

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CENTRAL GARDEN & PET COMPANY
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	5199 (PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	68-0275553 (I.R.S. EMPLOYER IDENTIFICATION NUMBER)
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3697 MT. DIABLO BOULEVARD, LAFAYETTE, CALIFORNIA 94549 (510) 283-4573
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING
AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

WILLIAM E. BROWN
CENTRAL GARDEN & PET COMPANY
3697 MT. DIABLO BOULEVARD
LAFAYETTE, CALIFORNIA 94549
(510) 283-4573
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER,
INCLUDING AREA CODE, OF AGENT FOR SERVICE)

COPIES TO:

JOHN F. SEEGAL
SCOTT D. ELLIOTT
ORRICK, HERRINGTON & SUTCLIFFE
OLD FEDERAL RESERVE BANK
BUILDING
400 SANSOME STREET
SAN FRANCISCO, CALIFORNIA
94111

THOMAS A. BEVILACQUA
BROBECK, PHLEGER & HARRISON LLP
SPEAR STREET TOWER
ONE MARKET
SAN FRANCISCO, CALIFORNIA 94105

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:

As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

<TABLE>
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TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED (1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE (2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (2)	AMOUNT OF REGISTRATION FEE
Common Stock, \$.01 par value.....	3,162,500	\$17.50	\$55,343,750	\$19,085

</TABLE>

- (1) Includes 412,500 shares of Common Stock subject to an over-allotment option granted to the Underwriters.
- (2) Estimated in accordance with Rule 457(c) solely for the purpose of calculating the registration fee based on the average of the high and low prices of the Registrant's Common Stock as reported on the Nasdaq National Market on June 27, 1996.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION, MAY DETERMINE 8(a).

+++++INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A +
 +REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE +
 +SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY +
 +OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT +
 +BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR +
 +THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE +
 +SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE +
 +UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF +
 +ANY SUCH STATE. +

SUBJECT TO COMPLETION
JULY 1, 1996

2,750,000 Shares

[LOGO]

Common Stock

Of the 2,750,000 shares of Common Stock offered hereby, 2,500,000 shares are being offered by Central Garden & Pet Company (the "Company") and 250,000 shares are being offered by certain stockholders of the Company (the "Selling Stockholders"). The Company will not receive any proceeds from the sale of shares by the Selling Stockholders. See "Principal and Selling Stockholders." The Company's Common Stock is traded on the Nasdaq National Market under the symbol "CENT." On June 28, 1996, the last reported sale price of the Common Stock as reported on the Nasdaq National Market was \$18.00 per share. See "Price Range of Common Stock."

The Common Stock has one vote per share, whereas the Company's Class B Stock has the lesser of ten votes per share or 4% of the total votes cast. After giving effect to the Offering, the holders of the Class B Stock will have 49% of the combined voting power for the election of directors and all other matters subject to stockholder vote. See "Description of Capital Stock."

THE COMMON STOCK OFFERED HEREBY INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" BEGINNING ON PAGE 6.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE

SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION
 PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY
 REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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	PRICE TO PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS (1)	PROCEEDS TO COMPANY (2)	PROCEEDS TO SELLING STOCKHOLDERS
<S>	<C>	<C>	<C>	<C>
Per Share.....	\$	\$	\$	\$
Total(3).....	\$	\$	\$	\$

</TABLE>

- (1) See "Underwriting" for information relating to indemnification of the Underwriters.
- (2) Before deducting expenses of the offering payable by the Company, estimated at \$400,000.
- (3) The Company and a Selling Stockholder have granted the Underwriters a 30-day option to purchase up to 412,500 additional shares of Common Stock solely to cover over-allotments, if any. To the extent that the option is exercised, the Underwriters will offer the additional shares at the Price to Public shown above. If the option is exercised in full, the total Price to Public, Underwriting Discounts and Commissions, Proceeds to Company and Proceeds to Selling Stockholders will be \$, \$, \$, and \$ respectively. See "Underwriting."

The shares of Common Stock are offered by the several Underwriters, subject to prior sale, when, as and if delivered to and accepted by them, and subject to the right of the Underwriters to reject any order in whole or in part. It is expected that delivery of the shares of Common Stock will be made at the offices of Alex. Brown & Sons Incorporated, Baltimore, Maryland, on or about July , 1996.

Alex. Brown & Sons
 INCORPORATED

Hambrecht & Quist

Wasserstein Perella Securities, Inc.

THE DATE OF THIS PROSPECTUS IS JULY , 1996

[LOGO OF CENTRAL GARDEN & PET AND
 MAP OF CONTINENTAL UNITED STATES DEPICTING OPERATING LOCATIONS OF
 CENTRAL GARDEN & PET AND ITS AFFILIATES]

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. IN CONNECTION WITH THIS OFFERING THE UNDERWRITERS AND OTHER SELLING GROUP MEMBERS (IF ANY) MAY ENGAGE IN PASSIVE MARKET MAKING TRANSACTIONS IN THE COMMON STOCK OF THE COMPANY ON THE NASDAQ NATIONAL MARKET IN ACCORDANCE WITH RULE 10B-6A UNDER THE SECURITIES EXCHANGE ACT OF 1934. SEE "UNDERWRITING".

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PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and the Consolidated Financial Statements and Notes thereto appearing elsewhere in this Prospectus. Unless otherwise indicated, all information in this Prospectus assumes that the Underwriters' over-allotment option is not exercised. Prospective investors should carefully consider the matters set forth under the caption "Risk Factors." As used in this Prospectus, "fiscal 1995" refers to the nine month period ended September 30, 1995 and "fiscal 1996" refers to the fiscal year ending September 28, 1996.

THE COMPANY

Central Garden & Pet Company is the dominant national distributor of lawn and garden products as well as a major distributor of pet and pool supplies. As a result of both acquisitions and internal expansion, the Company has grown rapidly from sales of approximately \$25 million in 1987 to approximately \$374 million in the nine month period ended September 30, 1995 and increased the number of Company distribution centers from one in 1987 to 37 currently. Since

1988, the Company has completed 20 acquisitions, making it a leader in the consolidation of distribution channels for the lawn and garden and pet supplies industries. In fiscal 1995, lawn and garden products accounted for approximately 74% of the Company's net sales, pet supplies accounted for approximately 20% and pool supplies accounted for approximately 6%. According to industry sources, lawn and garden retail sales exceeded \$20 billion in 1995.

With 37 distribution centers servicing most regions of the United States, the Company offers major retailers the opportunity to satisfy their distribution requirements through a single source of supply. Similarly, the Company provides manufacturers access to major retailers on a national basis through one primary distributor. By focusing on the emergence of high-volume retailers and their needs, the Company has become the principal provider of lawn and garden products to a variety of major retailers including Wal*Mart, Home Depot, Target and Price/Costco as well as to numerous other retailers.

The Company's business strategy is to capitalize on its national presence, comprehensive product selection, menu of value-added services and efficient operations. Utilizing these capabilities, the Company strives to develop and enhance servicing relationships with both large national and regional retailers as well as manufacturers. Customers may select a customized array of services from a broad menu of the Company's value-added services, which are designed to increase the sales and profitability of both retailers and manufacturers. The Company's services extend beyond the scope of traditional distribution functions of order taking, shipping and billing, and include merchandising, training and developing sales programs. The Company believes that its focus, experience and leading industry position enable it to provide these services efficiently, particularly in product categories which have a high number of SKUs and require continuous inventory management and merchandising.

The Company carries a wide selection of products consisting of approximately 45,000 SKUs from approximately 1,000 manufacturers. The Company generally focuses on providing those brand name products that are suited to distribution due to their seasonality, variable sales movements, complexity to consumers and retailers and handling and transportation difficulties, and which therefore generally require value-added services. Selected brand name lawn and garden products sold by the Company include Ortho, Round-Up, Miracle-Gro and HTH. In addition, the Company focuses on serving specialty pet supply retailers which sell a wide variety of pet supplies. The Company currently also distributes several proprietary product brands.

The Company entered into an agreement effective October 1, 1995 with The Solaris Group ("Solaris"), the manufacturer of Ortho, Round-Up and Green Sweep lawn and garden products, to become the master agent and master distributor for Solaris products nationwide. This agreement has led to an increase in the Company's sales of Solaris products, which had been adversely impacted by Solaris' increased direct sales to retailers in recent years. Under the agreement, which has an initial four-year term,

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the Company provides a wide range of value-added services in connection with sales of Solaris products, including logistics, order processing and fulfillment, inventory distribution and merchandising. Solaris is the Company's largest supplier, and the Company believes that Solaris products accounted for approximately 29% and 40% of the Company's net sales in fiscal 1995 and the six months ended March 30, 1996, respectively.

The Company has developed a multi-faceted growth strategy designed to increase its position as the dominant distributor of lawn and garden products and to continue to consolidate the fragmented pet supplies industry. The Company intends to further expand in these markets by (i) continuing to make strategic acquisitions, (ii) obtaining new customers and increasing sales to existing customers and (iii) obtaining new product lines or expanding existing product lines that are currently distributed by the Company. In addition, the Company intends over the long-term to develop an array of proprietary product brands that are complementary to the products it currently distributes and which the Company believes will have higher overall operating margins.

The Company was incorporated in Delaware in June 1992 and is the successor to Central Garden Supply, a California corporation which was acquired in 1980 by William E. Brown, the Company's Chairman and Chief Executive Officer. Unless the context otherwise requires, references in this Prospectus to the Company include Central Garden & Pet Company and its subsidiaries and predecessor companies. The Company's executive offices are located at 3697 Mt. Diablo Boulevard, Lafayette, California 94549, and its telephone number is (510) 283-4573. This Prospectus refers to various trademarks owned by companies other than the Company.

RECENT PENDING ACQUISITION

On June 18, 1996, the Company entered into a definitive agreement to acquire Kenlin Pet Supply, Inc. ("Kenlin"), the largest distributor of pet supply products in the eastern United States. Kenlin, which is based in Mahwah, New Jersey, operates in 17 eastern states and has approximately 290 employees. Net

sales for Kenlin have increased from \$44.7 million for the year ended July 31, 1993 to \$63.0 million for the year ended July 31, 1995 and operating income for Kenlin grew from \$2.2 million to \$4.1 million during this same period. Under the terms of the stock purchase agreement, the Company will pay an aggregate of \$33 million in cash to acquire or redeem all of Kenlin's outstanding stock and eliminate all of its outstanding debt. The acquisition is expected to close in July 1996, however, consummation of the acquisition is subject to a number of conditions, including expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. See "Use of Proceeds."

THE OFFERING

Common Stock offered by the Company.....	2,500,000 shares
Common Stock offered by the Selling Stockholders.....	250,000 shares
Shares to be outstanding after the Offering:	
Common Stock.....	12,070,103 shares(1)
Class B Stock.....	2,108,575 shares
Total.....	14,178,678 shares(1)
Use of Proceeds.....	Repayment of indebtedness incurred in part to finance the Kenlin acquisition.
Nasdaq National Market symbol.....	CENT

(1) Excludes 2,000,000 shares of Common Stock reserved for issuance upon exercise of options pursuant to the Company's 1993 Omnibus Equity Incentive Plan, 605,783 of which were outstanding as of June 25, 1996, 100,000 shares of Common Stock reserved for issuance upon exercise of options pursuant to the Company's Nonemployee Director Stock Option Plan, 20,000 of which were outstanding as of June 25, 1996 and 750,000 shares of Common Stock registered on Form S-4 for use in possible acquisitions. Also excludes 100,000 shares of Common Stock issuable upon the conversion of 100 shares of Series A Preferred Stock and 500,000 shares of Common Stock issuable upon the exercise of a warrant, which is immediately exercisable at an exercise price of \$9.00 per share. See "Business--The Solaris Agreement."

SUMMARY CONSOLIDATED FINANCIAL INFORMATION AND OPERATING DATA

<TABLE>
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	FISCAL YEAR ENDED(1)				NINE MONTH PERIOD ENDED(1)		SIX MONTHS ENDED	
	DECEMBER 31, 1991	DECEMBER 27, 1992	DECEMBER 26, 1993	DECEMBER 25, 1994(2)	SEPTEMBER 30, 1995(2)	MARCH 26, 1995	MARCH 30, 1996	
	(IN THOUSANDS, EXCEPT PER SHARE AND OPERATING DATA)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	
INCOME STATEMENT DATA:								
Net sales.....	\$280,722	\$321,707	\$334,682	\$421,427	\$373,734	\$181,214	\$260,132	
Gross profit.....	46,940	50,657	55,936	67,331	56,902	28,168	33,126	
Income from operations..	6,432	8,708	11,234	8,842	8,827	287	3,343	
Net income (loss).....	1,987	2,133	3,994	1,405	1,079	(2,279)	428	
Net income (loss) per common and common equivalent share(3) (4).....			\$ 0.83	\$ 0.24	\$ 0.18	\$ (0.39)	\$ 0.04	
Weighted average shares outstanding(3) (4).....			4,789	5,947	5,943	5,865	10,381	
OPERATING DATA:								
Distribution centers at period end.....	25	25	30	39	38	38	37	

<TABLE>
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	MARCH 30, 1996		
	ACTUAL	ACQUISITION PRO FORMA(5)	PRO FORMA AS ADJUSTED(6)
	<C>	<C>	<C>
<S>			
BALANCE SHEET DATA:			
Working capital.....	\$ 61,538	\$ 40,437	\$ 82,562
Total assets.....	229,776	267,728	267,728
Short-term borrowings.....	22,451	55,451	13,326
Long-term borrowings.....	8,635	8,635	8,635
Shareholders' equity.....	74,575	74,575	116,700

(1) In 1992, the Company adopted a 52/53 week fiscal year ending on the last Sunday in December. In 1995, the Company changed its fiscal year end to the

last Saturday in September. Accordingly, the fiscal year ended September 30, 1995 was a nine month period.

- (2) Results for 1994 and 1995 reflect the effect of increased direct sales by the Company's major supplier (Solaris) and other factors. The Company entered into an agreement effective October 1, 1995 with Solaris to become the master agent and master distributor for Solaris products nationwide. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."
- (3) During 1992, the Company was reorganized (see Note 2 of Notes to the Consolidated Financial Statements). As a result, net income per common and common equivalent share and weighted average shares outstanding are not presented for fiscal years 1991 and 1992 because such information would not be comparable with the post-reorganization periods.
- (4) In November 1995, the Company sold 5,750,000 shares of its Common Stock at a public offering price of \$6.75 per share. Net proceeds were used to reduce borrowings under the Company's principal line of credit.
- (5) Adjusted to reflect the acquisition of Kenlin had it been consummated at March 30, 1996.
- (6) Adjusted to reflect the sale of the 2,500,000 shares of Common Stock offered by the Company hereby at an assumed public offering price of \$18.00 per share and the application of the estimated net proceeds therefrom as described in "Use of Proceeds."

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RISK FACTORS

In addition to the other information in this Prospectus, the following risk factors should be considered carefully in evaluating an investment in the Common Stock offered hereby. The statements contained in or incorporated into this Prospectus which are not historical facts are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by forward-looking statements. Factors that could cause or contribute to such differences include those discussed below, as well as those discussed elsewhere in this Prospectus.

Supplier Concentration; Dependence on Solaris. While the Company purchases products from over 900 different manufacturers and suppliers, the Company believes that over 48% of the Company's net sales in fiscal 1995 were derived from products purchased from the Company's five largest suppliers. The Company believes that approximately 29% of the Company's net sales during fiscal 1995 and 40% of the Company's net sales during the six months ended March 30, 1996 were derived from sales of products purchased from Solaris, the Company's largest supplier. Starting in 1991, Solaris' predecessors began to sell directly to retailers. These direct sales programs were expanded in 1994 and had a material adverse effect on the Company's results of operations during 1994 and fiscal 1995. Because of the dependence of the Company on sales of Solaris products, future changes implemented by Solaris to its marketing and sales programs or any overall decrease in the sales of Solaris products could have a material adverse effect on the Company. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The Company entered into a new four-year agreement with Solaris (the "Solaris Agreement") effective October 1, 1995 which the Company believes has added stability to its relationship with Solaris. As a result of the Solaris Agreement, the Company's sales of Solaris products during the six months ended March 30, 1996 have increased substantially compared with the six months ended March 26, 1995 and the Company's dependence on Solaris is even greater than before the Solaris Agreement. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview." The loss of, or a significant adverse change in, the relationship between the Company and Solaris or any other key manufacturer or supplier could have a material adverse impact on the Company's business and financial results. In addition, during the peak selling season, there may be unanticipated shortages of certain high demand products. Although historically the Company has purchased enough inventory of such products or their substitutes to satisfy retailer demand, the unanticipated failure of any manufacturer or supplier to meet the Company's requirements or the Company's inability to obtain substitutes could have a material adverse effect on the Company. Although the Company has entered into long-term agreements with certain suppliers, including Solaris, in many cases the Company operates without written agreements with its suppliers. Accordingly, although the Company believes it has good relationships with its suppliers, there is a risk that one or more of its suppliers may at any time terminate its supply relationship with the Company.

The Solaris Agreement. The Company believes that a significant portion of its net sales and operating income during fiscal 1996 is attributable to its new relationship with Solaris. Under the Solaris Agreement, Solaris is obligated to reimburse the Company for costs incurred in connection with services provided by the Company to Solaris' direct sale accounts. In addition, the Company receives payments based on the level of sales of Solaris products to these accounts, and these payments are subject to increase based on the growth of sales of Solaris products. The Company also shares with Solaris in the economic benefits of certain cost reductions, to the extent

achieved. It is possible that disagreements could arise between Solaris and the Company as to measurement of the costs incurred in servicing Solaris' direct sales accounts. The cost reimbursement arrangement is based on certain estimates which are subject to reconciliation at the end of each fiscal year. As a result, the Solaris Agreement could contribute to variability in the Company's operating results. The new relationship with Solaris embodied in the Solaris Agreement does not assure that the Company will be profitable overall.

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As a result of the Solaris Agreement, a majority of the Company's sales of Solaris products are currently derived from servicing direct sales accounts, whereas in 1994 and fiscal 1995, a majority of the Company's sales of Solaris products were made by the Company as a traditional distributor. The Company acts as the master agent on direct sales of Solaris products to certain major retailers and the master distributor in connection with sales of Solaris products to other distributors and retailers. Solaris negotiates its sales prices directly with its direct sales accounts. The Solaris Agreement contains provisions which, without the consent of Solaris, could limit the Company's ability to distribute certain lawn and garden products manufactured by suppliers other than Solaris. These provisions could result in lower sales of non-Solaris products, which could have an adverse effect on the Company's business. The Solaris Agreement does not expire until September 30, 1999. However, Solaris has the right to terminate the agreement prior to its expiration in the event of a material breach of the agreement by the Company, including the Company's failure to satisfy certain performance criteria, or, under certain other circumstances, including a sale of Solaris. Any such early termination would have a material adverse effect on the Company. See "Business--The Solaris Agreement."

Customer Concentration; Dependence on Wal*Mart and Home Depot. Approximately 47% and 52% of the Company's net sales for the year ended December 25, 1994 and the nine months ended September 30, 1995, respectively, were derived from sales to the Company's top ten customers. The Company's largest customer is Wal*Mart, which accounted for approximately 19% and 22% of the Company's net sales for the year ended December 25, 1994 and the nine months ended September 30, 1995, respectively. The Company's second largest customer is Home Depot, which accounted for approximately 7% and 10% of the Company's net sales for the year ended December 25, 1994 and the nine months ended September 30, 1995, respectively. The loss of, or significant adverse change in, the relationship between the Company and Wal*Mart or Home Depot could have a material adverse effect on the Company's business and financial results. The loss of or reduction in orders from any significant customer, losses arising from customer disputes regarding shipments, fees, merchandise condition or related matters, or the Company's inability to collect accounts receivable from any major customer could have a material adverse impact on the Company's business and financial results.

Direct Sales. Manufacturers and suppliers of lawn and garden products and pet supplies have sold, and may intensify their efforts to sell, their products directly to retailers, including major customers of the Company. Prior to the acquisition of Ortho by Monsanto, both Ortho (in late 1991) and Monsanto (in 1993) had initiated direct sale programs. Solaris, a strategic business unit of Monsanto, expanded these direct sales programs in 1994. Most of the Company's major customers, including its top ten customers, purchase certain products--typically high volume items ordered in large quantities--directly from manufacturers or suppliers. The Company believes that most major manufacturers and suppliers that utilize distributors continually evaluate the effectiveness of their distribution programs as well as the performance of individual distributors, and accordingly, there can be no assurance that major manufacturers and suppliers of the products distributed by the Company will not modify their distribution programs in ways that could adversely affect the Company. In addition to direct sales from manufacturers and suppliers to retailers, certain retailers have, and may intensify their efforts to have, products shipped by the Company to their internal distribution centers rather than directly to stores. Such direct shipments generally yield lower gross margins to the Company than shipments to retailers' stores, but the Company believes that its associated operating costs are typically lower with such direct shipments. If these programs become more common or if other methods of distribution of lawn and garden products and pet supplies become more widely accepted, the Company's business and financial results could be materially adversely affected. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business--Retailers," "--Manufacturers and Suppliers " and "--Competition."

