

Use of Non-GAAP Financial Measures

The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management believes that certain non-GAAP financial measures that exclude the impact of Garden segment charges in fiscal 2014 and 2013 and Garden segment gains recognized during the third and fourth quarters of 2014 related to the sale of plant assets may be useful in certain instances to provide additional meaningful comparisons between current results and results in prior operating periods that should be considered when assessing our ongoing performance. The Company believes that these non-GAAP financial measures provide useful information to investors and other users of its financial statements, such as lenders. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company's performance. While the Company's management believes that non-GAAP measurements are useful supplemental information, such adjusted results are not intended to replace the Company's GAAP financial results and should be read in conjunction with those GAAP results.

CENTRAL GARDEN & PET COMPANY
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(unaudited, in thousands, except per share amounts)

	<u>GAAP Fourth Quarter 2014</u>	<u>Garden Charge</u>	<u>Gain on Plant Assets Sale (B)</u>	<u>Adjusted Fourth Quarter 2014</u>
Net sales	\$ 374,238	\$ -	\$ -	\$ 374,238
Cost of goods sold and occupancy	266,682			266,682
Gross profit	107,556	-	-	107,556
Selling, general and admin expenses	106,183		2,879	109,062
Income (loss) from operations	1,373	-	(2,879)	(1,506)
Net loss	\$ (4,070)	\$ -	\$ (1,814)	\$ (5,884)
Net loss per share attributable to Central Garden & Pet Co.:				
Earnings per share - Diluted	\$ (0.08)			\$ (0.12)
Weighted shares outstanding	49,324			49,324
Gross margin	28.7%			28.7%
Selling, general and administrative expenses as a percentage of sales	28.4%			29.1%
Operating margin	0.4%			(0.4%)

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(unaudited, in thousands, except per share amounts)

	<u>GAAP Fourth Quarter 2013</u>	<u>Garden Charge (A)</u>	<u>Goodwill Impairment</u>	<u>Adjusted Fourth Quarter 2013</u>
Net sales	\$ 368,837	\$ 3,204	\$ -	\$ 372,041
Cost of Goods Sold and occupancy	287,530	(7,956)		279,574
Gross profit	81,307	11,160	-	92,467
Selling, general and Admin expenses	107,696		(7,710)	99,986
Income (loss) from operations	(26,389)	11,160	7,710	(7,519)
Net income (loss)	\$ (22,581)	\$ 7,031	\$ 4,857	\$ (10,693)
Net loss per share attributable to Central Garden & Pet Co.:				
Earnings per share - Diluted	\$ (0.47)			\$ (0.22)
Weighted shares outstanding	48,264			48,264
Gross margin	22.0%			24.9%
Selling, general and administrative expenses as a percentage of sales	29.2%			26.9%
Operating margin	(7.2%)			(2.0%)

GAAP to Non-GAAP Consolidated Reconciliation
(unaudited, in thousands, except per share amounts)
For Fiscal Year Ended September 27, 2014

	Fiscal 2014 GAAP	Garden Charge (A)	Gain on Sale of Plant Assets (B)	Fiscal 2014 As Adjusted
Net sales	\$ 1,604,357	\$ 7,035	\$ -	\$ 1,611,392
Cost of goods sold and occupancy	1,150,333	(9,873)		1,140,460
Gross profit	454,024	16,908		470,932
Selling, general and administrative expenses	397,811		4,875	402,686
Income from operations	\$ 56,213	\$ 16,908	\$ (4,875)	\$ 68,246
Net income (loss)	\$ 8,804	\$ 10,652	\$ (3,071)	\$ 16,385
Net loss per share attributable to Central Garden & Pet Co.				
Earnings per share – Diluted	\$ 0.18			\$ 0.33
Weighted shares outstanding	49,397			49,397
Gross margin	28.3%			29.2%
Selling, general and administrative expenses as a percentage of sales	24.8%			25.0%
Operating margin	3.5%			4.2%

GAAP to Non-GAAP Consolidated Reconciliation
(unaudited, in thousands, except per share amounts)
For Fiscal Year Ended September 28, 2013

