transactions. First, we are going to pay down our debt as we are required to. But then as we get into our next new facility, which we are still anticipating doing in our third quarter, we will take that leverage back up and then we will use that to repurchase shares.

Eric, I think the way we are executing our current share repurchase program, we are not trying to be market timers on this necessarily. I think we have kind of what I would call a blended program of both programmatic and opportunistic. And that is our attitude with the proceeds of this Pro transaction as well.

We will do it over a fairly compressed period, but we are not going to do it all in one week. And that is why I think we are seeing -- because the fully diluted is a weighted average, it is going to have a reasonably muted effect on our diluted share count this year. But then we will get the full share count benefit in 2012.

Operator

Jeff Zekauskas, JPMorgan.

Jeff Zekauskas - *JPMorgan - Analyst*

Hi, good morning. When Dave was speaking in the opening remarks, he said that there would be a hit to earnings of something like $0.18 to $0.22 from the divestiture. Now is that all of a call it an operational reduction or are there some restructuring charges in there? Why is the number so large?

Dave Evans - *The Scotts Miracle-Gro Company - CFO & EVP, Strategy & Business Development*

Well, if you look at the Pro segment, as we reported historically, recall first that this isn't the entire part of the segment. There is a part, which is Pro Seed that is also embedded in there. But we are taking the operating earnings from the portion we are selling. We are required then to also allocate some interest expense. We have to go back and look at some of our allocations. But yes, we do expect the net effect to be $0.18 to $0.22, including taxes, interest and revisions and allocations.

Jeff Zekauskas - *JPMorgan - Analyst*

Okay. I guess just a last question, it sounds like you bought your fertilizers relatively early in the season before the nitrogen fertilizers really moved up and the kind of pricing that you are expecting for this year, it sounds like it is a couple of percent, whereas probably your competitors are under a fair amount of pressure from the increases in nitrogen costs. So are you being too conservative in having such a small average price increase or is this really one of the ways that you expect to take share this year as the difference between your prices and your competitor prices really narrows?

Jim Hagedorn - *The Scotts Miracle-Gro Company - Chairman & CEO*

I don't know, maybe every question today is becoming sort of a multidimensional question. I'd start by saying I am not sure we are seeing a huge amount of pressure. I think we are seeing a lot of supply on the urea side. And so I would say not seeing urea prices move with sort of generally the price of oil. I mean would you say that's true? So my supply chain folks are nodding here.

I do think that to the extent that other people either can't buy as well as us or they are seeing increases and their cost of goods as a percentage of their selling price is higher, they are more impacted than we are.

I think that -- I am not sure we are using that as some way of getting an advantage, and I don't think we have the ability or the desire to take pricing at this point. So I think you're much more likely to see that pricing at the Street is relative to the retailers' desire to bring consumers into the store and to use our brands as to some extent leaders as bringing footsteps into the stores.

And I think personally based on what we are seeing currently, without getting into any retailer names, is a very aggressive position by the retailers, at least on the early season lawn business, to price very competitively. And so that I think actually is the most single important factor in regard to what the consumer sees and the price that they pay is very much going to be how the retailers price our product, not so much how we do and we have set our pricing for the year.

So I do think it is going to be very competitive and I think we are going to gain share again. I guess maybe that's the easy answer.

Jeff Zekauskas - *JPMorgan - Analyst*

Okay, thanks very much.

Operator

Alice Longley, Buckingham Research.

Alice Longley - *Buckingham Research - Analyst*

Hi, I have got a couple of follow-up gross margin and cost comments. I am surprised that you are still confirming this 70 to 100 basis point gross margin expansion. I guess is it that urea has become more favorable since you last had the call because oil prices have gone up and I would think that your resin and diesel costs would be worse than when you last gave us guidance?

Dave Evans - *The Scotts Miracle-Gro Company - CFO & EVP, Strategy & Business Development*

Alice, I think the simple answer is when we gave that guidance, we did anticipate some -- an inflationary environment in some of these commodities. So what we are seeing, given the portion that still isn't locked, what we are seeing isn't having a significantly material impact on our earlier estimates.