Weather and Seasonality. Because demand for lawn and garden products is significantly influenced by weather, particularly weekend weather during the peak gardening season, the Company's results of operations could be adversely affected by certain weather patterns such as unseasonably cool or warm

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temperatures, water shortages or floods. During the first six months of the calendar year in both 1993 and 1995, and the first three months of the

calendar year in 1996, the Company's results of operations were negatively affected by severe weather conditions in many parts of the country. Additionally, the Company's business is highly seasonal, with approximately 63% of the Company's sales in 1994 occurring during the first six months of the calendar year. Substantially all of the Company's operating income is typically generated in this period, while operating losses are generally incurred during the rest of the calendar year. The Company seeks to mitigate the effects of seasonality through various promotional efforts and incentives during the second half of the calendar year and the sale of less seasonal products such as pet supplies. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Seasonality and Quarterly Fluctuations."

Low Margins; Competition. The distribution industry in which the Company operates is characterized by relatively low profit margins. As a result, the Company's success is highly dependent upon increasing revenues and profits through internal expansion and acquisitions, effective cost and management controls and differentiating its services from those of its competitors. The wholesale lawn and garden and pet supplies distribution businesses are highly competitive, with many companies competing principally on the basis of price and service. In addition to competition from other distributors, the Company also competes with manufacturers and suppliers that elect to distribute certain of their products directly to retailers, including major customers of the Company, and private label product suppliers. See "--Direct Sales." There can be no assurance that the Company will not encounter increased competition in the future or will not lose business from major manufacturers that elect to sell their products directly to retailers, either of which could adversely affect the Company's operations and financial results.

Expansion; Acquisitions. As part of its growth strategy, the Company aggressively pursues the acquisition of other companies, assets and product lines that either complement or expand its existing business. See "Business--Growth Strategy." Acquisitions involve a number of special risks, including the diversion of management's attention to the assimilation of the operations and personnel of the acquired companies, adverse short-term effects on the Company's operating results, integration of financial reporting systems and the amortization of acquired intangible assets. The Company completed seven acquisitions in 1993, four acquisitions in 1994 and one acquisition in 1995. In addition, in June 1996, the Company entered into a definitive agreement to acquire Kenlin Pet Supply, Inc. ("Kenlin"), the largest distributor of pet supply products in the eastern United States. The acquisition is expected to close in July 1996, however, the consummation of the acquisition is subject to a number of conditions. There can be no assurance that the Kenlin acquisition will be consummated, that the Company can successfully integrate Kenlin or that Kenlin's business will enhance the Company's business. The Company has also had preliminary acquisition discussions with, or has evaluated the potential acquisition of, numerous other companies over the last several years. The Company is unable to predict the likelihood of a material acquisition being completed in the future. If the Company proceeds with a large acquisition for cash, the Company may be able to use the increased borrowing capacity resulting from this Offering to consummate such transaction. See "Use of Proceeds." The Company may also seek to finance any such acquisition through additional debt or equity financings.

The Company anticipates that one or more potential acquisition opportunities, including those that would be material, may become available in the near future. If and when appropriate acquisition opportunities become available, the Company intends to pursue them actively. No assurance can be given that any acquisition by the Company will or will not occur, that if an acquisition does occur that it will not materially and adversely affect the Company or that any such acquisition will be successful in enhancing the Company's business. In addition, the Company's branded products strategy is likely to cause the Company to seek to acquire manufacturers of consumer products. Since the Company's management has limited experience in acquiring or managing consumer products manufacturers, such acquisitions are likely to subject the Company to additional risks and there can be no assurance that any

such acquisition will be successful in enhancing the Company's business. The Company's future results of operations will also depend in part on its ability to successfully expand internally by increasing the number of distribution centers and new product lines, and to manage any future growth. No assurance can be given that the Company will be able to open or operate new distribution centers, obtain or integrate additional product lines or manage any future growth successfully. See "Use of Proceeds" and "Business--Growth Strategy."

Dependence on Key Personnel. The Company's future performance is substantially dependent upon the continued services of William E. Brown, its Chairman and Chief Executive Officer, and Glenn W. Novotny, its President and Chief Operating Officer. See "Management." The loss of the services of either of such persons could have a material adverse effect upon the Company. In addition, the Company's future performance depends on its ability to attract and retain skilled employees. There can be no assurance that the Company will be able to retain its existing personnel or attract additional qualified

employees in the future.

Management Information Systems. The Company is presently upgrading and installing one uniform, integrated management information system across the United States at an estimated cost to complete of \$2 million. The Company has completed the installation of the new system for the Southwest, Midwest and Southeast regions and expects to convert the remaining regions within the next twelve months. No assurances can be given that such transition and system enhancement can be accomplished in a timely and cost-effective manner without disrupting the Company's operations. In addition, there can be no assurance that the Company's current system or planned upgrade will be sufficient or effective or that further investments in management information systems will not be necessary. See "Business--Management Information Systems."

Baton Rouge Fire. In July 1992, fire damaged the Company's warehouse in Baton Rouge, Louisiana and two adjoining warehouse spaces leased by third parties. Although the overall amount of the damages to all parties caused by the fire is believed to aggregate \$20 million or more, neither this amount nor the overall amount of damages which the Company may sustain as a result of the fire has been finally quantified. At the time of the fire, the Company maintained insurance providing \$11 million of coverage (with no deductible) against third party liability. The Company believes that this insurance coverage will be available with respect to third party claims against the Company if parties other than the Company are not found responsible. The precise amount of the damages sustained in the fire, the ultimate determination of the parties responsible and the availability of insurance coverage are likely to depend on the outcome of complex litigation, involving numerous claimants, defendants and insurance companies. Accordingly, no assurance may be given as to the ultimate impact of the Louisiana fire on the Company. The Company has not provided a reserve for any potential adverse judgment arising out of the Louisiana fire. The Company believes, based on the information currently available to it, that the ultimate resolution of this matter will not have a material adverse effect on its financial position or results of operations. See "Business--Litigation; Baton Rouge Fire."

Variability of Quarterly Results; Volatility of Stock Price. The Company expects to continue to experience variability in its net sales and net income on a quarterly basis. Factors that may contribute to this variability include: (i) weather conditions and seasonality during peak gardening seasons as described in "--Weather and Seasonality;" (ii) shifts in demand for lawn and garden products; (iii) changes in product mix, service levels and pricing by the Company and its competitors; (iv) the cost reimbursement and payment provisions of the Solaris Agreement; (v) the effect of acquisitions and (vi) economic stability of retail customers. In addition, because the Company operates on relatively low margins, the Company's operating results in any quarterly period could be affected significantly by slight variations in revenues or operating costs. For the same reason, the Company's quarterly results also may be vulnerable to problems in areas such as collectibility of accounts receivable, inventory control and competitive price pressures.

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The market price of the Common Stock could be subject to significant fluctuations in response to these variations in quarterly operating results and other factors. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Seasonality and Quarterly Fluctuations."

Control of the Company; Disparate Voting Rights. After the Offering and assuming the Underwriters' over-allotment option is not exercised, William E. Brown, Chairman of the Board and Chief Executive Officer of the Company will control approximately 46.0% of the voting power of the capital stock of the Company and therefore, will effectively control the Company, including the power to elect all of the directors of the Company. Holders of Class B Stock are entitled to the lesser of ten votes per share or 49% of the total votes cast. Holders of Common Stock are entitled to one vote for each share owned. Holders of Class B Stock are likely to be able to elect all of the Company's directors, control the management and policies of the Company and determine the outcome of any matter submitted to a vote of the Company's stockholders except to the extent that a class vote of the Common Stock is required by applicable law. The disproportionate voting rights of the Common Stock and Class B Stock could have an adverse effect on the market price of the Common Stock. Such disproportionate voting rights may make the Company a less attractive target for a takeover than it otherwise might be, or render more difficult or discourage a merger proposal, a tender offer or a proxy contest, even if such actions were favored by stockholders of the Company other than the holders of the Class B Stock. Accordingly, such disproportionate voting rights may deprive holders of Common Stock of an opportunity to sell their shares at a premium over prevailing market prices, since takeover bids frequently involve purchases of stock directly from stockholders at such a premium price. See "Principal and Selling Stockholders" and "Description of Capital Stock."

Environmental Considerations. The Company's subsidiary, Grant Laboratories, Inc., which manufactures ant control products, and many of the products distributed by the Company are subject to regulation by federal, state and

local authorities. Such regulations are often complex and are subject to change. Environmental regulations may affect the Company by restricting the manufacturing, transportation or use of its products or by regulating their disposal. Regulatory or legislative changes may cause future increases in the Company's operating costs or otherwise affect operations. Although the Company believes it is and has been in substantial compliance with such regulations, there is no assurance in the future that the Company may not be adversely affected by such regulations or incur increased operating costs in complying with such regulations. However, neither the compliance with regulatory requirements nor the Company's environmental procedures can ensure that the Company will not be subject to claims for personal injury, property damages or governmental enforcement. See "Business--Environmental Considerations" and "--Litigation--Baton Rouge Fire."

General Economic Conditions. The sale of lawn and garden products and pet and pool supplies historically have been subject to fluctuation, with purchases of these products tending to decline during periods of recession in the general economy or uncertainty regarding future economic prospects that affect consumer spending habits, particularly on discretionary items. These economic cycles and any related fluctuation in consumer demand could have a material adverse effect on the Company's results of operations and financial condition. In addition, various retailers, including some of the Company's customers, have experienced financial difficulties during the past several years, thereby increasing the risk that such retailers may not pay for the Company's products in a timely manner, if at all.

Shares Eligible for Future Sale. Sales of substantial amounts of shares of Common Stock in the public market following the Offering could have an adverse impact on the market price of the Common Stock. After the closing of the Offering, 11,933,397 shares of Common Stock, including the 2,750,000 shares offered hereby, the 2,530,000 shares of Common Stock that were sold by the Company in the initial public offering and the 5,750,000 shares of Common Stock sold by the Company in the public offering in November 1995, and 81,668 shares of Common Stock issuable upon conversion of Class B Stock, will be freely tradeable without restriction under the Securities Act, except for any shares purchased by affiliates

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of the Company, which will be subject to certain resale limitations of Rule 144 promulgated under the Securities Act. The remaining 136,706 shares of Common Stock and 2,026,907 shares of Class B Stock held by existing stockholders are subject to lock-up agreements with the Underwriters. The directors, executive officers and principal stockholders of the Company who hold such shares have agreed not to sell or otherwise dispose of any shares for 90 days after the date of this Prospectus without the prior written consent of Alex. Brown & Sons Incorporated. After the expiration of the 90 day lock-up period, these shares may be sold in accordance with Rule 144. In addition, 500,000 shares of Common Stock issuable upon the exercise of a warrant, which is immediately exercisable, are eligible for sale upon expiration of the 90 day lock-up period. The Company has filed registration statements under the Securities Act covering 2,000,000 shares of Common Stock reserved for issuance under the 1993 Omnibus Equity Incentive Plan and 750,000 shares of Common Stock on a Form S-4 for use in potential acquisitions. As of June 25, 1996, there were options outstanding to purchase 605,783 shares of Common Stock under this plan. See "Shares Eligible for Future Sale."

USE OF PROCEEDS

The net proceeds to the Company from the sale of the 2,500,000 shares of Common Stock offered hereby are estimated to be approximately \$42.1 million (\$46.4 million if the Underwriters' over-allotment option is exercised in full), assuming a public offering price of \$18.00 per share and after deducting estimated underwriting discounts and commissions and offering expenses. The Company intends to utilize all of such net proceeds to reduce borrowings under its principal line of credit. As of May 31, 1996, the amount of the borrowings outstanding under the Company's principal line of credit (which currently bears interest at the prime rate plus 3/4% per annum) was \$25.6 million. In addition, the Company recently entered into a definitive agreement whereby it agreed to pay an aggregate of \$33 million in cash to acquire or redeem all of Kenlin's outstanding stock and eliminate all of Kenlin's outstanding debt. The Company intends to use its principal line of credit to pay the purchase price of the Kenlin acquisition and accordingly will increase the amount of its borrowings under its line of credit by \$33 million upon consummation of the Kenlin acquisition. The increase in available borrowing capacity will provide the Company with a source of funds for working capital and possible acquisitions of complementary businesses. As part of its growth strategy, the Company aggressively pursues the acquisition of other companies, assets and product lines that either complement or expand its existing business and it anticipates it will continue to evaluate and pursue potential acquisition candidates. See "Business--Growth Strategy." The Company completed seven acquisitions in 1993, four acquisitions in 1994 and one acquisition in 1995. If the Company proceeds with a large acquisition for cash, the Company may be able to use the increased borrowing capacity resulting from this Offering to consummate such transaction. In addition, the

Company may be required to raise additional capital either through debt or equity financings. For additional information regarding the Company's principal line of credit, see "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources" and Note 5 of Notes to Consolidated Financial Statements. The Company will not receive any proceeds from the sale of shares by the Selling Stockholders.

DIVIDEND POLICY

The Company has not paid any cash dividends in the past. The Company currently intends to retain any earnings for use in its business and does not anticipate paying any cash dividends on its Common Stock in the foreseeable future. In addition, the Company's line of credit contains restrictions on the Company's ability to pay dividends. See Note 5 of Notes to Consolidated Financial Statements.

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PRICE RANGE OF COMMON STOCK

The Company's Common Stock has been traded on the Nasdaq National Market since the Company's initial public offering on July 15, 1993. The following table sets forth, for the periods indicated, the highest and lowest closing sale prices for the Common Stock, as reported by the Nasdaq National Market.

<TABLE>
<CAPTION>

	HIGH	LOW
	-----	-----
<S>	<C>	<C>
Fiscal 1994(1)		
First Quarter.....	12 1/2	9 7/8
Second Quarter.....	10 1/2	8 3/4
Third Quarter.....	9 1/4	6 1/2
Fourth Quarter.....	7	3 3/8
Fiscal 1995(1)		
First Quarter.....	4 1/4	3 5/16
Second Quarter.....	6	3 1/2
Third Quarter.....	6 7/8	5 1/8
Fiscal 1996		
First Quarter.....	9 1/2	5 1/2
Second Quarter.....	10	8 1/8
Third Quarter (through June 28, 1996).....	19	9 1/8

</TABLE>

(1) In 1994, the fiscal year ended December 25, 1994. In 1995, the Company changed its fiscal year end to the last Saturday in September. Accordingly, the fiscal year ended September 30, 1995 was a nine month period.

On June 28, 1996, the last reported sale price of the Common Stock on the Nasdaq National Market was \$18.00. As of June 21, 1996, there were approximately 123 holders of record of the Company's Common Stock and approximately 12 holders of record of the Company's Class B Stock.

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CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company at March 30, 1996 (i) on an actual basis, (ii) on a pro forma basis to reflect the Kenlin acquisition had it been consummated at March 30, 1996 and (iii) as adjusted to give effect to the sale of the 2,500,000 shares of Common Stock being sold by the Company (at an assumed public offering price of \$18.00 per share) and the application of the estimated net proceeds therefrom. See "Use of Proceeds."

<TABLE>
<CAPTION>

	MARCH 30, 1996		
	ACTUAL	ACQUISITION PRO FORMA (1)	PRO FORMA AS ADJUSTED
	-----	-----	-----
<S>	<C>	<C>	<C>
Short-term borrowings.....	\$22,451	\$55,451	\$ 13,326
Long-term borrowings.....	\$ 8,635	\$ 8,635	\$ 8,635
Shareholders' equity:			
Preferred Stock, \$.01 par value; 1,000 shares authorized; 100 shares			

outstanding.....	--	--	--
Class B Stock, \$.01 par value; 3,000,000 shares authorized; 2,166,075 shares outstanding; 2,108,575 outstanding as adjusted(2).....	22	22	21
Common Stock, \$.01 par value; 40,000,000 shares authorized; 9,451,760 shares outstanding; 12,070,103 shares outstanding as adjusted(3).....	95	95	121
Additional paid-in capital.....	63,917	63,917	106,017
Retained earnings.....	10,758	10,758	10,758
Restricted stock deferred compensation(4) ..	(217)	(217)	(217)
Total shareholders' equity.....	74,575	74,575	116,700
Total capitalization.....	\$83,210	\$83,210	\$125,335

</TABLE>

- (1) Adjusted to reflect the acquisition of Kenlin had it been consummated at March 30, 1996.
- (2) Reflects conversion of 57,500 shares of Class B Stock into Common Stock by a Selling Stockholder.
- (3) Excludes 2,000,000 shares of Common Stock reserved for issuance upon exercise of options pursuant to the Company's 1993 Omnibus Equity Incentive Plan, 655,463 of which were outstanding as of March 30, 1996, 100,000 shares of Common Stock reserved for issuance upon exercise of options pursuant to the Company's Nonemployee Director Stock Option Plan, 20,000 of which were outstanding as of March 30, 1996 and 750,000 shares of Common Stock registered on a Form S-4 for use in possible acquisitions. Also excludes 500,000 shares of Common Stock issuable upon the exercise of a warrant, which is immediately exercisable at an exercise price of \$9.00 per share.
- (4) Reflects the issuance by the Company of 237,217 shares of Class B Stock and the transfer of 32,420 shares of Class B Stock to certain employees by William E. Brown and the related deferred compensation. All of such shares are subject to various restrictions, including certain future vesting periods of up to 10 years.

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The following selected income statement and balance sheet data of the Company as of and for each of the fiscal years in the four-year period ended December 25, 1994 and the nine-month period ended September 30, 1995 have been derived from the Company's audited consolidated financial statements. Such financial statements as of December 25, 1994 and September 30, 1995 and for each of the two fiscal years in the period ended December 25, 1994 and the nine-month period ended September 30, 1995 are included elsewhere in this Prospectus and have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report included herein. The following selected income statement and balance sheet data of the Company as of and for the six-month periods ended March 26, 1995 and March 30, 1996, are derived from the unaudited consolidated financial statements of the Company. In the opinion of management, the unaudited consolidated financial statements of the Company have been prepared on the same basis as the audited consolidated financial statements included herein and include all adjustments necessary for the fair presentation of financial position and results of operations for these periods, which adjustments are only of a normal recurring nature. The financial data set forth below should be read in conjunction with the Consolidated Financial Statements of the Company and related Notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Prospectus.

<TABLE>

<CAPTION>

	FISCAL YEAR ENDED(1)				NINE MONTH PERIOD ENDED(1)	SIX MONTHS ENDED	
	DECEMBER 31, 1991	DECEMBER 27, 1992	DECEMBER 26, 1993	DECEMBER 25, 1994	SEPTEMBER 30, 1995	MARCH 26, 1995	MARCH 30, 1996(3)
	(IN THOUSANDS, EXCEPT PER SHARE AND OPERATING DATA)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT DATA:							
Net sales.....	\$280,722	\$321,707	\$334,682	\$421,427	\$373,734	\$181,214	\$260,132
Cost of goods sold and occupancy.....	233,782	271,050	278,746	354,096	316,832	153,046	227,006
Gross profit.....	46,940	50,657	55,936	67,331	56,902	28,168	33,126
Selling, general and administrative expenses.....	40,508	41,949	44,702	58,489	48,075	27,881	29,783

Income from operations..	6,432	8,708	11,234	8,842	8,827	287	3,343
Interest expense-net....	(4,343)	(4,028)	(3,751)	(5,642)	(5,891)	(3,430)	(2,452)
Other income (expense)...	379	(742)	(878)	(856)	(953)	(604)	(139)
Income (loss) before income taxes and minority interest.....	2,468	3,938	6,605	2,344	1,983	(3,747)	752
Income tax expense (benefit).....	903	1,595	2,637	936	904	(1,468)	324
Income (loss) before minority interest.....	1,565	2,343	3,968	1,408	1,079	(2,279)	428
Minority interest.....	422	(210)	26	(3)	--	--	--
Net income (loss).....	\$ 1,987	\$ 2,133	\$ 3,994	\$ 1,405	\$ 1,079	\$ (2,279)	\$ 428
Net income (loss) per common and common equivalent share(2)(3).....			\$ 0.83	\$ 0.24	\$ 0.18	\$ (0.39)	\$ 0.04
Weighted average shares outstanding(2)(3).....			4,789	5,947	5,943	5,865	10,381
OPERATING DATA:							
Distribution centers at period end.....	25	25	30	39	38	38	37
BALANCE SHEET DATA (AT PERIOD END):							
Working capital.....	\$ 9,289	\$ 10,288	\$ 26,719	\$ 21,003	\$ 25,316	\$ 20,255	\$ 61,538
Total assets.....	112,693	123,484	143,748	173,953	142,680	203,803	229,776
Short-term borrowings...	37,518	41,453	32,162	44,995	39,670	41,289	22,451
Long-term borrowings....	6,627	5,975	8,804	7,019	11,130	6,270	8,635
Shareholders' equity....	9,596	16,114	35,359	36,376	38,402	37,094	74,575

- (1) In 1992, the Company adopted a 52/53 week fiscal year ending on the last Sunday in December. In 1995, the Company changed its fiscal year end to the last Saturday in September. Accordingly, the fiscal year ended September 30, 1995 was a nine month period.
- (2) During 1992, the Company was reorganized (see Note 2 of Notes to Consolidated Financial Statements). As a result, net income per common and common equivalent share and weighted average shares outstanding are not presented for fiscal years 1991 and 1992 because such information would not be comparable with the post-reorganization periods.
- (3) In November 1995, the Company sold 5,750,000 shares of its Common Stock at a public offering price of \$6.75 per share. Net proceeds were used to reduce borrowings under the Company's principal line of credit.