	Fiscal 2013 GAAP	Garden Charge (A)	Goodwill Impairment (C)	Fiscal 2013 As Adjusted
Net sales	\$ 1,653,633	\$ 3,204	\$ -	\$ 1,656,837
Cost of goods sold and occupancy	1,189,731	(7,956)		1,181,775
Gross profit	463,902	11,160	-	475,062
Selling, general and administrative expenses & impairment	423,747	-	(7,710)	416,037
Income from operations	\$ 40,155	\$ 11,160	\$ 7,710	\$ 59,025
Net income (loss)	\$ (1,929)	\$ 7,031	\$ 4,857	\$ 9,959
Earnings per share – Diluted	\$ (0.04)			\$ 0.20
Weighted shares outstanding	48,094			48,781
Gross margin	28.1%			28.7%
Selling, general and administrative expenses as a percentage of sales	25.6%			25.1%
Operating margin	2.4%			3.6%

(A) The Garden charges reflect the impact of Garden segment charges in fiscal 2014 and 2013 related to the discontinuance of certain products introduced in 2013.

(B) The gain on sale of plant assets reflects the gain from the sale of plant assets during the third and fourth quarters of fiscal 2014 related to a product the garden segment will now purchase rather than produce.

(C) The goodwill impairment charge was recognized in the fourth quarter of fiscal 2013 related to the impairment of goodwill within our garden segment.

Non-GAAP Consolidated Comparative Summary
(unaudited, in thousands, except per share amounts)

	<u>Three Months Ended September 27, 2014</u>	<u>Three Months Ended September 28, 2013</u>	<u>Fiscal Year Ended September 27, 2014</u>	<u>Fiscal Year Ended September 28, 2013</u>
Adjusted net sales	\$ 374,238	\$ 372,041	\$ 1,611,392	\$ 1,656,837
Adjusted gross profit	107,556	92,467	470,932	475,062
Adjusted gross margin	28.7%	24.9%	29.2%	28.7%
Adjusted selling, general and administrative expenses	\$ 109,062	\$ 99,986	\$402,686	\$ 416,037
Adjusted selling, general and administrative as a percentage of sales	29.1%	26.9%	25.0%	25.1%
Adjusted income (loss) from operations	(1,506)	(7,519)	68,246	59,025
Adjusted operating margin	(0.4%)	(2.0%)	4.2%	3.6%
Adjusted EPS – diluted	(\$0.12)	(\$0.22)	\$0.33	\$0.20

Garden Segment
Fourth Quarter and Fiscal Year 2014 vs. 2013
Reconciliation GAAP to non-GAAP
(unaudited, in thousands, except per share amounts)

	<u>Three Months Ended September 27, 2014</u>	<u>Three Months Ended September 28, 2013</u>	<u>Fiscal Year Ended September 27, 2014</u>	<u>Fiscal Year Ended September 28, 2013</u>
Garden Segment:	<u>Net Sales</u>	<u>Net Sales</u>	<u>Net Sales</u>	<u>Net Sales</u>
Net Sales as reported (GAAP)	\$ 157,164	\$ 148,390	\$ 758,852	\$ 765,405
Garden charge (A)		3,204	7,035	3,204
Net Sales as adjusted	\$ 157,164	\$ 151,594	\$ 765,887	\$ 768,609

	<u>Three Months Ended September 27, 2014</u>		<u>Three Months Ended September 28, 2013</u>		<u>Fiscal Year Ended September 27, 2014</u>		<u>Fiscal Year Ended September 28, 2013</u>	
	<u>Income from Operations</u>	<u>Operating Margin</u>	<u>Income from Operations</u>	<u>Operating Margin</u>	<u>Income from Operations</u>	<u>Operating Margin</u>	<u>Income from Operations</u>	<u>Operating Margin</u>
Garden Segment:								
Income from operations as reported (GAAP)	\$ 6,441	4.1%	\$ (30,805)	(20.8%)	\$ 41,020	5.4%	\$ 8,286	1.1%
Garden charge (A)			11,160		16,908		11,160	
Goodwill impairment (C)			7,710				7,710	
Gain on sale of fixed assets (B)	(2,879)				(4,875)			
Income from operations as adjusted	<u>\$ 3,562</u>	2.3%	<u>\$ (11,935)</u>	(7.9%)	<u>\$ 53,053</u>	6.9%	<u>\$ 27,156</u>	3.5%

(A) The Non-GAAP financial information excludes the impact of a garden segment charges to write off inventory, account for product returns and promotional allowances and other costs related to the discontinuance of certain products introduced in 2013.

(B) The gain on sale of plant assets during the quarters ended June 28, 2014 and September 27, 2014 related to a product the garden segment will now purchase rather than produce.

(C) The goodwill impairment charge recognized in fiscal 2013 related to the impairment of goodwill within our Garden segment.