Alice Longley - *Buckingham Research - Analyst*

Okay. And then, of course, at this point, we have to start looking out to fiscal '12 and if costs are going up, one would think you would have to take some pricing next September for fiscal '12, but you are now indicating that maybe the environment and the consumer and the retailers won't accept that. So the concern shifts out to fiscal '12. Why shouldn't we be concerned about that?

Jim Hagedorn - *The Scotts Miracle-Gro Company - Chairman & CEO*

That is like a trick question. Actually, I don't think we said that. I think what we said is that consumers probably in any consumer product pricing does matter. On the other hand, we have continued to gain share as we have aggressively priced our products call it '08 to today. Consumers are more engaged in lawn and garden, not less. We have not scared people away. We continue in our I think our single biggest productline at this point, which is dirt, to get double-digit sales increases after pricing.

I think that we are, and I think we are pretty skillful not only taking costs out of our building of the product, but I think to price as necessary to maintain or enhance margins. Alice, we know that margin is a super important part of what I call jet fuel here, which is running our business. So it is not only keeping our sort of non-business-related G&A -- when I say nonbusiness, revenue-producing G&A under control, meaning flat or down in my opinion, but it is our gross margin together with our expense control that gives us the ability to sort of apply a higher than our rate of sales growth to really our retail and consumer-facing parts of our business, but primarily marketing expenses and innovation expenses.

So we know that, we are going to be disciplined about it. We have the ability to take pricing. We have taken pricing. I think that we are pretty comfortable where we are right now and if we have to, we will. I mean I guess that is the really simple answer is we will if we have to, but I don't think we are in that place yet. But if we do, we will and we will explain that to our retailers and we will continue to be concerned -- I don't mean concerned. We will continue to evaluate how the consumer reacts to pricing if we have to do it.

Alice Longley - *Buckingham Research - Analyst*

Okay, and then my other question is on a more positive note, which is the second quarter, it sounds as if, with the decline in shipments, but the growth at retail, that your shipments in the second quarter -- is it fair to think that they might be up high single digits or is that too much?

Dave Evans - *The Scotts Miracle-Gro Company - CFO & EVP, Strategy & Business Development*

Alice, first remember the law of small numbers. It is not a significant shift in the context of Q2 sales. And second of all, I think we shy away from ever providing the quarterly guidance simply because the timing of the season breaking is just so unpredictable. Remember, last year, we saw the season really slow from a consumer perspective until about mid-March and then it just exploded in the third week of March through mid-April. If I knew when that was going to break this year, I could be more precise. So I think the only thing you really hang your hat on is there is a slight tailwind given that some Q4 shifted -- I'm sorry -- Q1 shifted into Q2.

Alice Longley - *Buckingham Research - Analyst*

And then on gross margin, you seem to be holding to the gross margin expansion being first-half weighted, which means again that they are going to probably be up over 100 basis points in the second quarter?

Dave Evans - *The Scotts Miracle-Gro Company - CFO & EVP, Strategy & Business Development*

It could potentially happen, yes.

Alice Longley - *Buckingham Research - Analyst*

Okay, let me slip in one last question. I think when you first talked about the divestitures, you said it would be dilutive by $0.10 to $0.15. How come it has gotten bigger?

Dave Evans - *The Scotts Miracle-Gro Company - CFO & EVP, Strategy & Business Development*

Well, when we said that, we, at that time, didn't know whether the accounting would show it as discontinued ops or whether it would still be presented in our continuing operations, but we would only have a partial year. And there are some pretty complex accounting rules you have to follow to make that evaluation. It is clearly not a given that just because you are selling a business, it is a discontinued op. It is based on the amount of cash flows and other factors like that going forward.

So it is a little bit apples and oranges. The $0.18 to $0.22 is now based on our conclusion that it is a discontinued op. So it is really taking the full year out of our reported results for 2011 versus just the partial year we were thinking about earlier.

Alice Longley - *Buckingham Research - Analyst*

Since we have a while before your meeting, I mean you have just said on an adjusted basis EPS would be up double digits this year. Since now people are going to have to put their [base] down more, are you talking about 10% double digits or more than 10%? I know you don't want to be very exact, but is it just 10% or can we assume something bigger than that?