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UNAUDITED PRO FORMA COMBINED FINANCIAL DATA

The Company's acquisition of Kenlin will be accounted for under the "purchase" method of accounting which requires the purchase price to be allocated to the acquired assets and liabilities of Kenlin on the basis of their estimated fair values as of the date of acquisition. The following pro forma combined condensed balance sheet gives effect to the acquisition of Kenlin as if it occurred on March 30, 1996 and the pro forma combined condensed statements of income give effect to the acquisition of Kenlin as if it occurred on December 26, 1994 and include adjustments directly attributable to the acquisition of Kenlin and expected to have a continuing impact on the combined company (collectively, the "Pro Forma Financial Information"). As the Pro Forma Financial Information has been prepared based on estimated fair values, amounts actually recorded may change upon determination of the total purchase price and additional analysis of individual assets and liabilities assumed.

The Pro Forma Financial Information and related notes are provided for informational purposes only and are not necessarily indicative of the consolidated financial position or results of operations of the Company as they may be in the future or as they might have been had the acquisition been effected on the assumed dates. The Pro Forma Financial Information should be read in conjunction with the separate historical consolidated financial statements of the Company, and the related notes thereto, and the historical financial statements of Kenlin, and the related notes thereto, presented elsewhere in this Prospectus. See Note 1 to the Company's historical consolidated financial statements for a description of the treatment of goodwill arising from prior acquisitions.

PRO FORMA COMBINED CONDENSED STATEMENT OF INCOME
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 1995
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

<TABLE>
<CAPTION>

	HISTORICAL COMPANY	HISTORICAL KENLIN	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
<S>	<C>	<C>	<C>	<C>
Net sales.....	\$373,734	\$46,957		\$420,691
Costs of goods sold and occupancy.....	316,832	34,075	\$1,976 (a)	352,883
Gross profit.....	56,902	12,882	(1,976)	67,808
Selling, general and administrative expenses....	48,075	10,426	(2,088) (a), (b)	56,413
Income from operations.....	8,827	2,456	112	11,395
Interest and other expenses.....	6,844	817	1,637 (c)	9,298
Income before income taxes..	1,983	1,639	(1,525)	2,097
Income taxes.....	904	688	(561) (d)	1,031
Net income.....	\$ 1,079	\$ 951	\$ (964)	\$ 1,066
Net income per share.....	\$ 0.18			\$ 0.18
Weighted average common and common equivalent shares outstanding.....	5,943			5,943

</TABLE>

- (a) Represents the reclassification of certain costs to conform with the Company's policy.
- (b) Reflects an adjustment to goodwill amortization totaling \$56,000 for the excess of amortization recognized by Kenlin on a historical basis over the goodwill resulting from the Kenlin acquisition. Goodwill is amortized on a straight-line basis over 40 years.
- (c) Represents interest expense on borrowings under the Company's line of credit incurred in conjunction with the acquisition of Kenlin and on estimated average borrowings during the nine months ended September 30, 1995. Interest expense was computed at 9.61% (based on the prime rate plus 3/4% per annum).
- (d) Adjusts the historical provision for income taxes to give effect to the pro forma adjustments discussed in (a), (b) and (c) above.

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PRO FORMA COMBINED CONDENSED STATEMENT OF INCOME

FOR THE SIX-MONTH PERIOD ENDED MARCH 30, 1996
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

<TABLE>
<CAPTION>

	HISTORICAL COMPANY	HISTORICAL KENLIN	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
<S>	<C>	<C>	<C>	<C>
Net sales.....	\$260,132	\$37,826		\$297,958
Costs of goods sold and occupancy.....	227,006	27,398	\$1,575 (a)	255,979
Gross profit.....	33,126	10,428	(1,575)	41,979
Selling, general and administrative expenses....	29,783	7,938	(1,617) (a), (b)	36,104
Income from operations.....	3,343	2,490	42	5,875
Interest and other expenses.....	2,591	589	994 (c)	4,174
Income before income taxes..	752	1,901	(952)	1,701
Income taxes.....	324	778	(296) (d)	806
Net income.....	\$ 428	\$ 1,123	\$ (656)	\$ 895
Net income per share.....	\$ 0.04			\$ 0.09
Weighted average common and common equivalent shares outstanding.....	10,381			10,381

</TABLE>

- (a) Represents the reclassification of certain costs to conform with the Company's policy.
- (b) Reflects an adjustment to goodwill amortization totaling \$53,000 for the

excess of amortization recognized by Kenlin on a historical basis over the goodwill resulting from the Kenlin acquisition. Goodwill is amortized on a straight-line basis over 40 years.

- (c) Represents interest expense on borrowings under the Company's line of credit incurred in conjunction with the acquisition of Kenlin and on estimated average borrowings during the six months ended March 30, 1996. Interest expense was computed at 9.15% (based on the prime rate plus 3/4% per annum).
- (d) Adjusts the historical provision for income taxes to give effect to the pro forma adjustments discussed in (a), (b) and (c) above.

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PRO FORMA COMBINED CONDENSED BALANCE SHEET
MARCH 30, 1996
(IN THOUSANDS)
(UNAUDITED)

<TABLE>

<CAPTION>

	HISTORICAL COMPANY	HISTORICAL KENLIN	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
<S>	<C>	<C>	<C>	<C>
ASSETS:				
Cash.....	\$ 139	\$ 99		\$ 238
Inventories.....	110,151	9,987	\$ (63) (a)	120,075
Other current assets.....	95,978	5,817	1,011 (b)	102,806
Property, plant and equipment.....	9,833	1,596		11,429
Other assets.....	13,675	4,325	15,180 (c), (d)	33,180
Total.....	<u>\$229,776</u>	<u>\$21,824</u>	<u>\$ 16,128</u>	<u>\$267,728</u>
LIABILITIES AND SHAREHOLDERS' EQUITY:				
Current liabilities.....	\$144,730	\$ 3,763	\$ 34,189 (e), (f)	\$182,682
Long-term debt.....	8,635	11,080	(11,080) (g)	8,635
Deferred items.....	1,836			1,836
Shareholders' equity.....	74,575	6,981	(6,981) (h)	74,575
Total.....	<u>\$229,776</u>	<u>\$21,824</u>	<u>\$ 16,128</u>	<u>\$267,728</u>

</TABLE>

- (a) Includes adjustments of (i) \$375,000 to reduce inventories to approximate fair value as determined by the Company based on its analysis of the individual inventory items, and (ii) \$312,000 to capitalize additional costs into inventory to conform with the Company's capitalization policy.
- (b) Represents the deferred tax impact of (i) certain pro forma adjustments for reserves and accruals which are not deductible for tax purposes until future periods, and (ii) tax basis in excess of the Company's book basis of acquired intangibles.
- (c) Represents the \$19,421,000 excess of purchase price over the fair value of net assets acquired.
- (d) Eliminates Kenlin's previously recorded intangible assets of \$4,241,000.
- (e) Consists of an accrual of \$1,189,000 for estimated expenses incurred which are directly related to the acquisition of Kenlin.
- (f) Includes borrowings of \$33,000,000 incurred in connection with the acquisition of Kenlin.
- (g) Reflects the repayment of Kenlin's long-term debt.
- (h) Reflects the elimination of Kenlin's shareholders' equity due to the acquisition.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The Company is the dominant national distributor of lawn and garden products as well as a major distributor of pet and pool supplies. As a result of both acquisitions and internal expansion, the Company has grown rapidly from sales of approximately \$25 million in 1987 to approximately \$374 million in the nine month period ended September 30, 1995 and increased the number of Company distribution centers from one in 1987 to 37 currently. Since 1988, the Company has completed 20 acquisitions, making it a leader in the consolidation of distribution channels for the lawn and garden and pet supplies industries. The Company completed seven acquisitions in 1993, four acquisitions in 1994 and one acquisition in 1995. These acquisitions included four lawn and garden distributors and six distributors of pet supplies. In addition, in June 1996, the Company entered into a definitive agreement to acquire Kenlin, the largest distributor of pet supply products in the eastern United States. Net sales for Kenlin have increased from \$44.7 million for the year ended July 31, 1993 to

\$63.0 million for the year ended July 31, 1995 and operating income for Kenlin grew from \$2.2 million to \$4.1 million during this same period. In fiscal 1995, lawn and garden products accounted for approximately 74% of the Company's net sales, pet supplies accounted for approximately 20% and pool supplies accounted for approximately 6%.

Manufacturers and suppliers of lawn and garden products and pet supplies have sold, and may intensify their efforts to sell, their products directly to retailers, including major customers of the Company. In response to increased direct sales, the Company has developed programs designed to encourage manufacturers to continue to utilize the Company's services. In many instances when manufacturers have increased direct sales, the Company has continued to provide merchandising and other services to both manufacturers and retailers. Historically, sales of Solaris products to direct accounts (referred to as "agency sales") included lower levels of services; therefore, the Company's gross profit as a percentage of net sales on this type of business was lower than on full service sales.

The Company entered into an agreement effective October 1, 1995 with Solaris to become both the master agent and master distributor for sales of Solaris products nationwide. Management believes that the new relationship with Solaris embodied in the Solaris Agreement has had a substantial impact on the Company's results of operations. Under the Solaris Agreement, which has an initial four-year term, the Company, in addition to serving as the agent and distributor for sales of Solaris products, provides a wide range of value-added services including logistics, order processing and fulfillment, inventory distribution and merchandising. However, Solaris continues to negotiate its sales prices directly with its direct sales accounts. As a result of the Solaris Agreement, a majority of the Company's sales of Solaris products are derived from servicing direct sales accounts, whereas in 1994 and fiscal 1995, a majority of the Company's sales of Solaris products were made by the Company as a traditional distributor. A substantial portion of these sales consist of large shipments to retail distribution centers which are characterized by a lower gross profit as a percentage of net sales compared with sales made by the Company as a traditional distributor. The Company believes that the operating expenses associated with this type of sale are lower than the operating expenses associated with sales made by the Company as a traditional distributor. The Company believes that the gross profit as a percentage of net sales associated with the Company's services to Solaris direct sales accounts is higher than the gross profit as a percentage of net sales associated with the Company's historical agency sales due to the greater services provided pursuant to the Solaris Agreement. The Company believes that the collective impact of these factors has led to substantially increased sales of Solaris products, increased gross profit from sales of Solaris products and lower gross profit as a percentage of net sales.

In addition, under the Solaris Agreement, the Company's accounts receivable related to Solaris products sold to direct sales accounts are paid more quickly since the amount owed to the Company is settled by Solaris within 15 days of receipt of an invoice, rather than waiting for payment by retailers in accordance with their normal payment terms. Since entering into the Solaris Agreement, inventories of Solaris products have increased since the Company is not only carrying inventories to support its own

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sales of Solaris products but also certain inventory previously carried by Solaris as well as additional inventories to support sales of Solaris products by the Company's network of independent distributors.

The Solaris Agreement provides for the Company to be reimbursed for costs incurred in connection with services provided to Solaris' direct sales accounts and to receive payments based on the growth of sales of Solaris products. The Company also shares with Solaris in the economic benefits of certain cost reductions, to the extent achieved. As a result, management believes that the Company's profitability is more directly attributable to the success of Solaris than it has been in the past.

Historically, the Company's sales have been influenced by weather and climate conditions in the markets it serves. For example, during the first six months of the calendar year in both 1993 and 1995 and the first three months of the calendar year in 1996, the Company's results of operations were negatively affected by severe weather conditions in many parts of the country.

The statements contained in this Prospectus which are not historical facts are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by forward-looking statements. Factors that could cause or contribute to such differences include those discussed in "Risk Factors," as well as those discussed elsewhere in this Prospectus.

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, the relative percentages that certain income and expense items bear to net sales.

<TABLE>
<CAPTION>

	FISCAL YEAR ENDED		NINE MONTH	SIX MONTHS ENDED	
	DECEMBER 26,	DECEMBER 25,	PERIOD ENDED	MARCH 26,	MARCH 30,
	1993	1994	SEPTEMBER 30,	1995	1996
<S>	<C>	<C>	<C>	<C>	<C>
Net sales.....	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of goods sold and occupancy.....	83.3	84.0	84.8	84.5	87.3
Gross profit.....	16.7	16.0	15.2	15.5	12.7
Selling, general and administrative expenses.....	13.4	13.9	12.9	15.4	11.4
Income from operations..	3.3	2.1	2.3	0.1	1.3
Interest expense--net...	1.1	1.3	1.6	1.9	0.9
Other expense.....	0.3	0.2	0.2	0.3	0.1
Income (loss) before income taxes and minority interest.....	1.9	0.6	0.5	(2.1)	0.3
Income taxes (benefit)..<	0.8	0.3	0.2	(0.8)	0.1
Income (loss) before minority interest.....	1.1	0.3	0.3	(1.3)	0.2
Minority interest.....	0.1	--	--	--	--
Net income (loss).....	1.2%	0.3%	0.3%	(1.3)%	0.2%

</TABLE>

SIX MONTHS ENDED MARCH 30, 1996 COMPARED WITH SIX MONTHS ENDED MARCH 26, 1995

Net sales for the six months ended March 30, 1996 increased by 43.5% or \$78.9 million to \$260.1 million from \$181.2 million for the six months ended March 26, 1995. Of the \$78.9 million increase, approximately \$60.4 million was attributable to sales resulting from the Solaris Agreement, principally to retail distribution centers. The increase in sales from existing operations, \$18.5 million, was due principally to the addition of stores previously serviced by a competitor, expanded product placements and new store openings with existing customers, as well as an increase in sales of pet supplies.

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Gross profit increased by 17.6% or \$4.9 million from \$28.2 million during the six months ended March 26, 1995 to \$33.1 million for the comparable fiscal 1996 period. Gross profit as a percentage of net sales decreased from 15.5% in the six months ended March 26, 1995 to 12.7% for the comparable fiscal 1996 period. The decrease in gross profit as a percentage of net sales was primarily due to the increase in sales under the Solaris Agreement to high volume, low service retail distribution centers, principally in the second quarter of fiscal 1996. Additionally, the gross profit percentage was adversely impacted by the elimination of certain discounts and rebates which historically had been part of the Solaris marketing programs.

As part of the Company's responsibility under the Solaris Agreement, sales, principally to retail distribution centers, are to be sourced from a centralized warehouse to be staffed and managed by the Company. A portion of the total fee for servicing these retailers from this location is designed to cover the Company's actual costs for warehousing and shipping. Due to a delay in transitioning the operations of the warehouse from Solaris to the Company, these costs have been incurred by Solaris; consequently both the fee and related expenses are not included as part of the Company's operating results. The Company now expects to commence operating this facility in the early part of the fourth quarter of fiscal 1996. Gross profit is expected to be positively impacted in the fourth quarter of fiscal 1996 and in future periods by centralized warehouse fees because the fees will be recorded as revenue while the related costs will be reflected as operating expenses.

For the six months ended March 30, 1996, selling, general and administrative expenses increased by \$1.9 million to \$29.8 million from \$27.9 million for the six months ended March 26, 1995. This increase was associated principally with the increase in net sales. As a percentage of net sales, these expenses decreased from 15.4% during the six months ended March 26, 1995 to 11.4% for the comparable period in fiscal 1996. This decrease was principally due to the spreading of expenses over a higher sales volume.

Interest expense for the six months ended March 30, 1996 decreased by 28.5% or \$1.0 million to \$2.4 million from \$3.4 million for the six months ended March 26, 1995. The decrease was due principally to lower average outstanding borrowing as a result of applying the net proceeds from the sale of 5.75

million shares of the Company's stock in November 1995 and the termination of the Monsanto trade financing agreement. Average short-term borrowings for the six months ended March 30, 1996 were \$33.8 million compared to \$81.5 million for the six months ended March 26, 1995. The outstanding borrowings include amounts due to Solaris under the Monsanto trade financing agreement which ended in November 1995. Purchases of Solaris products are currently handled on typical credit terms with extended due dates.

The Company's effective income tax rate for the six months ended March 30, 1996 increased to 43.1% compared to 39.2% for the six months ended March 26, 1995, principally due to the impact of non-deductible goodwill amortization.

FIRST NINE MONTHS OF 1995 COMPARED WITH FIRST NINE MONTHS OF 1994

In 1995, the Company changed its fiscal year to the last Saturday in September. Accordingly, the fiscal year ended September 30, 1995 was a nine month period. As a result of this change, 1995 operating results will not be directly comparable with 1994. The Company believes that comparing the nine months periods of 1994 and 1995 will provide a more meaningful analysis of the Company's operating results. Unaudited summary operating results for the nine months ended September 25, 1994 are shown in Note 13 to the consolidated financial statements.

Net sales for the nine months ended September 30, 1995 increased by 4.4% or \$15.6 million to \$373.7 million from \$358.1 million for the comparable 1994 period. The increase in net sales was due to revenue from acquired operations and an increase in agency sales during the third calendar quarter of 1995, offset in part by a sales decline in the Western region lawn and garden markets. The lawn and garden sales decrease in the Western region was due principally to adverse weather conditions and the

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loss of certain customers who elected to buy direct from the Company's major supplier. Agency sales as a percentage of net sales increased in the first nine months of 1995 to 12.9% compared with 9.0% for the similar 1994 period.

Gross profit decreased by 1.1% or \$0.6 million from \$57.5 million during the nine months ended September 25, 1994 to \$56.9 million for the comparable 1995 period. Gross profit as a percentage of net sales decreased from 16.1% in the nine months ended September 25, 1994 to 15.2% in the comparable 1995 period. The decrease in gross profit for the nine months ended September 30, 1995 was due principally to lower gross margin agency sales to high volume, low service accounts, which also typically have lower associated operating expenses. In addition, the Company sold a higher percentage of lower margin products.

For the nine months ended September 30, 1995, selling, general and administrative expenses increased by \$2.7 million from \$45.4 million for the comparable 1994 period. As a percentage of net sales, these expenses increased slightly from 12.7% during the first nine months of 1994 to 12.9% for the comparable 1995 period. Of the \$2.7 million increase, approximately \$0.4 million is associated with the increase in sales while the balance, \$2.3 million, relates to (i) increased costs related to the consolidation of facilities in Colorado; (ii) increased costs in the pet supplies division related to the downsizing and integration of the Company's Northern California pet operations, (iii) costs associated with certain potential pet acquisitions, (iv) costs associated with retention of employees in anticipation of increased sales and (v) additional bad debt provision.

Interest expense for the first nine months of 1995 increased by 41.8% or \$1.7 million from \$4.2 million for the comparable 1994 period. The increase is due principally to a combination of higher interest rates and increased borrowing under the Company's trade financing agreement with its major supplier and under the Company's principal credit facility. Average short-term borrowings for the nine months ended September 30, 1995 were \$73.8 million compared with \$58.0 million for the comparable period in 1994. The average interest rates were 9.3% and 6.9%, respectively.

The Company's effective income tax rate for the nine months ended September 30, 1995 increased to 45% compared with 40% for the similar 1994 period, principally due to the impact of non-deductible goodwill amortization.

1994 COMPARED WITH 1993

Net sales increased by 25.9% or \$86.7 million from \$334.7 million to \$421.4 million in 1994. Of this increase, approximately \$35.6 million was attributable to increased sales of lawn and garden products, \$50.1 million to increased sales of pet supplies and \$1.0 million to other product lines. Of the total increase in net sales, approximately \$77 million was attributable to operations acquired in the last quarter of 1993 and during the first half of 1994. The \$10.0 million increase in net sales from existing operations was due to an approximately \$11.7 million increase in sales of lawn and garden supplies and other product lines, which was offset in part by a decline in sales of approximately \$1.7 million of pet supplies due to the consolidation of the Company's Northern California pet operations. Lawn and garden sales in

the West Coast market declined from 1993 levels by approximately \$24.3 million reflecting both increased direct sales by the Company's major supplier and, in Southern California, the closure of the 97 store Builders Emporium chain, which was a major customer of the Company, in the third quarter of 1993. This sales decline was more than offset by increases of approximately \$35.0 million in the Company's other market areas.

The overall sales increase from the existing lawn and garden portion of the business reflected a significant change in the mix of sales type compared with 1993. Agency sales, which carry a significantly lower gross profit margin, accounted for approximately 11.2% of total lawn and garden sales in 1994, as

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compared with 5.1% in 1993. The effect of this change in sales mix was to reduce the sales volume of higher gross profit margin individual store shipments while increasing the volume of agency sales. The net impact of this sales mix change was to reduce the total lawn and garden gross profit margin by 1.3% in 1994. Net sales of pet supplies increased by approximately 121% or \$50.1 million compared to 1993, with approximately \$51.8 million attributable to newly acquired operations. Total net sales of pet supplies as a percentage of total Company sales increased from 12.4% in 1993 to 21.7% in 1994.

Total gross profit increased by 20.4% or \$11.4 million from \$55.9 million in 1993 to \$67.3 million in 1994. Gross profit as a percentage of net sales decreased from 16.7% in 1993 to 16.0% in 1994. Gross profit from existing operations declined by \$3.7 million compared with 1993 and gross profit from existing operations as a percentage of net sales declined from 16.7% in 1993 to 15.1% in 1994. The decrease in gross profit from existing operations was due principally to the change in sales mix whereby a significant volume of individual store sales was replaced by lower margin agency sales. The overall increase in gross profit was due to newly acquired operations whose customer base is comprised of smaller independent retailers. This type of customer typically generates a higher gross margin than that associated with larger chain accounts; however, the increase in gross margin tends to be partially offset by increased costs associated with the processing and shipping of smaller orders.

Total selling, general and administrative expenses were \$58.5 million or 13.9% of net sales in 1994 compared with \$44.7 million or 13.4% of net sales in 1993. Of the \$13.8 million increase over 1993, \$13.8 million was attributable to companies acquired during the last quarter of 1993 and the first half of 1994. Selling, general and administrative costs related to existing operations stayed virtually unchanged from 1993 to 1994. As a percentage of net sales, selling, general and administrative expenses of existing operations were 13.0% compared with 13.4% for 1993.

Principally as a result of the reduction in gross profit margins from 16.7% in 1993 to 16.0% in 1994, income from operations decreased \$2.4 million from \$11.2 million in 1993 to \$8.8 million in 1994, and as a percentage of net sales declined from 3.3% in 1993 to 2.1% in 1994.

Interest expense increased 47.9% over 1993 from \$3.8 million in 1993 to \$5.6 million in 1994. The increase of \$1.8 million was attributable to a combination of increased borrowings from a trade financing agreement with the Company's major supplier and the Company's principal credit facility as well as an increase in the prime rate, which increased from 6.0% in January 1994 to 8.5% in November 1994. The increase in the prime rate tended to offset the advantageous rate of 1 1/4% below prime under the Company's trade financing agreement. The increase in outstanding borrowings in 1994 compared with 1993 reflects, in part, the reduction in the Company's short-term debt in 1993 as the result of applying approximately \$18.0 million of proceeds received from its initial public offering in July 1993 and increased borrowings resulting from acquisitions made during 1994.

Average short-term borrowings were \$56.0 million during 1994 compared with \$30.9 million for 1993. The average interest rates were 7.3% and 8.0%, respectively.

The Company's effective tax rate for 1994 and 1993 was 40%.

INFLATION

The results of operations and financial condition are presented based upon historical cost. While it is difficult to accurately measure the impact of inflation, the Company believes that the effects of inflation on its operations have been immaterial.

SEASONALITY AND QUARTERLY FLUCTUATIONS

The Company's business is highly seasonal. In 1994 and 1993, approximately 63% and 67%, respectively, of the Company's sales occurred in the first six months of the calendar year. Substantially all

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of the Company's operating income is typically generated in this period which has historically offset the operating losses incurred during the rest of the year. Typically, the lawn and garden business is more seasonal than the pet supplies business, with a higher proportion of sales occurring in the first two calendar quarters. In fiscal 1995, the Company's lawn and garden business accounted for approximately 74% of net sales, pet supplies accounted for approximately 20% of net sales and pool supplies accounted for approximately 6% of net sales.

The following table provides certain unaudited quarterly financial information for the calendar periods indicated. In management's opinion, this information reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information for the periods presented. These results may not be indicative of future results.

<TABLE>
<CAPTION>

		THREE MONTHS ENDED			
		MARCH 27, 1994	JUNE 26, 1994	SEPT. 25, 1994	DEC. 25, 1994

		(IN THOUSANDS)			
<S>	<C>	<C>	<C>	<C>	<C>
Net sales.....		\$110,087	\$157,086	\$ 90,965	\$63,289
Gross profit.....		17,750	25,415	14,359	9,807
Income (loss) from operations.....		4,651	10,030	(2,537)	(3,302)
Net income (loss).....		1,752	5,228	(2,549)	(3,026)

<CAPTION>

		THREE MONTHS ENDED			
		MARCH 26, 1995	JUNE 25, 1995	SEPT. 30, 1995 (1)	DEC. 30, 1995 (2)

		(IN THOUSANDS)			
<S>	<C>	<C>	<C>	<C>	<C>
Net sales.....		\$117,925	\$153,844	\$101,965	\$78,112
Gross profit.....		18,361	21,953	16,588	11,320
Income (loss) from operations.....		3,589	5,869	(631)	(2,532)
Net income (loss).....		747	1,844	(1,512)	(2,363)

<CAPTION>

		THREE MONTHS ENDED
		MARCH 30, 1996

		(IN THOUSANDS)
<S>	<C>	
Net sales.....		\$182,020
Gross profit.....		21,806
Income from operations.....		5,875
Net income.....		2,791

</TABLE>

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- (1) The three month period ended September 25, 1994 was a 13 week period, whereas the three month period ended September 30, 1995 was a 14 week period.
 - (2) In 1995, the Company changed its fiscal year end to the last Saturday in September. Accordingly, the fiscal year ended September 30, 1995 was a nine month period, and the quarter ended December 30, 1995 is the first quarter of fiscal 1996.

LIQUIDITY AND CAPITAL RESOURCES

The Company has historically financed its growth through a combination of bank borrowings, supplier credit and internally generated funds. In addition, the Company received net proceeds (after offering expenses) of approximately \$54.0 million from its two public offerings.

The Company's business is highly seasonal and its working capital requirements and capital resources track closely to this seasonal pattern. During the first quarter of each calendar year, inventory, accounts receivable, accounts payable, and short-term borrowings begin to increase, reflecting the build up of

inventory and related payables in anticipation of the peak selling season. During the second quarter of the calendar year, inventory levels decrease while account receivables peak and short-term borrowings start to decline as cash collections are received during the peak selling period. In the third quarter of the calendar year inventory levels are at their lowest level and receivables and accounts payable are substantially reduced through conversion of accounts receivable to cash. During the fourth quarter of the calendar

year, accounts receivable reach their lowest levels, while inventory and accounts payable and short-term borrowings begin to increase. Since the Company's short-term credit line fluctuates based upon a specified asset borrowing base, the fourth quarter of each calendar year is typically the period when the asset borrowing base is at its lowest and consequently the Company's ability to borrow is at its lowest.

For the six months ended March 30, 1996, the Company used cash in operating activities of \$17.4 million reflecting the normal cycle of inventory and receivables build up. Net cash generated from investing activities of \$1.4 million resulted from the sale of the Visalia, California warehouse. This facility had been leased to a third party since February, 1995, and was not considered necessary for future requirements. Cash generated from financing activities of \$16.0 million consisted of net proceeds from the sale of 5.75 million shares of the Company's stock less repayment of debt.

For the nine months ended September 30, 1995, the Company generated cash from operating activities of \$10.4 million. During the same period, the Company used \$1.3 million of cash to acquire a small pet distribution business. Cash used by financing activities consisted primarily of repayments of short and long-term borrowings of \$7.2 million. Nine month cash flows differ from annual cash flows due to seasonality factors discussed above.

The Company generated cash from operating activities of \$5.7 million and \$7.1 million in fiscal years 1993 and 1994, respectively. Cash used in investing activities, which included approximately \$6.7 million to acquire seven companies during 1993, and \$14.0 million to acquire four companies in 1994, and the purchase of warehouse and delivery equipment, office furniture and equipment and leasehold improvements in each of its fiscal years 1993 and 1994 was \$8.2 million and \$14.3 million, respectively. Cash provided by financing activities of approximately \$7.3 million in 1994 consisted primarily of proceeds related to the Company's short-term credit facility reduced by approximately \$3.3 million repayments of its long-term debt.

The Company has a line of credit with Congress Financial Corporation (Western) for \$75 million. The available amount under the line of credit fluctuates based upon a specific asset borrowing base. The line of credit, which bears interest at a rate equal to the prime rate plus 3/4% per annum, is secured by substantially all of the Company's assets. At March 30, 1996, the Company had outstanding borrowings of approximately \$19.8 million and had an additional \$55.2 million of available borrowing capacity under this line. In June 1996, the Company entered into a definitive agreement to acquire Kenlin, the largest distributor of pet supply products in the eastern United States. The Company plans to use its line of credit to finance the \$33 million purchase price of the acquisition. The Company's line of credit contains certain financial covenants such as minimum net worth and minimum working capital requirements. The line also requires the lender's prior written consent to any acquisition of a business.

The Company believes that cash flow from operations, funds available under its line of credit and its arrangements with suppliers will be adequate to fund its presently anticipated working capital requirements for the foreseeable future. The Company anticipates that its capital expenditures will not exceed \$2.8 million for the next 12 months.

As part of its growth strategy, the Company has engaged in acquisition discussions with a number of companies in the past and it anticipates it will continue to evaluate potential acquisition candidates. If one or more potential acquisition opportunities, including those that would be material, become available in the near future, the Company may require additional external capital. In addition, such acquisitions would subject the Company to the general risks associated with acquiring companies, particularly if the acquisitions are relatively large. See "Risk Factors--Expansion; Acquisitions."

OVERVIEW

The Company is the dominant U.S. distributor of lawn and garden products as well as a major distributor of pet and pool supplies. The Company has grown rapidly from sales of approximately \$25 million in 1987 to approximately \$374 million in the nine month period ended September 30, 1995. In fiscal 1995, lawn and garden products accounted for approximately 74% of net sales, pet supplies accounted for approximately 20% and pool supplies accounted for approximately 6%. As a result of both acquisitions and internal expansion, the number of Company distribution centers has grown from one in 1987 to 37 currently. Since 1988, the Company has completed 20 acquisitions, making it a leader in the consolidation of distribution channels for the lawn and garden and pet supplies industries. The Company completed seven acquisitions in 1993, four acquisitions in 1994 and one acquisition in 1995. These acquisitions included four lawn and garden distributors and six distributors of pet supplies. In addition, in June 1996, the Company entered into a definitive

agreement to acquire Kenlin, the largest distributor of pet supply products in the eastern United States. Net sales for Kenlin have increased from \$44.7 million for the year ended July 31, 1993 to \$63.0 million in for the year ended July 31, 1995 and operating income for Kenlin grew from \$2.2 million to \$4.1 million during this same period. Growth has also been driven by the addition of new, and expansion of existing, product lines and services, new customers and increased sales to certain existing customers.

INDUSTRY OVERVIEW

Lawn and Garden. The lawn and garden industry has retail sales in excess of \$20 billion. According to the 1995-1996 National Gardening Survey conducted for the National Gardening Association by the Gallup Organization, 72% of the approximately 100 million households in the United States participated in some form of gardening in 1995. The Company believes that gardening is one of the most popular leisure activities in America and that as the population of America ages, gardening's popularity will continue to increase.

The lawn and garden supply industry is complex for a number of reasons. The industry is highly seasonal with half of all sales occurring during the peak spring gardening season and two thirds of all sales occurring in the first six months of the calendar year. The industry is also complex because of the breadth and depth of merchandise offered including fertilizers, insecticides, sprinkler systems, and gardening tools, as well as perishable items such as live plants and higher priced items such as power tools. Further, merchandise selection is complicated by varying regional and local climate conditions and problems such as pest infestations and weed growth. There are at least 10 distinctly different climatic zones in the continental U.S., each of which has different lawn and garden needs. Finally, lawn and garden sales are driven by weekly weather conditions and manufacturer promotions which heavily impact consumer demand for lawn and garden products.

As a result of the complexity and variability of lawn and garden sales, retailers, manufacturers and suppliers must constantly adapt to changes in consumer demand. Industry retailers--ranging from small local garden centers to regional and national mass merchandisers and discounters--must carefully plan their lawn and garden needs prior to the peak selling season and adjust those plans as the season develops. Because of the large number of product SKUs in the category, merchandise availability from a wide selection is important. Having rapid access to these goods is also important, particularly for national retailers, in adapting to regional and local lawn and gardening conditions. Lastly, retailers need quick deliveries to keep shelves full (especially prior to weekends) and require high in-stock and order-fulfillment rates. Manufacturers and suppliers have historically relied on distributors to inventory large volumes of product close to the retail market in order to efficiently deliver products in a timely manner to retail stores. Manufacturers and suppliers also rely on distributors to support and execute promotion and

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marketing plans and training of store employees at the store and regional level. Therefore, distributors represent an effective solution to the retailer facing a complex industry and an efficient means for a manufacturer or supplier to distribute and market its products.

Historically, lawn and garden products were distributed through small local distributors that provided knowledgeable and personalized services to small local independent nursery centers and retailers. In recent years, as regional and national chains of retailers such as Wal*Mart, Home Base, Target and Home Depot have grown, there has been a trend towards consolidation among distributors in this category with larger regional distributors experiencing substantial growth as these volume driven accounts demand the administrative efficiency as well as the value-added services larger distributors can provide. Therefore, to the extent that sales of lawn and garden supplies shift from smaller more specialized nursery stores to larger regional and national chains, the Company believes that there will be a similar trend towards consolidation of distributors leading to the predominance of regional and national distributors.

Pet Supplies. In 1994, over half of all U.S. households, or approximately 53 million households, owned at least one pet and 40% of these households owned more than one pet. The Company believes that pet ownership has increased as a result of an increase of empty-nest households with additional disposable income to spend on pets and an increase of families with young children. The Company believes that sales of premium pet food and pet supplies have increased due to these changing demographics, the increasing pet owner concern for animal nutrition and safety and recommendations by veterinarians and breeders.

The Company believes the channels of distribution for pet food and pet supplies are highly fragmented. Pet food manufacturers generally sell directly to mass merchants and supermarkets. With respect to pet supplies, however, management believes that the large number of product SKUs carried by specialty pet stores make merchandise availability from a wide selection and short

delivery times important to retailers who require high in-stock and order-fulfillment rates. Because of the fragmented nature of the pet supply industry, manufacturers and suppliers have historically relied on distributors to inventory large volumes of product close to the retail market and to support and execute promotion and marketing plans and training of store employees at the store and regional level. In addition, aquarium and fish supply products are more complex than dog or cat supplies and often provide independent pet retailers that carry such products a unique advantage in product knowledge and services. Therefore, the Company believes it represents an effective solution to the specialty pet retailer's problems and an efficient means for a manufacturer or supplier to distribute and market its products.

BUSINESS STRATEGY

The Company's goals are (i) to be the dominant distributor of lawn and garden products and pet supplies in the United States as a whole and in each market area it serves, and (ii) to develop over the long-term an array of proprietary brand name consumer products that are complementary to the products it currently distributes. The Company's business strategy is designed to meet the needs of retailers and manufacturers, both of which are critical to the Company's success. The following summarizes key elements of the Company's business strategy.

Comprehensive Product Selection. The breadth and depth of the Company's comprehensive selection of approximately 24,000 lawn and garden products and approximately 21,000 pet supply products enable retailers to fulfill a substantial portion of their product needs from a single source. In lawn and garden supply, the Company generally focuses on those products that are suited to distribution due to their seasonality, variable sales movements, complexity to consumers and retailers, handling and transportation difficulties, and which therefore generally require value-added services. In pet supplies, the Company carries many of the best-known brands. The Company does not carry live plants, power tools, live animals or higher priced items which are generally sourced directly.

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Value-Added Services. The Company offers a complete menu of value-added services independently priced so that each garden or pet customer can choose a program tailored to its individual needs. Value-added services offered include national, regional and store level merchandise planning, promotional planning and support, in-store merchandising and training, reorder support, stock-balancing, as well as the actual shipping, warehousing and distribution functions. The Company aggressively seeks opportunities to increase the range and scope of these value-added services to help retailers sell more product.

National Presence. The Company has invested significant resources to build and consolidate its position as the dominant national distributor of lawn and garden supplies as well as a major national distributor of pet and pool supplies. Management believes that this strategy makes the Company more attractive and efficient to both manufacturers and retailers and will enhance its ability to dominate market areas.

Manufacturer Services. To those manufacturers that sell products directly to retailers, the Company offers servicing arrangements pursuant to which the Company performs sales merchandising, warehousing, delivery, store training, billing and other services for the direct sale accounts. The Company intends to pursue longer-term joint ventures and agency arrangements with key manufacturers that sell direct.

Efficient Operations. The Company believes that its strategically located warehouses, investments in MIS systems, employee training and incentive measures have helped the Company improve its operating efficiencies. In order to attract new retail customers and maintain relationships with existing retailers, the Company also strives to maintain a high in-stock position and order-fulfillment rate.

Large Retailers Management utilizes the Company's comprehensive product selection, national presence, value-added services and efficient operations to develop relationships with large national and regional chains and independent retailers that have the ability to generate significant sales volume. The Company believes that it offers these retailers an efficient and cost effective method of distribution. These retailers generally purchase more merchandise per order which permits the Company to increase efficiencies, maximize economies of scale and improve sales. The Company believes that these retailers are gaining market share in the lawn and garden industry and hopes to grow with its customers to the extent they continue to grow.

GROWTH STRATEGY

The Company has developed a multi-faceted growth strategy that is designed to increase its position as the dominant distributor of lawn and garden products and to continue to consolidate the fragmented pet supplies industry.

The Company intends to continue to expand in these markets by (i) continuing to make strategic acquisitions, (ii) obtaining new customers and increasing sales to existing customers, and (iii) obtaining new product lines or expanding existing product lines that are currently distributed by the Company. In addition, over the long-term the Company intends to develop an array of proprietary consumer products that are complementary to the products it currently distributes.

Acquisitions. The Company seeks to continue to strengthen its leadership position in the consolidation of the distribution channels for the lawn and garden and pet supply industries. The Company's strategy is to acquire companies in these industries that enable it to gain access to new customers, enter new geographical areas, lower operating cost levels and improve service levels to existing customers. Management believes that the Company's national presence brings certain synergies to regional distributors that are appealing to manufacturers. In addition, the Company believes the fragmented nature of the pet supply industry and the continuing consolidation of both retailers and distributors will create a number of acquisition opportunities. For example, in June 1996, the Company entered into a definitive agreement to acquire Kenlin Pet Supply, Inc., the largest distributor of pet supply products in the eastern United States.

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Customer Growth. The Company's national presence has enabled it to obtain new customers as well as expand sales to certain existing customers desiring more centralized and efficient distribution. For example, during the period from 1991 to December 31, 1995, the Company added approximately 1,100 Wal*Mart stores through acquisitions and internal growth and now serves approximately 1,600, or 75% of Wal*Mart stores nationally. The Company's goal is to grow with its customers, such as Wal*Mart and Home Depot, to the extent they continue to add new stores and expand lawn and garden sections. Management also plans to continue to seek new relationships with large volume accounts whether on a local, regional or national scale. The Company's acquisitions of distributors in the pet supply industry have enabled it to expand significantly sales to a large number of independent pet retailers across the western United States. See "--Retailers."