Dave Evans - *The Scotts Miracle-Gro Company - CFO & EVP, Strategy & Business Development*

Alice, I think if you kind of walk through the mechanics, we have dropped a lot of breadcrumbs here between the last call and this call. And I think if you walk through the mechanics of the growth assumptions of 4% to 6%, gross margin improvement of 70 to 100, some slight leverage on SG&A, we have talked about interest expense being up about $15 million, tax rate today we said was 35.9%, just call it 36% and again, assuming you kind of have this kind of, through a series of transactions, a weighted average benefit of share count of a million shares, you are going to get to a number that is north of 10% by a little bit, but it is probably you are going to be north of 10%. So that is what I would leave you with.

Alice Longley - *Buckingham Research - Analyst*

Okay, thanks a lot.

Jim Hagedorn - *The Scotts Miracle-Gro Company - Chairman & CEO*

That's a lot of breadcrumbs, dude.

Operator

Jim Barrett, CL King & Associates.

Jim Barrett - *CL King & Associates - Analyst*

Yes, good morning, everyone. Jim, could you give us an update on the regionalization of your manufacturing? I notice you are building a fertilizer plant or a blending facility in Missouri. Can you give us an update on, A, where you stand, how far along are we and secondly, an update on the savings expected?

Jim Hagedorn - *The Scotts Miracle-Gro Company - Chairman & CEO*

All right, I will let Dave deal with the savings because he is my number man, but let me talk to you about kind of what we are doing. Number one, we are moving to a liquids plant in Mississippi and this is a -- it is a really nice facility that we bought at a good price. It is I think -- I don't know when it's -- (multiple speakers) -- so it is up online. So it gives us much more responsiveness and we have got a lot less diesel moving product into the market. And so where everything was made in Iowa before will now be Iowa and Mississippi.

We also are taking more and more of our dirt plants, our growing media facilities and are using to mix lawn products in there so that dirt plants are plants that generally ship truckloads. After the initial set, under our old model, especially for lawn products, we are very, very, very weighted toward LTL shipments into the retailers.

By moving product -- and that is less responsive and more expensive. By moving and pre-positioning lawn products and including them in with our growing media, it allows us to get into the stores much more frequently. They are much closer to the market and we are generally shipping full truckloads at that point. So I don't know what you would add.

Dave Evans - *The Scotts Miracle-Gro Company - CFO & EVP, Strategy & Business Development*

Well, Jim, what I would say is we have talked in the past about the broader regionalization of supply chain driving a $50 million saving over a period of several years. This liquids facility is one of multiple elements of that strategy of regionalization. And when taken in the context of other initiatives for this year, we are expecting full-year cost benefits this year in the range of $8 million to $12 million within the context of that $50 million program.

Jim Barrett - *CL King & Associates - Analyst*

And as a follow-up, Dave, by the end of this year, do you expect to be 40% through your regionalization of your manufacturing and supply chain? Is it 60%, is it 30%, how should we look at that?

Dave Evans - *The Scotts Miracle-Gro Company - CFO & EVP, Strategy & Business Development*

It is probably in the neighborhood of 50%.

Jim Barrett - *CL King & Associates - Analyst*

Halfway there. Okay. Does the remainder get achieved next year?

Dave Evans - *The Scotts Miracle-Gro Company - CFO & EVP, Strategy & Business Development*

I would say we still have a couple years to completion of that program.

Jim Barrett - *CL King & Associates - Analyst*

Okay, well thank you both very much.

Operator

Joe Altobello, Oppenheimer.

Joe Altobello - *Oppenheimer & Co. - Analyst*

Good morning. Just a couple quick ones. First on pricing, can you remind us where you are taking any list price increases heading into the spring for this year?

Jim Hagedorn - *The Scotts Miracle-Gro Company - Chairman & CEO*

The question is what pricing?

Dave Evans - *The Scotts Miracle-Gro Company - CFO & EVP, Strategy & Business Development*

I think in general across the breadth of our productlines, we talked about pricing in the area of 1% to 2% for this fiscal year.

Joe Altobello - *Oppenheimer & Co. - Analyst*

And that is mostly on fertilizers?

Dave Evans - *The Scotts Miracle-Gro Company - CFO & EVP, Strategy & Business Development*

Yes.