Product Line Expansion. The Company will also seek to develop or expand other product lines where the Company believes its strength in managing complex product categories or its national presence will make the product line a value-added member of the distribution channel. In addition, the Company perceives significant opportunities in the pet supply business as the industry consolidates in a manner similar to the lawn and garden industry. Management believes that its ability to deliver pet supplies cost-effectively and to provide value-added services to retailers has contributed to the Company's success in this area.

Grow Branded Products. The Company intends to seek to increase sales of its Matthews' line of redwood products and its Grant's line of ant control products, as well as its other proprietary products, through aggressive merchandising and selective introduction of new products. The Company also intends to pursue the acquisition of manufacturers of complementary brand name consumer products which can benefit from the Company's distribution expertise. See "--Proprietary Branded Products."

Seek Additional Long-Term Profit-Based or Sales-Based Distribution Arrangements. The Company intends to seek to negotiate additional long-term agreements with manufacturers, such as the Solaris Agreement, which will provide the Company with payments based on the profitability or sales of the product line which it is distributing. The Company believes that such arrangements afford it with some of the incentives usually associated with ownership of a consumer products manufacturing business without the attendant risks of ownership.

PRODUCTS

In fiscal 1995, lawn and garden products accounted for approximately 74% of the Company's net sales, pet supplies accounted for approximately 20% and pool supplies accounted for approximately 6%. The Company offers its customers a comprehensive selection of brand name lawn and garden products and pet and pool supplies. This selection consists of approximately 45,000 products from approximately 1,000 manufacturers. The Company generally focuses on those lawn and garden brand name products that are suited to distribution due to their seasonality, variable sales movements, complexity to consumers and retailers, handling and transportation difficulties, and which therefore generally require value-added services. The Company focuses on these types of products because it believes that retailers cannot source these products directly from suppliers as effectively as they can through distributors and that manufacturers of these products are likely to view the services offered by the Company as highly desirable and cost-effective. The Company carries many of the best-known brands in pet foods and supplies and combines these products into single shipments, providing its pet supplies customers a wide variety of products on a cost-effective basis. The Company does not carry live plants, animals, power tools or high priced items which are generally sourced directly

from manufacturers. The Company believes that its broad and deep selection of products permits retailers to fulfill substantially all of their lawn, garden, pet and pool supply requirements from a single source. In fiscal 1995, substantially all of the Company's products had suggested retail prices of \$20 or less.

The following table indicates the approximate number of SKUs, the approximate number of manufacturers and suppliers and selected brand names in each of the Company's current major product categories according to the Company's internal records. The Company may change from time to time the selection and mix of its products, which may change the approximate number of manufacturers and suppliers and SKUs depending on the season.

<TABLE>
<CAPTION>

PRODUCT CATEGORY	APPROXIMATE NUMBER OF MANUFACTURERS AND SUPPLIERS	APPROXIMATE NUMBER OF SKUS	SELECTED BRAND NAMES
<C> Chemicals and Fertilizer(1).....	100	4,000	<S> Ortho, Round-Up, Miracle-Gro, Green Light, American Cyanamid, Ironite, Raid, Black Flag, Lilly Miller, Grant's
Other Lawn and Garden Products(2).....	700	20,000	Matthews, Sunset, Gilmour, Corona, Rainbird, Rubbermaid, Perky-Pet
Pet Supplies(3).....	200	21,000	Hagen, Tetra/Second Nature, All Glass Aquariums, Zodiac, Penn Plax
Pool Supplies and Other Seasonal Items(4)..	20	400	HTH, Pace

</TABLE>

- (1) Category includes fertilizers, insecticides, weed killers, herbicides, animal repellents, other chemicals and electronic pest controls.
- (2) Category includes barbecues, bird feeders, lawn and flower seeds, tomato baskets, gloves, instructional books, plant stakes, safety equipment, plant meters, weather instruments, wheelbarrows, spreaders, rakes, long handle tools, hand tools, brooms, axes, shears, saws, hedge tools, hoses, sprayers, dusters, sprinklers, drip watering systems and nozzles.
- (3) Category includes various pet supplies and pet care products and dog, cat, fish and bird food.
- (4) Category includes pool chemicals, equipment, toys, Christmas products and other seasonal items.

SALES AND SERVICE

The Company's strategy is to offer a broad range of services to help retailers and manufacturers maximize their sales and profitability. The Company has implemented this strategy by developing a knowledgeable and profit-incented sales force and by offering a broad menu of services.

Sales. At May 31, 1996, the Company employed approximately 350 sales and marketing personnel located throughout its distribution center network. Sales and marketing personnel typically service retail customers within a 250 mile radius of the distribution centers. They are trained with knowledge of local market conditions, the Company's products and merchandising skills. A significant number of sales personnel are certified nurserymen, horticultural graduates and/or master gardeners. The Company has divided its sales force into key account managers, who act as consultants to the buyers of large retailers, and field sales personnel, who are responsible for servicing specific retail customers in their assigned territory.

Menu of Value-Added Services. The Company offers retailers and manufacturers a comprehensive menu of value-added services with separate or combination prices from which each customer may select according to its individual needs. Each value-added service is generally designed either to increase a retailer's sales or decrease a retailer's costs. The Company generally offers retailers deliveries within one business day from the time the Company receives an order. In addition to the standard delivery services, many of the Company's customers choose a high percentage of the value-added services listed below.

Program Development. The Company's key account managers recommend and assist

retail buyers in developing national and local product listings, advertising, promotions and shelf space planning at the beginning of and during the peak selling season to optimize store sales and profits.

Training of Store Employees. The Company's sales personnel conduct formal and informal product training sessions with store personnel to help them provide informed consumer service. The Company believes that the demand for this service is greater at larger regional and national retail chains due to their higher employee turnover and employee inexperience with gardening products.

Weekend Consumer Clinics. Sales personnel also conduct and assist in preparing and giving in-store weekend consumer education clinics to help increase retail sales and improve consumer relations.

Designing and Setting Store Displays. The Company's sales personnel assist in designing and planning store shelves at the beginning of each season. Their expertise in product knowledge, sales trends, in-season promotions and consumer demand for specific products allows them to help each store adjust shelf stock and displays to increase sales in a timely fashion.

Point-of-Purchase. The Company assists the manufacturer and retailer in the design and installation of point-of-purchase ("POP") material to increase sales. The POP material is generally matched to manufacturers' advertising and promotions as well as local lawn, gardening and insect problems.

Merchandising of Shelf Stock. The Company's store service personnel physically restock store shelves with all the Company's merchandise on a weekly basis. This service can also include price stickering for stores not on electronic point-of-sale systems.

Electronic Data Interchange ("EDI"). The Company's systems offer EDI capabilities to retailers which can include paperless invoices, payments and product history movements to help retailers monitor, plan and order products at a lower administrative cost.

"Hot Shot" Deliveries. The Company offers rush deliveries to help retailers satisfy high consumer demand. This service is often critical to keep retailers from being out-of-stock on a weekend during the peak selling season.

The Company believes that retailers choose these services because the Company can in many cases provide them more efficiently and effectively than manufacturers or retailers themselves. The Company's sales force often advises and assists store management to increase or decrease shelf space of certain products to match the expected and unexpected seasonal demands. The Company believes that a typical store needs to change the shelf space dedicated to lawn and garden products several times during the peak selling season. The sales force also often highlights specific products appropriate for the local market.

RETAILERS

The Company focuses on selling lawn and garden products to retailers with high volume retail stores. The Company's customer base is comprised of a wide range of retailers, including "do-it-yourself" superstores, mass merchants, warehouse clubs, high volume local and regional nurseries, regional and national chains of drug and grocery stores and specialty pet stores. The following table sets forth selected lawn and garden supply and pet supply customers of the Company for each major category of retailer.

<TABLE>
<CAPTION>
DO-IT-YOURSELF SUPERSTORES MASS MERCHANTS HIGH-VOLUME NURSERIES DRUG AND GROCERY STORES SPECIALTY PET STORES

DO-IT-YOURSELF SUPERSTORES	MASS MERCHANTS	HIGH-VOLUME NURSERIES	DRUG AND GROCERY STORES	SPECIALTY PET STORES
<S>	<C>	<C>	<C>	<C>
Builders Square	Wal*Mart	Bachman Nurseries	Albertsons	Petco
Eagle Hardware & Garden	Target	Calloway's Nursery	Bruno's	PETS MART
Home Depot	Kmart	Frank's	Long's Drugstores	Pet Supply Warehouse
Home Base	Bi-Mart	Navlet's Nurseries	Payless Drugstores	
Lowe's	Woolworth	Pike Nurseries	Raleys	
Orchard Supply Hardware		Sunbelt Nurseries		
Payless Cashways				
Price/Costco				

</TABLE>

As a result of its national presence, the Company has an opportunity to enter into relationships with national chains, whereby the Company, directly or through its affiliates, provides services to all or substantially all of the individual stores in the chain. From the point of view of the national retailer, such an arrangement offers the benefit of a high level of service, lower cost of doing business and administrative efficiencies. Because these

arrangements are not formalized in writing, these retailers may at any time purchase products from competing distributors.

Most major retailers, including customers of the Company, currently purchase a portion of their lawn and garden products directly from certain large manufacturers rather than through distributors such as the Company. If a number of the Company's major customers were to substantially shift or increase their purchases to direct shipments from manufacturers, the sales and earnings of the Company could be adversely affected. See "Risk Factors--Direct Sales," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "---Competition."

The Company's current practice on product returns generally is to accept and credit the return of unopened cases of products from customers where the quantity is small, where the product has been misshipped or the product is defective. The Company has arrangements with its manufacturers and suppliers to stock balance and/or credit the Company for a certain percentage of returned or defective products. While in the past the Company's return practice has not caused any material adverse impact on operations, there can be no assurance in the future that the Company's operations will not be adversely impacted due to the return of products.

MANUFACTURERS AND SUPPLIERS

The Company believes that the reason manufacturers and suppliers in the lawn and garden industry use distributors to ship a large percentage of their products to retailers is because it is a highly efficient method of distribution. In an industry with a large, diverse group of retailers combined with a relatively short and dynamic selling season, the Company believes that in most instances during the peak selling season each manufacturer or supplier would need to make weekly deliveries of an uneconomical volume of products to a large number of retailers in order to satisfy consumer demand. Similarly, each week retailers would have to place multiple orders and manage separate deliveries from a large number of manufacturers and suppliers rather than from a comparatively small number of distributors. The Company can typically deliver many products with one truck (often on one or more pallets for each store) as part of its delivery route to a number of stores. On the other hand, the same order using direct shipments from manufacturers or suppliers would require multiple deliveries from the various manufacturers and suppliers.

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The Company's national presence enables manufacturers and suppliers to access retail outlets and end users through one primary distributor. In addition, the Company's menu of value-added services to retailers includes product promotion and merchandising support that the Company believes many manufacturers and suppliers could not efficiently perform. While the Company purchases products from approximately 1,000 different manufacturers and suppliers, the Company believes that approximately 29% and 40% of the Company's net sales for the nine month period ended September 30, 1995 and the six months ended March 30, 1996, respectively, were derived from products purchased from Solaris.

Prior to the acquisition of Ortho by Monsanto, both Ortho (in late 1991) and Monsanto (in 1993) had initiated direct sale programs. Solaris, a strategic business unit of Monsanto, expanded these direct sales programs in 1994, which now constitute a majority of Solaris' sales. The Company believes that these programs had, during 1994 and fiscal 1995, an adverse effect on the Company's lawn and garden business. The Company further believes that the adverse impact of these programs will be mitigated by the Solaris Agreement, although there can be no assurance in this respect.

THE SOLARIS AGREEMENT

The Company entered into an agreement with Solaris effective October 1, 1995 to become the master agent master distributor for sales of Solaris products nationwide.

The Company believes that a significant portion of its net sales and operating income during fiscal 1996 is attributable to its new relationship with Solaris. Under the Solaris Agreement, Solaris is obligated to reimburse the Company for costs incurred in connection with services provided by the Company to Solaris' direct sales accounts. In addition, the Company receives payments based on the level of sales of Solaris products to these accounts, and these payments are subject to increase based on the growth of sales of Solaris products. The Company also shares with Solaris in the economic benefits of certain cost reductions, to the extent achieved. It is possible that disagreements could arise between Solaris and the Company as to measurement of the costs incurred in servicing Solaris' direct sales accounts. The cost reimbursement arrangement is based on estimates which are subject to reconciliation at the end of each fiscal year. As a result, the Solaris Agreement could contribute to variability in the Company's operating results. The new relationship with Solaris embodied in the Solaris Agreement does not assure that the Company will be profitable overall.

Under the Solaris Agreement, Solaris continues to negotiate prices directly with its direct sales accounts. As a result of the Solaris Agreement a majority of the Company's sales of Solaris products are derived from servicing direct sales accounts, whereas in 1994 and fiscal 1995, a majority of the Company's sales of Solaris products were made by the Company as a traditional distributor. The Company acts as the master agent on direct sales of Solaris products to certain major retailers and the master distributor in connection with sales of Solaris products to other distributors and retailers. The Solaris Agreement contains provisions which, without the consent of Solaris, could limit the Company's ability to distribute certain lawn and garden products manufactured by suppliers other than Solaris. These provisions could result in lower sales of non-Solaris products, which could have an adverse effect on the Company's business. The Solaris Agreement does not expire until September 30, 1999. However, Solaris has the right to terminate the agreement prior to its expiration in the event of a material breach of the agreement by the Company, including the Company's failure to satisfy certain performance criteria, or under certain other circumstances, including a sale of Solaris. Any such early termination would have a material adverse effect on the Company.

In July 1995, the Company received from Monsanto Company \$900,000 in exchange for its issuance of 100 shares of Series A Preferred Stock and a warrant to purchase up to 500,000 shares of the Company's Common Stock with an exercise price of \$9.00 per share. See "Description of Capital Stock--Preferred Stock."

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PET SUPPLIES

The Company's most significant new product line, pet supplies, was introduced in 1990 when the Company acquired the assets of Weyerhaeuser Garden Supply Company ("WGS"), a subsidiary of Weyerhaeuser Corporation, with distribution operations in both the lawn and garden and the pet supply industries. Sales in this category comprised approximately 20% of the Company's net sales in fiscal 1995. In June 1996, the Company entered into a definitive agreement to acquire Kenlin Pet Supply, Inc., the largest distributor of pet supply products in the eastern United States. Management intends to continue to expand this business line due to the relatively large number of SKUs (approximately 21,000), the fragmented nature of the retail segment for pet supplies, the lack of any national distributor in this field and a more steady year-round sales volume with a peak selling season in the last quarter of the calendar year.

PROPRIETARY BRANDED PRODUCTS

The principal product lines owned by the Company are the Matthews' line of redwood products, the Grant's line of ant control products, the Greentouch line of cutting tools and four proprietary brands of fertilizer. The Matthews' line of redwood products consists of redwood tubs, planter boxes and trellises. The Grant's line of ant control products consists of ant stakes, granules and twists and ties. The Greentouch line of cutting tools consists of small hand tools used for gardening which are supplied to the Company by a contract manufacturer located in the Far East. The Company has four proprietary brands of fertilizer--Colorado's Own and Mountain States, which are manufactured by the Company, and Easy-Gro and Turf Magic, which are supplied to the Company by contract manufacturers. Additionally, the Company manufactures aquariums sold under the brand name Island Aquarium. Aggregate sales of these products during fiscal 1995 were approximately \$14 million. Over the long-term, the Company intends to pursue the acquisition of additional proprietary branded products which would benefit from access to the Company's distribution system and expertise.

MANAGEMENT INFORMATION SYSTEMS

During their weekly visits to the retail stores, sales personnel transmit orders to the appropriate distribution centers in any one of three methods: remote order entry units (hand held, electronic devices), telephone or facsimile. Generally, sales personnel transmit orders several times each day. Certain retailers can also order products directly through the Company's EDI system or by purchasing items directly at each distribution center. After customer orders are received and processed, shipping tickets are printed and credit approved prior to the orders being sent to the warehouse manager. The Company's warehouse employees then fill orders by manual selection and packaging. The Company believes that due to the unusual shapes and sizes of its products (e.g., hand held tools, wheelbarrows and bags of fertilizer) current automatic order selection systems are not as efficient and cost effective as the Company's current manual systems.

The Company's management information systems collect data needed for receivables and inventory management, customer, product and facility profitability analysis, as well as permit electronic data interface with customers and suppliers. The Company is presently electronically connected

with several major customers with a variety of applications that range from purchase order receipt to paperless invoicing. The Company has also purchased and is now using a new shelf space planning system that optimizes retail shelf space utilization and profitability. The Company receives more than a majority of its daily order volume from field sales representatives utilizing hand-held order entry computers. The Company's systems enable it to provide delivery within one business day.

The Company is presently upgrading and installing one uniform, integrated system on IBM Model AS-400 computers across the United States at an estimated cost to complete of \$2 million. The Company has completed the installation of the new system for the Southwest, Midwest and Southeast regions. The Company expects to convert the remaining regions to the new system within the next twelve months.

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No assurances can be given that such transition and system enhancement can be accomplished in a timely and cost-effective manner without disrupting the Company's operations. In addition, there can be no assurance that the Company's current system or planned upgrade will be sufficient or effective and that further investments in management information systems will not be necessary.

DISTRIBUTION

In order to develop the most effective possible national distribution network, the Company relies not only on its 37 Company-operated, distribution centers (see "--Properties"), but also on its affiliation arrangement with two leading regional distributors of lawn and garden products and, in the case of Solaris products, on agreements with a group of 32 independent distributors for specific geographic areas.

The Company generally will make deliveries from its distribution centers within one to two days after receipt of the order and, if the customer requests, will generally make "hot shot" deliveries within four hours after receipt of the order. The Company organizes its truck and delivery routes to optimize each truck's merchandise load and number of deliveries. The Company uses trucks to deliver a substantial percentage of the Company's products and common carriers for a small percentage of deliveries. Common carriers are typically used for deliveries beyond a 200 mile radius from the distribution center.

The Company's affiliation arrangements are intended to permit the Company to more effectively solicit national accounts and to assure that such accounts can be effectively serviced on a national basis without requiring the Company to incur the capital costs of opening new distribution centers or undertaking an acquisition. The Company's affiliation arrangements are with the following distributors:

<TABLE>
<CAPTION>

AFFILIATED DISTRIBUTOR -----	GEOGRAPHIC REGION -----
<S>	<C>
Commerce Distributors	Northeast
U.S. Garden Sales	Ohio and Michigan

</TABLE>

Under the affiliation arrangements, Company personnel negotiate transactions with national retail chains and the affiliated distributors provide such retail chains with products and related services in the geographic regions in which they operate. The Company receives fees from the affiliated distributors to compensate it for its costs, and sales of these affiliated distributors are not reflected in the Company's statements. The Company earned no profits in fiscal 1995 from these arrangements as the Company set its fees in connection with such arrangements at a level which was designed to cover only the Company's administrative costs.

The Company has negotiated agreements with a group of 32 independent distributors for the distribution of Solaris products by the independent distributors. These agreements provide coverage of geographic areas where the Company does not have facilities or where established relationships with specific retailers make such arrangements desirable.

PROPERTIES

The Company currently operates 37 distribution centers totaling approximately 1,801,000 square feet. The Company currently owns two distribution centers located in San Antonio, Texas and Lubbock, Texas and leases the remaining distribution centers. Most distribution centers consist of office and warehouse space, several large bays for loading and unloading and a store for walk-in commercial accounts. Each distribution center provides warehouse, distribution, sales and support functions for its geographic area under the supervision of a regional manager. Twenty-nine distribution centers

service lawn and garden products and pool supplies, with seven of these also servicing pet supplies. Eight distribution centers exclusively service pet supplies. The Company's executive offices are located in Lafayette, California.

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The Company periodically evaluates the location and efficiency of its facilities to maximize customer satisfaction and to increase economies of scale. Accordingly, the Company may close or relocate a distribution center from time to time. The Company's leases generally expire between 1996 and 2005. Substantially all of the leases contain renewal provisions with automatic rent escalation clauses. In addition to the facilities that are owned, the Company's fixed assets are comprised primarily of trucks, warehousing and transportation equipment. As of March 30, 1996, the Company operated a fleet of approximately 170 trucks, of which most were leased. During the Company's peak season it rents additional trucks.

The table below lists the Company's distribution facilities and the map on the inside cover page of this Prospectus illustrates their locations.

WESTERN REGION	SOUTHWEST REGION	NORTHWEST REGION
Visalia, CA	Albuquerque, NM	Algona, WA
Stockton, CA	Hammond, LA	Boise, ID
Phoenix, AZ	Dallas, TX	Denver, CO
Sacramento, CA (2)	Houston, TX(2)	Medford, OR
San Leandro, CA	Little Rock, AR	Portland, OR
Orange, CA	Lubbock, TX	Salt Lake City, UT
Riverside, CA	McAlester, OK	
Van Nuys, CA	McGregor, TX	
San Diego, CA	Pharr, TX	MIDWEST REGION
Santa Fe Springs, CA (2)	San Antonio, TX	Bloomington, IL
		Kansas City, MO
		Minneapolis, MN
EASTERN REGION	MEXICO	
Providence, RI	Celaya	
		SOUTHEAST REGION
		Atlanta, GA
		Greensboro, NC
		Orlando, FL

Kenlin has two distribution facilities in New Jersey and one in North Carolina which, upon consummation of the Kenlin acquisition, will become part of the Company's distribution facilities in the Eastern Region.

COMPETITION

The lawn and garden products and pet supply distribution industries are highly competitive. Traditionally, these industries have been characterized by intense competition from large numbers of smaller local and regional distributors--with competition based on price, service and personal relationships. In recent years, the Company has moved aggressively to insulate itself from this type of competition through the development of a nationwide presence, forging relationships with manufacturers, suppliers and major retailers and adding new value-added services. See "Business Strategy" and "Risk Factors--Competition."

In addition to competition from other distributors, the Company also faces existing and potentially increased competition from manufacturers and suppliers which distribute some percentage of their products directly to retailers, bypassing distributors, or through a dual distribution system in which the manufacturer or supplier competes with distributors for sales to certain accounts. See "Risk Factors--Competition" and "--Direct Sales." Such competition is typically based on service and price. Although the Company competes against direct sales by manufacturers and suppliers, it is often able to participate in such direct sales by entering into agreements with the manufacturers and suppliers pursuant to which it provides the manufacturers and suppliers with order processing, warehousing, shipping and certain in-store services in connection with such direct sales in return for a fee from the manufacturers and suppliers.

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EMPLOYEES

As of May 31, 1996, the Company had approximately 1,630 employees of which approximately 1,350 were full-time employees and 280 were temporary employees. The Company hires substantial numbers of temporary employees for the peak shipping season of February through June in order to meet the increased demand experienced during the spring and summer months, including merchandising in stores. All of the Company's temporary employees are paid on an hourly basis. None of the Company's employees is represented by a labor union. The Company considers its relationship with its employees to be good.

ENVIRONMENTAL CONSIDERATIONS

The Company's subsidiary, Grant Laboratories, Inc., which manufactures and control products, and many of the products distributed by the Company are subject to regulation by federal, state and local authorities. Such regulations are often complex and are subject to change. Environmental regulations may affect the Company by restricting the manufacturing or use of its products or regulating their disposal. Regulatory or legislative changes may cause future increases in the Company's operating costs or otherwise affect operations. Although the Company believes it is and has been in substantial compliance with such regulations and has strict internal guidelines on the handling and disposal of its products, there is no assurance in the future that the Company may not be adversely affected by such regulations or incur increased operating costs in complying with such regulations. However, neither the compliance with regulatory requirements nor the Company's environmental procedures can ensure that the Company will not be subject to claims for personal injury, property damages or governmental enforcement.

LITIGATION

Baton Rouge Fire. On July 14, 1992, the Company contacted local authorities and an environmental contractor to remove broken containers of a swimming pool water purifier maintained in inventory at its Baton Rouge, Louisiana warehouse. A fire originated while the environmental contractor's employees were in the process of placing the material in a large drum for removal. The fire damaged the Company's warehouse and two adjoining warehouse spaces leased by third parties. The warehouse was one of the Company's smallest, with an approximate area of 22,000 square feet out of a then total area of approximately 1,269,400 square feet for all of the Company's warehouses at such time. Although the inventory in the warehouse was substantially damaged, it constituted an immaterial portion of the Company's total inventories at that time.

The Company believes that the fire was caused principally by the environmental contractor, and intends to hold the environmental contractor, and others, responsible for any loss or damage which it sustains. While the overall amount of the damage to all parties caused by the fire is believed to aggregate \$20 million or more, neither this amount nor the overall amount of damage which the Company has sustained as a result of the fire has been finally quantified. The Company maintained insurance with Atlantic Mutual Insurance Company providing \$11 million of coverage (with no deductible) against third-party liability. The Company believes that this coverage will be available with respect to third-party claims against the Company in the event that the environmental contractor or other parties are not found responsible. Notwithstanding the foregoing, the precise amount of damage sustained by the Company and other claimants in the fire, the ultimate determination of the parties responsible and the availability of insurance coverage are the subject of complex litigation, involving numerous claimants, defendants and insurance companies. Accordingly, no assurance may be given as to the ultimate impact of the Louisiana fire on the Company. The Company believes, based on the information currently available to it that ultimate resolution of this matter will not have a material adverse effect on its financial position or results of operations.

Other Legal Proceedings. Except as disclosed above, the Company is not a party to any other material litigation.

MANAGEMENT

EXECUTIVE OFFICERS AND DIRECTORS

The executive officers and directors of the Company and their ages as of the date of this Prospectus are as follows:

<TABLE>		
<CAPTION>		
NAME	AGE	POSITION
----	---	-----
<S>		
William E. Brown.....	54	Chairman of the Board and Chief Executive Officer
Glenn W. Novotny.....	49	President, Chief Operating Officer and Director
Neill J. Hines.....	56	Executive Vice President
Robert B. Jones.....	63	Vice President, Chief Financial Officer and Secretary
Lee D. Hines,		
Jr. (1).....	50	Director
Daniel Hogan (1).....	68	Director
</TABLE>		

(1) Member of the Audit and Compensation Committee.

Mr. Brown has been Chairman and Chief Executive Officer of the Company since 1980. Additionally, since 1978 he has served as the Chief Executive Officer of Grant Laboratories, Inc., a manufacturer of garden-related insecticides. From 1977 to 1980, Mr. Brown was Senior Vice President of the Vivitar Corporation

with responsibility for Finance, Operations, and Research & Development. From 1972 to 1977, he was with McKesson Corporation where he was responsible for its 200-site data processing organization. Prior to joining McKesson Corporation, Mr. Brown spent the first 10 years of his business career at McCormick, Inc. in manufacturing, engineering and data processing.

Mr. Novotny has been President of the Company since June 1990 and was President of Weyerhaeuser Garden Supply Company ("WGS") since 1988. Prior thereto, he was with Weyerhaeuser Corporation for 20 years with a wide range of managerial experience including manufacturing, accounting, strategic planning, sales, general management and business turnarounds. From 1985 to 1988, Mr. Novotny was Region General Manager, Building Materials Distribution. From 1982 to 1985, he was Regional General Manager, Southern Mill Direct Sales. From 1979 to 1982, Mr. Novotny managed the strategic planning and analysis department of Weyerhaeuser's Solid Wood Business.

Mr. Hines joined the Company in June 1990 as Executive Vice President and was Vice President-Finance since 1989 with WGS. Prior thereto, he was with Weyerhaeuser Corporation for 25 years in a broad variety of positions including Eastern Region Manager of Finance and Planning, Forest Products; North Carolina Business and Financial Manager; Plywood Plant Manager; Manager Finishing, Shipping & Customer Service; Paper Mills; and various controllership positions.

Mr. Jones joined the Company in July 1991 as Corporate Controller. He was appointed to his present position in June 1993. From May 1990 to July 1991, Mr. Jones was Executive Vice President of International Tropic-Cal, Inc. From February 1988 to April 1990, Mr. Jones was Vice President and Chief Financial Officer of Compu-Rite Corporation, a manufacturer of computer ribbons. Prior to joining Compu-Rite, Mr. Jones was Vice President and Chief Financial Officer of Vivitar Corporation from 1982 to 1988.

Mr. Hines, Jr. joined the Company in April 1991 as Executive Vice President and Chief Financial Officer, a position he retained until June 1993. He became a Director in 1991. From May 1990 to April 1991, Mr. Hines was President and Chief Executive Officer of International Tropic-Cal, Inc., a designer and marketer of sunglasses and hair accessories. From September 1988 to May 1990, Mr. Hines was Vice President and Chief Financial Officer of Avalon Marketing, Inc. From 1983 to September 1988, he was Chief Financial Officer of Applause Inc. and Vice President of Finance of Applause from 1982 to 1983. Prior to joining Applause, Mr. Hines served as the Chief Financial Officer of Vivitar from 1977 to 1982.

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Mr. Hogan has served as a Director since October 1993. Mr. Hogan is a self-employed business consultant. Prior to his retirement in 1986, Mr. Hogan was a Vice President of Chevron Chemical Company and General Manager of its Ortho Consumer Products Division.

The Company's board of directors has an Audit and Compensation Committee. The Audit and Compensation Committee recommends the annual engagement of the Company's auditors with whom the Committee will review the scope of audit and non-audit assignments, related fees, the accounting principles used by the Company in financial reporting, internal financial auditing procedures and the adequacy of the Company's internal control procedures. The Audit and Compensation Committee also determines officers' salaries and bonuses, and administers the Company's 1993 Omnibus Equity Incentive Plan. Further, the majority of the independent and disinterested directors must approve any material agreements or arrangements between the Company and directors, officers, existing principal stockholders and their affiliates. Lee D. Hines, Jr. and Daniel Hogan currently serve as members of the Audit and Compensation committee. The Company's directors are elected at the annual stockholders' meeting and serve until their respective successors are elected or until death, resignation or removal. Officers are appointed by, and serve at the discretion of, the board of directors. There are no family relationships among any directors or executive officers of the Company.

LIMITATION OF LIABILITY AND INDEMNIFICATION MATTERS

The Company's Certificate of Incorporation provides that its directors will not be liable to the Company or its stockholders for monetary damages for breaches of fiduciary duty, to the fullest extent permitted by law. This provision is intended to allow the Company's directors the benefit of the Delaware General Corporation law which provides that directors of Delaware corporations may be relieved of monetary liability for breaches of their fiduciary duty of care except under certain circumstances, including breach of the duty of loyalty, acts or omissions not in good faith or involving intentional misconduct or known violation of law or any transaction from which the director derived an improper personal benefit.

The Company has entered into separate indemnification agreements with each of the directors and executive officers, whereby the Company agrees, among other things, to indemnify them against certain liabilities that may arise by

reason of their status or service as directors or officers, to advance their expenses incurred as a result of any proceeding against them as to which they could be indemnified, and to obtain directors' and officers' insurance if available at reasonable terms. There is no pending litigation or proceeding involving a director, officer, employee or other agent of the Company as to which indemnification is being sought, nor is the Company aware of any pending or threatened litigation, that may result in claims for indemnification by any director, officer, employee or other agent.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Board of Directors has an Audit and Compensation Committee, consisting of two independent and disinterested directors which makes decisions regarding executive compensation. Lee D. Hines, Jr., a member of the Board of Directors and the Audit and Compensation Committee, performed certain consulting services for the Company during fiscal 1995 for which he received compensation of \$49,730.

BOARD COMPENSATION

Directors who are not employees of the Company are paid directors fees consisting of \$12,000 per year and \$1,000 for each Board of Directors meeting attended. Directors who attend meetings of the Audit and Compensation Committee receive an additional \$1,000 for each meeting not held on the same day as a Board of Directors meeting. In addition, Lee D. Hines, Jr. performed certain consulting services for the Company during fiscal 1995 for which he received compensation of \$49,730. In February 1996, the Board of Directors adopted a Nonemployee Director Stock Option Plan. This plan provides for the grant of options to outside directors. There are 100,000 shares of Common Stock reserved for issuance upon exercise of options pursuant to this plan. As of May 31, 1996, options to purchase 10,000 shares of Common Stock at an exercise price of \$9.00 had been granted to each of the two outside directors.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth certain information with respect to beneficial ownership of the Company's Class B Stock and Common Stock as of March 30, 1996 and, as adjusted to reflect the sale of the shares of Common Stock offered hereby, (i) by each person (or group of affiliated persons) who is known by the Company to own beneficially more than five percent of the Company's outstanding Stock, (ii) by each of the Company's directors and executive officers, (iii) by all directors and executive officers as a group, (iv) by each Selling Stockholder. Except as indicated in the footnotes to this table, the persons named in the table have sole voting and investment power with respect to all shares of Stock shown as beneficially owned by them, subject to community property laws where applicable.

<TABLE>
<CAPTION>

PERCENTAGE	NUMBER OF SHARES		PERCENTAGE	SHARES BENEFICIALLY OWNED AFTER OFFERING				
	BENEFICIALLY OWNED		BENEFICIALLY	-----			OF	
TOTAL	PRIOR TO OFFERING		OWNED	NUMBER OF	NUMBER OF			
VOTING	-----		PRIOR TO	CLASS B	COMMON	POWER		
AFTER	BENEFICIAL OWNERS		OFFERING (1)	SHARES TO	SHARES	SHARES	PERCENT (1)	-----
OFFERING (2)	CLASS B	COMMON	BE SOLD	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
William E. Brown(3).....	2,038,859	182,500	19.1%	240,000 (4)	1,981,359	--	14.0%	46.0%
Wellington Management Company(5).....	--	657,100	5.7	--	--	657,100	4.6	2.4
Monsanto Company(6).....	--	600,000 (7)	4.9	--	--	600,000 (7)	4.1	2.1
Glenn W. Novotny.....	--	102,769 (8)	*	10,000	--	92,769 (8)	*	*
Neill J. Hines.....	45,548	37,615 (9)	*	--	45,548	37,615 (9)	*	1.1
Robert B. Jones.....	--	12,538 (10)	*	--	--	12,538 (10)	*	*
Lee D. Hines, Jr.....	--	26,000	*	--	--	26,000	*	*
Daniel Hogan.....	--	1,000	*	--	--	1,000	*	*
All directors and executive officers as a group (6 persons).....	2,084,407	362,422 (11)	21.0%	250,000	2,026,907	153,314 (11)	15.4%	47.7%

</TABLE>

(*) Less than 1%

(1) Represents the number of shares of Class B Stock and Common Stock beneficially owned by each stockholder as a percentage of the total number of shares of Class B Stock and Common Stock outstanding.

(2) The percentage of total voting power after Offering represents the

percentage of the voting power each stockholder will have after the Offering, assuming such stockholder does not convert his Class B Stock into Common Stock, and giving effect to the disparate voting rights between the Class B Stock and the Common Stock and the 49% aggregate maximum voting right of the Class B Stock.

- (3) The address of Mr. Brown is 3697 Mt. Diablo Boulevard, Lafayette, California 94549. Mr. Brown may be deemed to be a "control person" of the Company within the meaning of the rules and regulations of the Securities and Exchange Act of 1934, as amended, by virtue of his stock ownership and positions with the Company. In connection with the offering, Mr. Brown will convert 57,500 shares of Class B Stock into Common Stock.
- (4) If the Underwriters' over-allotment option is exercised in full, Mr. Brown will convert an additional 160,000 shares of Class B Stock into Common Stock. The number of Class B Shares owned after the offering will be 1,821,359 shares, the number of Common Shares owned after the offering will be zero shares, the percent of shares owned after the offering will be 12.6%, and the percentage of total voting power after the offering will be 45.8%.
- (5) The address of Wellington Management Company is 75 State Street, Boston, Massachusetts 02109.
- (6) The address of Monsanto Company is 800 North Lindbergh Boulevard, St. Louis, Missouri 63167.
- (7) Includes 500,000 shares issuable upon exercise of a warrant which is immediately exercisable and 100,000 shares issuable upon conversion of 100 shares of Series A Preferred Stock.
- (8) Includes 10,360 shares issuable upon exercise of outstanding options exercisable within 60 days of March 30, 1996.
- (9) Includes 5,718 shares issuable upon exercise of outstanding options exercisable within 60 days of March 30, 1996.
- (10) Includes 530 shares issuable upon exercise of outstanding options exercisable within 60 days of March 30, 1996.
- (11) Includes 16,608 shares issuable upon exercise of outstanding options exercisable within 60 days of March 30, 1996.

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DESCRIPTION OF CAPITAL STOCK

As of the date of this Prospectus, the authorized capital stock of the Company consists of 40,000,000 shares of Common Stock ("Common Stock"), 3,000,000 shares of Class B Stock ("Class B Stock") and 1,000 shares of Preferred Stock ("Preferred Stock"). Upon the closing of the Offering, 12,070,103 shares of Common Stock, 2,108,575 shares of Class B Stock and 100 shares of Preferred Stock will be issued and outstanding (assuming no exercise of the Underwriters' over-allotment option).

The following summary description of the Company's capital stock does not purport to be complete and is subject to and is qualified in its entirety by the description of the Company's capital stock contained in the Company's Certificate of Incorporation, a copy of which is filed as an exhibit to the Registration Statement of which this Prospectus is a part. Reference is made to such exhibit for a detailed description of the provisions thereof summarized below.

COMMON STOCK AND CLASS B STOCK

Voting, Dividend and Other Rights. The voting powers, preferences and relative rights of the Common Stock and the Class B Stock are identical in all respects, except that (i) the holders of Common Stock are entitled to one vote per share and the holders of Class B Stock are entitled to the lesser of ten votes per share or 49% of the total votes cast, (ii) stock dividends on Common Stock may be paid only in shares of Common Stock and stock dividends on Class B Stock may be paid only in shares of Class B Stock and (iii) shares of Class B Stock have certain conversion rights and are subject to certain restrictions on ownership and transfer described below under "Conversion Rights and Restrictions on Transfer of Class B Stock." Except as described above, issuances of additional shares of Class B Stock and modifications of the terms of the Class B Stock require the approval of a majority of the holders of the Common Stock and Class B Stock, voting as separate classes. The Certificate of Incorporation cannot be modified, revised or amended without the affirmative vote of the majority of outstanding shares of Common Stock and Class B Stock, voting separately as a class. Except as described above or as required by law, holders of Common Stock and Class B Stock vote together on all matters presented to the stockholders for their vote or approval, including the election of directors. The stockholders are not entitled to vote cumulatively for the election of directors.

After the sale of the Common Stock offered hereby, the outstanding shares of Common Stock will equal 85.1% of the total shares outstanding (and, together with the 100 shares of Series A Preferred Stock owned by Monsanto Company, will have 51% of the combined voting power of the outstanding shares), and the holders of Class B Stock will have 49% of the combined voting power of the outstanding shares. The holders of the Class B Stock will, therefore, be likely to be able to elect the entire Board of Directors of the Company and to determine the outcome of any matter submitted to the stockholders for approval including the power to determine the outcome of all corporate transactions.

Each share of Common Stock and Class B Stock is entitled to receive dividends if, as and when declared by the Board of Directors of the Company out of funds legally available therefor. The Common Stock and Class B Stock share equally, on a share-for-share basis, in any cash dividends declared by the Board of Directors.

Stockholders of the Company have no preemptive or other rights to subscribe for additional shares. Subject to any rights of holders of any Preferred Stock, all holders of Common Stock and Class B Stock, regardless of class, are entitled to share equally on a share-for-share basis in any assets available for distribution to stockholders on liquidation, dissolution or winding up of the Company. No Common Stock or Class B Stock is subject to redemption or a sinking fund. All shares of Common Stock offered hereby will be, when so issued or sold, validly issued, fully paid and nonassessable.

Conversion Rights and Restrictions on Transfer of Class B Stock. The Common Stock has no conversion rights. However, at the option of the holder, each share of Class B Stock is convertible at any

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time and from time to time into one share of Common Stock. If at any time the holders of a majority of outstanding shares of Class B Stock vote to convert the outstanding shares of Class B Stock to Common Stock, then all outstanding shares of Class B Stock shall be deemed automatically converted into shares of Common Stock.

The Company's Certificate of Incorporation provides that any holder of shares of Class B Stock desiring to transfer such shares to a person other than a Permitted Transferee (as defined below) must present such shares to the Company for conversion into an equal number of shares of Common Stock upon such transfer. Thereafter, such shares of Common Stock may be freely transferred to persons other than Permitted Transferees, subject to applicable securities laws.

Shares of Class B Common Stock may not be transferred except generally to family members, certain trusts, heirs and devisees (collectively, "Permitted Transferees"). Upon any sale or transfer of ownership or voting rights to a transferee other than a Permitted Transferee or to the extent an entity no longer remains a Permitted Transferee, such shares of Class B Stock will automatically convert into an equal number of shares of Common Stock. Accordingly, no trading market is expected to develop in the Class B Stock and the Class B Stock will not be listed or traded on any exchange or in any market.