Joe Altobello - *Oppenheimer & Co. - Analyst*

Okay. And that leads to my second question. In terms of the gross margin, you mentioned this morning the gross margin is up largely on lower materials costs. Could you also give us a sense for what you think materials will be for the full year? Is it going to continue to be a tailwind given the hedging program you have got?

Dave Evans - *The Scotts Miracle-Gro Company - CFO & EVP, Strategy & Business Development*

Well, I think -- I am not sure I said it was largely material. I think it is a combination of material cost savings, as well as the productivity benefits that we just talked about with Jim Barrett. So it is a combination of both that are going to drive the full-year benefit.

Joe Altobello - *Oppenheimer & Co. - Analyst*

Okay, so for full year, you are looking for a tailwind from commodities?

Dave Evans - *The Scotts Miracle-Gro Company - CFO & EVP, Strategy & Business Development*

Well, remember, it is relative to prior year. That is the comparison.

Jim Hagedorn - *The Scotts Miracle-Gro Company - Chairman & CEO*

Compared to last year, yes.

Dave Evans - *The Scotts Miracle-Gro Company - CFO & EVP, Strategy & Business Development*

Yes. So while we are seeing some -- well, we are seeing inflation in our commodities as the year progresses, the effect on us this year was, A, we contemplated some inflation and B, we have been locking in early. But despite kind of the inflation we are seeing now relative to what was running through our P&L a year ago, we are still seeing some benefit from the material costs.

Joe Altobello - *Oppenheimer & Co. - Analyst*

Got you. Okay. And just one last one if I could. The shipments that got delayed into 1Q, did those show up in January? I'm sorry -- into 2Q?

Dave Evans - *The Scotts Miracle-Gro Company - CFO & EVP, Strategy & Business Development*

I think we are seeing just kind of a broad trend, which actually is kind of beneficial for the value chain in total of moving inventory closer to the season and managing it more precisely on a regional basis. So I think it is a little bit of a mixed answer in that, if you look in the South, our regional people will tell you in the South the inventory has gotten in in January and they are well-positioned for the season. But more northern markets we may see that it may not all get replaced in January. It could move to February.

Jim Hagedorn - *The Scotts Miracle-Gro Company - Chairman & CEO*

But, look, Joe, I think the way to look at this from my point of view, because I was trying to sort of make sense of all sort of the motion that happened sort of Q1 versus where we are today, the retailers had an awesome fall. And I think that as they sort of finished an awesome fall, it is a little bit like -- I know it is not gambling, but it is like going to Vegas and actually winning. The smart people I think put some of the winnings in their pockets and say like that was good, I am done and take their incentive and I think the retailers, many of them had pretty good Christmases as well.

So as they moved out of the fall law and garden season, they had a great Christmas season, but I think that -- so it actually worked out pretty well. But I think there was not a lot of effort to sort of go crazy in sort of Q4. Now that we're -- (multiple speakers). I'm sorry in Q1. And I think that as people now as the merchants are getting ready for the season, what we are seeing is, in the southern markets, we are ahead of schedule on the sets. And so I think we see a build that is happening as good or better than we thought it would for sort of getting the store shelves ready so that the shelf sets are occurring ahead of schedule in our southern markets.

Joe Altobello - *Oppenheimer & Co. - Analyst*

Okay, that's helpful. Thank you.

Operator

Olivia Tong, Bank of America-Merrill Lynch.

Olivia Tong - *Bank of America-Merrill Lynch - Analyst*

Thanks a bunch. I know this is a little early for this question, but just wondering if you have had any learning so far from the regional offices, the two new ones. I know it is early days, but perhaps you could talk a little bit about that.

Jim Hagedorn - *The Scotts Miracle-Gro Company - Chairman & CEO*

Well, listen, I am not sure I would say it was learnings. What I would say is where are we going. And this goes back a little bit to learnings is that we expect regional presidents, and I know Barry would be saying exactly the same thing, is that we -- our first three -- so our year old call it regions, they had the feel of kind of like super sales offices. And if we are really moving a lot of the management of the business out to the field, they have got to feel more like regular full businesses. If we are going to start diminishing what we do here in Marysville, transferring it to the regions, Marysville becoming more of a support facility for the regions that -- our expectation is the regional presidents are like real businessmen or women.