Effects of Disproportionate Voting Rights. The disproportionate voting rights of the Common Stock and Class B Stock could have an adverse effect on the market price of the Common Stock. Such disproportionate voting rights may make the Company a less attractive target for a takeover than it otherwise might be, or render more difficult or discourage a merger proposal, a tender offer or a proxy contest, even if such actions were favored by stockholders of the Company other than the holders of the Class B Stock. Accordingly, such disproportionate voting rights may deprive holders of Common Stock of an opportunity to sell their shares at a premium over prevailing market prices, since takeover bids frequently involve purchases of stock directly from stockholders at such a premium price.

PREFERRED STOCK

The Board of Directors has the authority to cause the Company to issue up to 1,000 shares of Preferred Stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences and the number of shares constituting any series or the designation of such series, without any further vote or action by the stockholders. The issuance of Preferred Stock may have the effect of delaying, deferring or preventing a change in control of the Company without further action by the stockholders. The issuance of Preferred Stock with voting and conversion rights may adversely affect the voting power of the holders of the Common Stock.

In July 1995, the Company issued 100 shares of Series A Preferred Stock to Monsanto Company, of which Solaris is a strategic business unit. The Series A Preferred Stock is entitled to receive a cumulative 5% annual cash dividend which must be paid prior to the declaration or payment of any dividends on the

Common Stock. Each share of Series A Preferred Stock is entitled to a liquidation preference of \$9,000 per share, is convertible into 1,000 shares of Common Stock, votes together with the Common Stock and has a number of votes equal to the number of shares of Common Stock into which it is convertible.

The Company has no present plans to issue any additional shares of Preferred Stock.

SECTION 203 OF THE DELAWARE GENERAL CORPORATION LAW

The Company is subject to the provisions of Section 203 of the Delaware General Corporation Law. This statute generally prohibits, under certain circumstances, a Delaware corporation whose stock is publicly traded, from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder,

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unless (i) a corporation has elected in its certificate of incorporation or bylaws not to be governed by this Delaware law (the Company has not made such an election); (ii) prior to the time the stockholder became an interested stockholder, the board of directors approved either the business combination or the transaction which resulted in the person becoming an interested stockholder, (iii) the stockholder owned at least 85% of the outstanding voting stock of the corporation (excluding shares held by directors who were also officers or held in certain employee stock plans) upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder or (iv) the business combination was approved by the board of directors and by two-thirds of the outstanding voting stock of the corporation (excluding shares held by the interested stockholder). An "interested stockholder" is a person who, together with affiliates and associates, owns (or any time within the prior three years did own) 15% or more of the corporation's outstanding voting stock. The term "business combination" is defined generally to include mergers, consolidations, stock sales, asset-based transactions, and other transactions resulting in a financial benefit to the interested stockholder.

TRANSFER AGENT AND REGISTRAR

ChaseMellon Shareholder Services L.L.C. serves as the transfer agent and registrar for the Company's Common Stock.

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UNDERWRITING

Subject to the terms and conditions of the Underwriting Agreement, the Underwriters named below (the "Underwriters"), through their Representatives, Alex. Brown & Sons Incorporated, Hambrecht & Quist LLC and Wasserstein Perella Securities, Inc., have severally agreed to purchase from the Company and the Selling Stockholders the following respective numbers of shares of Common Stock at the public offering price less the underwriting discounts and commissions set forth on the cover page of this Prospectus:

<TABLE>
<CAPTION>

UNDERWRITER -----	NUMBER OF SHARES -----
Alex. Brown & Sons Incorporated.....	
Hambrecht & Quist LLC.....	
Wasserstein Perella Securities, Inc.....	
Total.....	2,750,000 =====

</TABLE>

The Underwriting Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters will purchase all shares of the Common Stock offered hereby if any of such shares are purchased.

The Company has been advised by the Representatives of the Underwriters that the Underwriters propose to offer the shares of Common Stock to the public at the public offering price set forth on the cover page of this Prospectus and to certain dealers at such price less a concession not in excess of \$ per share. The Underwriters may allow, and such dealers may reallow, a concession not in excess of \$ per share to certain other dealers. After the public offering, the offering price and other selling terms may be changed by the Representatives.

The Company and a Selling Stockholder have granted to the Underwriters an

option, exercisable not later than 30 days from the date of this Prospectus, to purchase up to 252,500 and 160,000 additional shares, respectively of Common Stock at the public offering price less the underwriting discounts and commissions set forth on the cover page of this Prospectus. To the extent that the Underwriters exercise such option, each of the Underwriters will have a firm commitment to purchase approximately the same percentage thereof that the number of shares of Common Stock to be purchased by it shown in the table above bears to the total shares of Common Stock listed in such table, and the Company will be obligated, pursuant to such options, to sell such shares to the Underwriters. The Underwriters may exercise such options only to cover over-allotments made in connection with the sale of Common Stock offered hereby. If purchased, the Underwriters will offer such additional shares of Common Stock on the same terms as those on which the 2,750,000 shares of Common Stock are being offered.

The Underwriting Agreement provides that the Company will indemnify the Underwriters against certain liabilities, including civil liabilities under the Securities Act.

In connection with this offering, the Underwriters and other selling group members (if any) who are qualifying registered market makers on Nasdaq may engage in passive market making transactions in the Common Stock on the Nasdaq National Market in accordance with Rule 10b-6A under the Exchange Act during the two business day period before commencement of sales in this Offering. The passive market making transactions must comply with applicable price and volume limits and be identified as such. In general, a passive market maker may display its bid at a price not in excess of the highest independent bid for the Common Stock. If all independent bids are lowered below the passive market maker's bid, however, such bid must then be lowered when certain purchase limits are exceeded. Net purchases by a passive market maker on each day are generally limited to a specified percentage of the passive market

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maker's average daily trading volume in the Common Stock during a prior period and must be discontinued when such limit is reached. Passive market making may stabilize the market price of the Common Stock at a level above that which might otherwise prevail and, if commenced, may be discontinued at any time.

The Company and each of the directors, executive officers and certain principal stockholders of the Company have agreed not to offer to sell, sell, contract to sell or otherwise dispose of any shares of Common Stock of the Company or securities convertible or exchangeable for any shares of Common Stock of the Company for a period of 90 days after the date of this Prospectus without the prior written consent of Alex. Brown & Sons Incorporated. See "Shares Eligible for Future Sale."

SHARES ELIGIBLE FOR FUTURE SALE

GENERAL

Sales of substantial amounts of Common Stock in the public market could have an adverse impact on the market price of the Common Stock. After the closing of the Offering, the Company will have 12,070,103 shares of Common Stock and 2,108,575 shares of Class B Stock outstanding. Of these shares, 11,933,397, including the 2,750,000 shares offered hereby, the 2,530,000 shares of Common Stock that were sold by the Company in the initial public offering and the 5,750,000 shares of Common Stock sold in the public offering in November 1995, and 81,668 shares of Common Stock issuable upon conversion of the Class B Stock, will be freely tradeable without restriction under the Securities Act, except for any shares purchased by affiliates of the Company, which will be subject to certain resale limitations of Rule 144 promulgated under the Securities Act. The remaining 136,706 shares of Common Stock and 2,026,907 shares of Class B Stock held by existing stockholders are subject to lock-up agreements with the Underwriters. The directors, executive officers and certain principal stockholders of the Company who hold such shares of Common Stock have agreed not to sell or otherwise dispose of any shares for 90 days after the date of this Prospectus without the prior written consent of Alex. Brown & Sons Incorporated. After the expiration of the 90 day lock-up period, these shares may be sold in accordance with Rule 144. In addition, 500,000 shares of Common Stock issuable upon the exercise of a warrant, which is immediately exercisable, are eligible for sale upon expiration of the 90 day lock-up period.

In general, under Rule 144 as currently in effect, a stockholder (or stockholders whose shares are aggregated) who has beneficially owned for at least two years shares of Class B Stock or Common Stock that are treated as "restricted securities," including persons who may be deemed affiliates of the Company, would be entitled to sell, within any three-month period, a number of shares of Common Stock that does not exceed the greater of 1% of the then outstanding shares of Common Stock (12,070 shares immediately after the Offering) or the average weekly trading volume in the Common Stock during the four calendar weeks preceding the date on which notice of such sale is given, provided certain manner of sale and notice requirements and requirements as to the availability of current public information about the Company are

satisfied. Under Rule 144(k), a stockholder who is deemed not to have been an affiliate of the Company at any time during the 90 days preceding a sale by such stockholder, and who has beneficially owned for at least three years shares of Common Stock that are treated as "restricted securities," would be entitled to sell such shares without regard to the foregoing restrictions and requirements.

The Company has registered under the Securities Act, 2,000,000 shares of Common Stock reserved for issuance under the 1993 Equity Incentive Stock Plan and 750,000 shares of Common Stock on a Form S-4 for use in potential acquisitions.

The Company can make no predictions as to the effect, if any, that sales of shares of Common Stock or the availability of Common Stock for sale will have on the market price prevailing from time to time. Nevertheless, sales of substantial amounts of the Common Stock in the public market could adversely affect the market price of the Common Stock and could impair the Company's future ability to raise capital through an offering of its equity securities.

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REGISTRATION RIGHTS

The Company has granted certain rights with respect to the registration of its shares under the Securities Act to Monsanto and to former stockholders of a corporation acquired by the Company in 1993. In the event that the Company proposes to register any of its Common Stock under the Securities Act, either for its own account or the account of other security holders, Monsanto and such former stockholders will be entitled to notice of such registration and will be entitled to include their Common Stock in such registration, subject to certain marketing and other limitations. As of September 30, 1995, the Company had a Registration Statement in effect covering 204,420 shares of Common Stock for resale by the former stockholders of the corporation acquired by the Company. In addition, Monsanto has the right, subject to certain limitations, to require the Company, on not more than one occasion, to file a registration statement under the Securities Act in order to register not less than 70,000 shares of Common Stock. Any such demand registration shall be at the expense of Monsanto unless it is effected pursuant to Form S-3. The Company may in certain circumstances defer such registrations.

LEGAL MATTERS

The validity of the issuance of the Common Stock offered hereby will be passed upon for the Company by Orrick, Herrington & Sutcliffe, San Francisco, California. Certain matters will be passed upon for the Underwriters by Brobeck, Phleger & Harrison LLP, San Francisco, California.

EXPERTS

The consolidated financial statements and the related financial statement schedule of the Company as of September 30, 1995 and December 25, 1994 and for the nine-month period ended September 30, 1995 and each of the two fiscal years in the period ended December 25, 1994 included in this Prospectus and elsewhere in the registration statement have been audited by Deloitte & Touche LLP, independent auditors, as stated in their reports appearing herein and elsewhere in the registration statement, and are included in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The financial statements of Kenlin as of July 31, 1995 and 1994 and for each of the two years in the period ended July 31, 1995 and the period from August 21, 1992 (commencement of operations) through July 31, 1993 appearing in this Prospectus and Registration Statement, have been audited by Ernst & Young LLP, independent auditors, as set forth in their report appearing elsewhere herein and in the Registration Statement, and are included in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

ADDITIONAL INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission") a Registration Statement under the Securities Act on Form S-3 (together with all amendments and exhibits thereto) with respect to the Common Stock offered hereby. This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules thereto, certain parts of which have been omitted in accordance with the rules and regulations of the Commission. For further information with respect to the Company and the Common Stock offered hereby, reference is made to the Registration Statement and the exhibits and schedules thereto. Statements contained in this Prospectus regarding the contents of any contract or other document are not necessarily complete and in each instance reference is hereby made to the copy of such contract or document filed as an exhibit to the Registration Statement. Copies of the Registration Statement and the exhibits and schedules thereto may

be inspected, without charge, at the principal office of the Commission located at 450 Fifth Street, N.W., Washington, D.C. 20549, the New York Regional Office located at 7 World Trade Center, Suite 1300, New York, New York 10048, and the Chicago Regional Office located at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511, or obtained upon payment of prescribed rates from the Public Reference Section of the Commission at its principal office.

AVAILABLE INFORMATION

The Company is subject to the information requirements of the Exchange Act and in accordance therewith files reports and other information with the Commission. Reports, proxy statements and other information filed by the Company can be inspected and copied (at prescribed rates) at the offices of the Commission set forth under "Additional Information" above. Quotations relating to the Company's Common Stock appear on the Nasdaq National Market and such reports, proxy statements and other information concerning the Company can also be inspected at the offices of The Nasdaq Stock Market, 1735 K Street, N.W., Washington, D.C. 20006.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Company with the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are hereby incorporated by reference in this Prospectus:

(1) The Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1995;

(2) The Company's Quarterly Reports on Form 10-Q for the fiscal quarters ended December 30, 1995 and March 30, 1996, and its Current Report on Form 8-K dated June 18, 1996; and

(3) The description of the Company's capital stock in the Company's Registration Statement on Form 8-A dated March 30, 1993.

All documents filed by the Company pursuant to sections 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering of the securities offered hereby shall be deemed to be incorporated by reference in this Prospectus. Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained in any subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company hereby undertakes to provide without charge to each person to whom a copy of this Prospectus has been delivered, upon the written or oral request of such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this Prospectus by reference, other than exhibits to such documents which are not specifically incorporated by reference into the information that this Prospectus incorporates. Requests for such copies should be directed to the Company's principal executive offices at: Central Garden & Pet Company, 3697 Mt. Diablo Boulevard, Lafayette, California 94549, Attn: Chief Financial Officer, (510) 283-4573.

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</TABLE>

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Central Garden & Pet Company
Lafayette, California

We have audited the accompanying consolidated balance sheets of Central Garden & Pet Company (the "Company") and subsidiaries as of September 30, 1995 and December 25, 1994, and the related consolidated statements of income, shareholders' equity and cash flows for the nine-month period ended September 30, 1995 and each of the two fiscal years in the period ended December 25, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as of September 30, 1995 and December 25, 1994, and the results of their operations and their cash flows for the nine-month period ended September 30, 1995 and each of the two fiscal years in the period ended December 25, 1994 in conformity with generally accepted accounting principles.

Deloitte & Touche LLP
San Francisco, California
October 27, 1995

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CENTRAL GARDEN & PET COMPANY

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	DECEMBER 25, 1994	SEPTEMBER 30, 1995	MARCH 30, 1996
	(UNAUDITED)		
	(DOLLARS IN THOUSANDS)		
<S>	<C>	<C>	<C>
ASSETS			
Current Assets			
Cash.....	\$ 172	\$ 143	\$ 139
Accounts receivable, less allowance for doubtful accounts of \$3,457, \$4,161 and \$4,212.....	36,722	41,315	90,848
Inventories.....	106,740	69,425	110,151
Prepaid expenses and other assets.....	6,024	5,751	5,130
	-----	-----	-----
Total current assets.....	149,658	116,634	206,268
Land, Buildings, Improvements and			

Equipment:			
Land.....	982	982	431
Buildings and improvements.....	5,146	6,031	3,386
Transportation equipment.....	1,914	2,174	2,224
Warehouse equipment.....	5,486	6,106	6,662
Office furniture and equipment.....	5,556	6,631	8,125
	-----	-----	-----
Total.....	19,084	21,924	20,828
Less accumulated depreciation and amortization.....	8,850	9,846	10,995
	-----	-----	-----
Land, buildings, improvements and equipment--net.....	10,234	12,078	9,833
Goodwill.....	10,621	11,013	10,995
Other Assets.....	3,440	2,955	2,680
	-----	-----	-----
Total.....	\$173,953	\$142,680	\$229,776
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Notes payable.....	\$ 43,183	\$ 37,971	\$ 20,829
Accounts payable.....	74,152	45,120	111,398
Accrued expenses.....	9,508	6,528	10,881
Current portion of long-term debt.....	1,812	1,699	1,622
	-----	-----	-----
Total current liabilities.....	128,655	91,318	144,730
	-----	-----	-----
Long-Term Debt.....	7,019	11,130	8,635
	-----	-----	-----
Deferred Income Taxes and Other Long- Term Obligations.....	1,903	1,830	1,836
	-----	-----	-----
Commitments and Contingencies (Note 11)			
Shareholders' Equity:			
Series A convertible preferred stock..			
Class B stock (outstanding shares-- 2,446,275 in 1994, 2,178,874 in 1995 and 2,166,075 in 1996).....	32	22	22
Common stock (outstanding shares-- 3,371,103 in 1994, 3,606,964 in 1995 and 9,451,760 in 1996).....	34	36	95
Additional paid-in capital.....	29,288	28,267	63,917
Retained earnings.....	13,294	10,330	10,758
Restricted stock deferred compensation.....	(490)	(253)	(217)
Treasury stock, 769,393 shares in 1994.....	(5,782)		
	-----	-----	-----
Total shareholders' equity.....	36,376	38,402	74,575
	-----	-----	-----
Total.....	\$173,953	\$142,680	\$229,776
	=====	=====	=====

</TABLE>

See notes to consolidated financial statements.

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CENTRAL GARDEN & PET COMPANY

CONSOLIDATED STATEMENTS OF INCOME

<TABLE>

<CAPTION>

	FISCAL YEARS ENDED		NINE-MONTH PERIOD ENDED	SIX-MONTH PERIODS ENDED	
	DECEMBER 26, 1993	DECEMBER 25, 1994	SEPTEMBER 30, 1995	MARCH 26, 1995	MARCH 30, 1996
				(UNAUDITED)	(UNAUDITED)
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)				
<S>	<C>	<C>	<C>	<C>	<C>
Net Sales.....	\$334,682	\$421,427	\$373,734	\$181,214	\$260,132
Cost of goods sold and occupancy.....	278,746	354,096	316,832	153,046	227,006
	-----	-----	-----	-----	-----
Gross profit.....	55,936	67,331	56,902	28,168	33,126
Selling, general and administrative expenses.....	44,702	58,489	48,075	27,881	29,783
	-----	-----	-----	-----	-----
Income from operations.....	11,234	8,842	8,827	287	3,343
Interest expense--net...	(3,751)	(5,642)	(5,891)	(3,430)	(2,452)

Other expense--net.....	(852)	(859)	(953)	(604)	(139)
Income (loss) before income taxes.....	6,631	2,341	1,983	(3,747)	752
Income taxes.....	2,637	936	904	(1,468)	324
Net income (loss).....	\$ 3,994	\$ 1,405	\$ 1,079	\$ (2,279)	\$ 428
Net income (loss) per common and common equivalent share.....	\$.83	\$.24	\$.18	\$ (.39)	\$.04
Weighted average shares outstanding.....	4,789	5,947	5,943	5,865	10,381

See notes to consolidated financial statements.