And so I would say a learning is that we are making a lot of progress in getting our regional presidents to really take control, realize they are not subordinate to Marysville, except to Barry and Claude in the sort of corporate function, but that they really are running our business in the fields. And I would say that is our single biggest learning.

I would say that Q1, as the recipient of data that Dave and I get, what we learn from Q1 is that the regional presidents have to take responsibility for their P&L control that they have now and that we have got to be extra sort of vigilant that as we are sort of transferring control that we know who is in charge. And I don't mean -- this is not a criticism, it just means that going away for Christmas vacation this year was not as simple as sort of Brian Kura telling us everything is good and Dave saying it is all good and I can go spend a week on my boat. It wasn't like that.

It was we got more people involved in the P&L and that means that Dave and the finance group has to be sort of extra careful as we see these guys become more full all-around business people. And so I would say to me that is the biggest learning and I don't know, Claude, if you have a different point of view.

Claude Lopez - *The Scotts Miracle-Gro Company - President, Global Sales*

I agree, Jim.

Jim Hagedorn - *The Scotts Miracle-Gro Company - Chairman & CEO*

But it is an interesting transition in how we run our business. Are you still there? Hello?

Unidentified Company Representative

Amber, I think we lost her, so is there anybody else still in the Q?

Operator

Jon Andersen, William Blair.

Jon Andersen - *William Blair & Co. - Analyst*

Good morning, thanks for taking my question, guys. I know you are coming off I think a fairly challenging sales year in wild bird food and I was just wondering what your expectations are for that business as you look ahead to 2011 and whether anything is changing from a retail perspective there that can help out? Thanks.

Dave Evans - *The Scotts Miracle-Gro Company - CFO & EVP, Strategy & Business Development*

The answer is yes. I have high expectations and our regional presidents and Claude and our marketing folks can view this as a challenge. I have big expectations for this business. This is an important category for us. It is an area where the idea of commodity and value added very much like our existing growing media business are in place. There is not as developed a value added category as historically in bird food than what you see.

We have changed our approach. We've, as part of our whole strategy commodity versus value added, we have reduced our price on value added. And we are seeing -- this is like a couple weeks old and where we have implemented those prices and it has showed up at retail, we are seeing sort of 20% improvements the last couple of weeks on POS since we have implemented new pricing.

Our expectation is deeper penetration of both our commodity and our value added productlines and increased emphasis at retail by retailers as we have adjusted our pricing and this comes out of learnings we had from last year. Remember, this is a brand-new category, value added bird food and so I would say this is very dynamic. I am really pleased with the work the business is doing both on the marketing side and at the street level. And it was clear, as we looked at the pricing, that we probably were a little bit too aggressive.

It was kind of a good gifty item, but pretty expensive for somebody to use the value added week after week. And many of these consumers, our bird food customers, are passionate about their feathered friends and they want to give them the right product,

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but it has got to be at a reasonable price or they will default back to commodity. So I am really pleased. It is a pretty major change and the results we are seeing are really good sort of two weeks in.

Jon Andersen - *William Blair & Co. - Analyst*

Okay, and you may have mentioned this earlier, and I missed it. If so, I apologize. Do you expect advertising spending to kind of be up in line with sales this year or faster than sales?

Jim Hagedorn - *The Scotts Miracle-Gro Company - Chairman & CEO*

Faster than sales.

Jon Andersen - *William Blair & Co. - Analyst*

Okay, great. Thanks, guys. I look forward to seeing you in Florida in a few weeks.

Jim Hagedorn - *The Scotts Miracle-Gro Company - Chairman & CEO*

See you then.

Operator

I'd now like to turn the call back to Jim King for closing remarks.

Jim King - *The Scotts Miracle-Gro Company - SVP, IR & Corporate Affairs*

Okay, thanks, Amber. Thanks for joining us this morning and again, if you plan on joining us in Florida and haven't contacted us yet, investor@ scotts.com or you can call our IR department at 937-578-5968. Obviously the call will be webcast on our website and on Street Events as well. So we hope to see you there and talk to you soon. Thanks, have a great day.

Operator

This concludes today's conference call. Thank you for your participation. You may disconnect at this time.