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CENTRAL GARDEN & PET COMPANY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

<TABLE>
<CAPTION>

	SERIES A CONVERTIBLE PREFERRED STOCK		CLASS B STOCK		COMMON STOCK	
	SHARES	AMOUNT	SHARES	AMOUNT	SHARES	AMOUNT
			(DOLLARS IN THOUSANDS)			
Balance, December 27, 1992.....	<C>	<C>	<C>	<C>	<C>	<C>
Stock issued to purchase subsidiary(1).....			4,300,000	\$43		
Amortization, restricted stock deferred compensation....			210,120	2		
Treasury stock.....						
Issuance of stock grants.....			55,000	1		
Sale of common stock (net of offering costs).....					2,030,000	\$20
Conversion of Class B stock into common stock.....			(765,120)	(8)	765,120	8
Net income.....						
Balance, December 26, 1993.....			3,800,000	38	2,795,120	28
Amortization, restricted stock deferred compensation....						
Treasury stock.....						
Conversion of Class B stock into common stock.....			(449,383)	(5)	449,383	5
Cancellation of Class B stock.....			(143,949)	(1)		
Issuance of common stock.....					35,600	--
Issuance of common stock held in escrow to purchase subsidiary(2).....					100,000	1
Net income.....						
Balance, December 25, 1994.....			3,206,668	32	3,380,103	34
Amortization, restricted stock deferred compensation....						
Treasury stock.....						
Retirement of treasury stock.....			(809,578)	(8)	(9,000)	
Conversion of Class B stock into common stock.....			(218,216)	(2)	218,216	2
Issuance of common stock.....					17,645	--
Issuance of preferred stock.....	100	--				
Net income.....						
Balance, September 30, 1995.....	100	\$ --	2,178,874	\$22	3,606,964	\$36
Amortization, restricted stock deferred compensation....						
Conversion of Class B Stock into common stock.....			(12,799)	--	12,799	--
Issuance of Common Stock.....					5,831,997	59
Net Income.....						
Balance, March 30, 1996 (unaudited).....	100	\$ --	2,166,075	\$22	9,451,760	\$95

</TABLE>

<TABLE>
<CAPTION>

ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	RESTRICTED STOCK		TREASURY STOCK	
		DEFERRED COMPEN- SATION	SHARES	SHARES	AMOUNT

TOTAL						
			(DOLLARSS IN THOUSANDS)			
	<C>	<C>	<C>	<C>	<C>	<C>
Balance, December 27, 1992.....	\$ 9,426	\$ 7,895	\$(1,250)			
\$16,114						
Stock issued to purchase subsidiary(1).....	1,924					
1,926						
Amortization, restricted stock deferred compensation....			331			
331						
Treasury stock.....				(684,234)	\$(4,980)	
(4,980)						
Issuance of stock grants.....	341		(341)			
1						
Sale of common stock (net of offering costs).....	17,953					
17,973						
Conversion of Class B stock into common stock.....						
Net income.....		3,994				
3,994						

Balance, December 26, 1993.....	29,644	11,889	(1,260)	(684,234)	(4,980)	
35,359						
Amortization, restricted stock deferred compensation....			405			
405						
Treasury stock.....				(85,159)	(802)	
(802)						
Conversion of Class B stock into common stock.....	(710)		365			
(346)						
Cancellation of Class B stock.....	354					
354						
Issuance of common stock.....						
Issuance of common stock						
held in escrow to purchase subsidiary(2).....						
1						
Net income.....		1,405				
1,405						

Balance, December 25, 1994.....	29,288	13,294	(490)	(769,393)	(5,782)	
36,376						
Amortization, restricted stock deferred compensation....			237			
237						
Treasury stock.....				(49,185)	(256)	
(256)						
Retirement of treasury stock.....	(1,987)	(4,043)		818,578	6,038	
-						
Conversion of Class B stock into common stock.....						
Issuance of common stock.....	66					
66						
Issuance of preferred stock.....	900					
900						
Net income.....		1,079				
1,079						

Balance, September 30, 1995.....	\$28,267	\$10,330	\$(253)	-	\$-	
\$38,402						
Amortization, restricted stock deferred compensation....			36			
36						
Conversion of Class B Stock into common stock.....						
Issuance of Common Stock.....	35,650					
35,708						
Net Income.....		428				
428						

Balance, March 30, 1996 (unaudited).....	\$63,917	\$10,758	\$(217)	-	\$-	
\$74,575						
=====	=====	=====	=====	=====	=====	

</TABLE>

- (1) Excludes 100,000 shares of Common stock held in escrow as contingent shares (see Note 2).
- (2) Represents 100,000 shares of Common stock released from escrow and issued during fiscal 1994 (see Note 2).

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CENTRAL GARDEN & PET COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	FISCAL YEARS ENDED		NINE-MONTH	SIX-MONTH PERIODS ENDED	
	DECEMBER 26,	DECEMBER 25,	PERIOD ENDED	MARCH 26,	MARCH 30,
	1993	1994	SEPTEMBER 30, 1995	1995	1996
				(UNAUDITED)	(UNAUDITED)
			(IN THOUSANDS)		
<S>	<C>	<C>	<C>	<C>	<C>
Cash flows from operating activities:					
Net income (loss).....	\$ 3,994	\$ 1,405	\$ 1,079	\$ (2,279)	\$ 428
Adjustments to reconcile net income to net cash provided (used) by operating activities:					
Depreciation and amortization.....	2,561	2,526	1,817	1,222	1,616
Gain on sale of land, building and improvements.....					(305)
Deferred taxes (benefit) on income..	286	(996)	590		
Changes in assets and liabilities:					
Receivables.....	(887)	1,664	(4,549)	(24,587)	(49,533)
Inventories.....	575	(1,314)	38,208	(35,775)	(40,726)
Prepaid expenses and other assets.....	1,529	(1,495)	(683)	(3,132)	483
Accounts payable.....	172	3,060	(23,147)	58,503	66,278
Accrued expenses.....	(2,290)	1,650	(2,824)	3,290	4,353
Other long-term obligations.....	(261)	556	(55)	(4)	6
	-----	-----	-----	-----	-----
Net cash provided (used) by operating activities.....	5,679	7,056	10,436	(2,762)	(17,400)
Cash flows from investing activities:					
Additions to land, buildings, improvements and equipment.....	(1,822)	(759)	(2,781)	(1,534)	(2,199)
Proceeds from sale of land, buildings, improvements and equipment.....	384	400		400	3,600
Payments to acquire companies, net of cash acquired.....	(6,743)	(13,989)	(1,341)		
	-----	-----	-----	-----	-----
Net cash provided (used) by investing activities.....	(8,181)	(14,348)	(4,122)	(1,134)	1,401
Cash flows from financing activities:					
Proceeds (repayments) from notes payable--net.....	(14,362)	12,900	(5,212)	5,442	(17,142)
Payments on long-term debt.....	(1,018)	(3,313)	(1,980)	(1,039)	(2,572)
Payments to reacquire stock--net.....	(650)	(802)	(117)	(537)	
Payments on notes payable to affiliate.....		(1,503)			
Proceeds from issuance of stock.....			966	27	35,709
Financing costs paid..	(2)				
Initial public offering costs.....	(456)				
Proceeds from public offering.....	18,879				
	-----	-----	-----	-----	-----
Net cash provided (used) by financing					

activities.....	2,391	7,282	(6,343)	3,893	15,995
Net decrease in cash...	(111)	(10)	(29)	(3)	(4)
Cash at beginning of period.....	293	182	172	190	143
	-----	-----	-----	-----	-----
Cash at end of period..	\$ 182	\$ 172	\$ 143	\$ 187	\$ 139
	=====	=====	=====	=====	=====
Supplemental information:					
Cash paid for interest.....	\$ 4,054	\$ 4,597	\$ 5,654	\$ 2,694	\$ 1,542
Cash paid for income taxes.....	2,097	2,171	1,125	255	17
Conversion of accounts payable to long-term debt.....			5,885		
Assets (excluding cash) acquired through purchases of subsidiaries.....	18,881	28,076	1,341		
Liabilities assumed through purchase of subsidiaries.....	12,627	17,924			
Financing provided by sellers to reacquire stock.....	2,400				
Stock issued to purchase subsidiary..	1,926				
Treasury stock acquired through purchase of subsidiaries.....	1,930				
Warehouse acquired for debt.....	3,458				
Stock accepted in settlement of receivable.....	316				

</TABLE>

See notes to consolidated financial statements.

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CENTRAL GARDEN & PET COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NINE-MONTH PERIOD ENDED SEPTEMBER 30, 1995

FISCAL YEARS ENDED DECEMBER 25, 1994 AND DECEMBER 26, 1993

SIX-MONTH PERIODS ENDED MARCH 26, 1995 AND MARCH 30, 1996 (UNAUDITED)

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization--Central Garden & Pet Company, a Delaware corporation (the "Company"), is a nationwide distributor of lawn and garden products and pet and pool supplies.

Basis of Consolidation and Presentation--The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All transactions between the consolidated companies are eliminated.

Revenue Recognition--Sales are recorded at the time merchandise is shipped from the Company's warehouses. Merchandise returns are recognized when approved for return.

Income taxes are accounted for under the liability method in accordance with Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes. Deferred income taxes result primarily from bad debt allowances, inventory reserves, adoption of the FIFO (first-in, first-out) inventory method and nondeductible purchase reserves.

Inventories, which primarily consist of finished goods in garden products and pet supplies, are stated at the lower of FIFO cost or market. Cost includes certain indirect purchasing, merchandise handling, and storage costs.

Land, buildings, improvements and equipment are stated at cost. Depreciation is computed by the straight-line method over thirty years for buildings. Improvements are amortized on a straight-line basis over the terms of the related leases. Depreciation on equipment is computed by the straight-line and accelerated methods over the estimated useful lives of 3 to 10 years.

Goodwill is amortized using the straight-line method over 20 years. The Company reviews goodwill periodically for potential impairment by comparing the carrying amount to the expected future cash flows of acquired entities over the remaining amortization period.

Net income per common and common equivalent share is computed based on the total weighted average number of Class B shares and common shares outstanding during the year plus common stock equivalents.

Fiscal Year--In 1995, the Company changed its fiscal year end to the last Saturday in September.

Unaudited Interim Information--The financial information with respect to the six-month periods ended March 30, 1996 and March 26, 1995 is unaudited. In the opinion of management, such information contains all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results of such periods. The results of operations for the six-month period ended March 30, 1996 are not necessarily indicative of the results to be expected for the full year.

Reclassifications--Certain 1993 and 1994 balances have been reclassified to conform with the 1995 presentation.

2. ACQUISITIONS

On December 30, 1992, the Company acquired Vector Trading Corporation for \$3,050,000 consisting of cash of \$650,000 and a note to the seller of \$2,400,000. The note is payable in four equal annual

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CENTRAL GARDEN & PET COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

installments commencing February 15, 1994 and bears interest at 1% under prime rate. Vector Trading Corporation was a nonoperating company whose principal asset at the time of acquisition was its beneficial ownership of 491,234 shares of the Company's Class B stock. The Company subsequently liquidated Vector Trading Corporation. This acquisition was treated as the acquisition of treasury stock.

Effective March 2, 1993, the Company acquired CGS Distributing Inc., a lawn and garden distributor. The purchase agreement provided for the Company to issue 310,120 shares of the Company's Class B Stock in connection with the acquisition subject to a maximum decrease of 100,000 shares based on the acquired company's future earnings performance or a maximum increase of 100,000 shares based on the Company's per share market value subsequent to July 15, 1993. Of the 310,120 shares issued in connection with this acquisition, 100,000 shares were held in escrow until the earnings performance targets were met in 1994. Up until issuance in 1994 the 100,000 escrowed common shares were contingent shares (not included in outstanding shares) and were not included in the 1993 per share calculation because they were anti-dilutive. The shares released from escrow were recorded at fair market value at that time with a related increase in goodwill. The additional 100,000 shares which would have been issuable based on the market value contingency are no longer issuable. The acquisition was accounted for as a purchase. The \$1,926,000 purchase price exceeded the fair value of the net assets by \$2,367,000, of which approximately \$1,167,000 (excluding \$1,200,000 of trademarks acquired) was recorded as goodwill.

In the summer of 1993, the Company acquired two companies, Source One and Grant Laboratories, that were owned by the principal shareholder of the Company. Source One was a distributor of electrical products serving the Northern California market and had as one of its principal assets 142,000 shares of the Company's Class B stock. No goodwill was recorded in connection with this purchase and the shares of Class B stock were recorded as an acquisition of treasury stock. Grant Laboratories is a manufacturer of ant control products which are distributed primarily in the western United States. The Company paid \$2,644,000 in cash for Grant Laboratories, which exceeded the fair market value of the net assets acquired by \$1,580,000, which was recorded as goodwill. The Company also accepted 51,000 shares of the Company's Class B stock in settlement of its receivable from U.S. Cal Acquisition Corp., a company also owned by the principal shareholder of the Company, which was recorded as an acquisition of Treasury Stock.

In September 1993, the Company acquired two small pet supply distributors located in the western United States. The combined cash purchase price was \$1,986,000, which exceeded the fair market value of the net assets acquired by \$285,000, which was recorded as goodwill.

On October 1, 1993, the Company acquired Anapet, a distributor of pet supplies located in Southern California. The cash purchase price was \$3,473,000, which exceeded the fair market value of the net assets acquired by \$540,000, which was recorded as goodwill.

On December 29, 1993, the Company acquired substantially all of the assets and assumed certain of the liabilities of Aquarium Supplies Unlimited ("ASU") which prior to that date was a Chapter 11 Debtor-In-Possession. ASU is a

distributor of pet supplies, principally in the Southern California market. The cash purchase price of \$3,996,000 was less than net assets acquired by \$341,000.

During the first half of 1994, the Company acquired the lawn and garden distribution operations of Tony's Gas & Chemical House, Inc. ("Tony's"); the lawn and garden distribution operations of Esco Distributors ("Esco") and acquired the pet supply distribution operations of Rumford Aquarium, Inc. ("Rumford"). The aggregate cash purchase price of these acquisitions was approximately \$10,322,000,

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CENTRAL GARDEN & PET COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

which exceeded the fair market value of the net assets acquired by \$3,578,000, which was recorded as goodwill.

On April 14, 1995, the Company acquired substantially all of the assets of Valley Pet Supply, Inc. ("Valley"), which was prior to that date a Chapter 11 Debtor-In-Possession. Valley was a distributor of pet supplies in California and parts of Oregon and Washington. The cash purchase price was \$1,341,000, which exceeded net assets acquired by \$345,000, which was recorded as goodwill.

On June 18, 1996, the Company entered into a definitive agreement to acquire Kenlin Pet Supply, Inc. ("Kenlin"), a distributor of pet supply products in the eastern United States. Kenlin, which is based in New Jersey, operates in 17 eastern states and has approximately 290 employees. Under the terms of the stock purchase agreement, the Company will pay an aggregate of \$33 million in cash to acquire or redeem all of Kenlin's outstanding stock and eliminate all of its outstanding debt.

3. KEY-MAN INSURANCE

Through May 1996, the Company maintained life insurance policies for the Chairman and Chief Executive Officer (principal shareholder) and the President of the Company, with face amounts of \$6,000,000 and \$2,000,000, respectively. The Company was the beneficiary of both of these policies.

4. CONCENTRATION OF CREDIT RISK AND SIGNIFICANT CUSTOMER

Trade receivables subject the Company to a concentration of credit risk with customers in the retail sector. This risk is limited due to the large number of customers comprising the Company's customer base and their geographic dispersion. A single customer accounted for approximately 16% and 19% of net sales in fiscal years 1993 and 1994 and 22% in the nine month period ended September 30, 1995.

5. ACCOUNTS AND NOTES PAYABLE

The Company has a line of credit providing for aggregate borrowings of up to \$75,000,000, which expires on July 12, 1998. The available amount under the line of credit fluctuates based upon a specific asset borrowing base. At December 25, 1994 and September 30, 1995, balances of \$38,920,000 and \$33,870,000, respectively, were outstanding under this agreement, bearing interest (10.0% at December 25, 1994 and 9.5% at September 30, 1995) at a rate related to the prime rate. Available borrowings at December 25, 1994 and September 30, 1995 were \$7,300,000 and \$19,840,000, respectively. This line is secured by substantially all of the Company's assets, and contains certain financial covenants requiring maintenance of minimum levels of working capital and net worth, and restricts the Company's ability to pay dividends. The Company was in compliance with such covenants at December 25, 1994 and September 30, 1995.

The Company has an additional line of credit of \$6,000,000 with another lender as a result of its 1993 acquisition of CGS Distributing Inc. At December 25, 1994 and September 30, 1995, balances of \$4,260,000 and \$4,100,000 were outstanding under this agreement, bearing interest (9.0% at December 25, 1994 and 9.25% at September 30, 1995) at a rate related to the prime rate. The line is secured by substantially all of the assets of the acquired distributor and contains certain financial covenants. The Company was in compliance with such covenants at December 25, 1994 and September 30, 1995.

Under the covenants in the Company's principal credit agreement described above, dividends can only be paid if there is no material default of any of the covenants contained in the agreement. The amount of such dividends shall not exceed the prior year's net income and the aggregate amount of all

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CENTRAL GARDEN & PET COMPANY

dividends paid from June 12, 1992 through July 12, 1998, and is limited to approximately \$4.5 million. Such restrictions would have limited dividends in 1995 to \$1,405,000, however, the Company did not pay dividends during the nine months ended September 30, 1995.

The Company secured an additional line of credit in 1995 with a major supplier which is available to finance purchases of the supplier's products up to a maximum of \$81,000,000. This facility bears interest at 1.5% below the prime rate (7.25% at September 30, 1995) and expired on November 15, 1995. In connection with this arrangement the Company had granted a security interest in certain inventories and receivables. At September 30, 1995, approximately \$24,000,000 was related to this credit facility, and included in accounts payable.

6. LONG-TERM DEBT

Long-term debt consisted of the following:

<TABLE>
<CAPTION>

	DECEMBER 25, 1994	SEPTEMBER 30, 1995
	-----	-----
	(IN THOUSANDS)	
<S>	<C>	<C>
Note payable to Weyerhaeuser Corporation, discounted at 10.25% imputed rate, interest due in quarterly installments, principal due in annual installments through 1999, secured by certain inventory and equipment.....	\$4,845	\$ 3,750
Note payable (converted from accounts payable) to a former supplier, interest at 10% and principal due March 1998.....		5,885
Note payable to former shareholder, interest at 1% under prime (7.50% at December 25, 1994; 7.75% at September 30, 1995), principal and interest due in annual installments to 1997, secured by stock of the principal shareholder.....	1,800	1,200
Note payable to bank, interest based on a formula (7.00% at December 25, 1994; 8.125% at September 30, 1995), principal and interest payable in monthly installments through March 1998 with payments computed based on 30-year amortization with a balloon payment at March 1998.....	1,927	1,889
Notes payable to former shareholders, non-interest bearing, discounted at 15% imputed interest rate, due in installments through July 1, 1995.....	69	
Note payable to bank, interest based on a formula (9.25% at December 25, 1994; 9.5% at September 30, 1995), principal and interest due in quarterly installments to 1997.....	111	78
Other notes payable.....	79	27
	-----	-----
Total.....	8,831	12,829
Less current portion of long-term debt.....	1,812	1,699
	-----	-----
Total.....	\$7,019	\$11,130
	=====	=====

</TABLE>

Principal repayments on long-term debt are scheduled as follows at September 30, 1995:

<TABLE>
<CAPTION>

	(IN THOUSANDS)
<S>	<C>
Fiscal year:	
1996.....	\$ 1,699
1997.....	1,672
1998.....	6,945
1999.....	2,513
2000.....	--

Total.....	\$12,829
	=====

</TABLE>

7. OPERATING LEASES

The Company has operating lease agreements principally for office and warehouse facilities and equipment. Such leases have remaining terms, inclusive of renewal options, of 1 to 8 years. Rent expense for all operating leases amounted to \$4,735,000 and \$5,903,000 for fiscal years 1993 and 1994 and \$6,437,000 for the nine month period ended September 30, 1995.

Certain facility leases have renewal options and provide for additional rent based upon increases in the Consumer Price Index. Rental expense and sublease income from certain leases not used in the Company's business are included in other expense-net.

Aggregate minimum annual payments on noncancelable operating leases at September 30, 1995 are as follows:

<TABLE>
<CAPTION>

<S>	(IN THOUSANDS)
Fiscal year:	<C>
1996.....	\$ 6,498
1997.....	5,719
1998.....	4,774
1999.....	2,831
2000.....	2,438
Thereafter.....	2,621

Total.....	\$24,881
	=====

</TABLE>

8. INCOME TAXES

The provision for income taxes consists of the following:

<TABLE>
<CAPTION>

<S>	FISCAL YEARS ENDED		NINE-MONTH
	-----		PERIOD ENDED
	1993	1994	SEPTEMBER 30,
	-----	-----	-----
<C>	<C>	<C>	<C>
Current			
Federal.....	\$ 1,744	\$ 1,530	\$187
State.....	607	402	127
	-----	-----	-----
Total.....	2,351	1,932	314
Deferred.....	286	(996)	590
	-----	-----	-----
Total.....	\$ 2,637	\$ 936	\$904
	=====	=====	=====

</TABLE>

A reconciliation of the statutory federal income tax rate with the Company's effective income tax rate is as follows:

<TABLE>
<CAPTION>

<S>	FISCAL YEARS		NINE-MONTH
	ENDED		PERIOD ENDED
	1993	1994	SEPTEMBER 30,
	-----	-----	-----
<C>	<C>	<C>	<C>
Statutory rate.....	34%	34%	34%
State income taxes, net of federal benefit.....	5	5	5
Non deductible expenses..	5	5	9
Other.....	1	(4)	(3)
	-----	-----	---
Effective tax rate.....	40%	40%	45%
	=====	=====	===

</TABLE>

Deferred income taxes reflect the impact of "temporary differences" between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. Temporary differences and carryforwards which give rise to deferred tax assets and liabilities are as follows:

<TABLE>
<CAPTION>

	DECEMBER 25, 1994		SEPTEMBER 30, 1995	
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
<S>	<C>	<C>	<C>	<C>
Current:				
Allowance for doubtful accounts				
receivable.....	\$ 941		\$1,204	
Inventory reserves.....	1,327		972	
Prepaid expenses.....		\$ 395		\$ 239
Nondeductible reserves.....	1,405		888	
Net operating reserves.....	176		139	
Other.....	150	86	29	86
Total.....	3,999	481	3,232	325
Valuation allowance.....	(25)		(25)	
Current.....	3,974	481	3,207	325
Noncurrent:				
Adoption of FIFO inventory method..		958		639
Depreciation.....		647		978
Other.....		90		60
Noncurrent.....	--	1,695	--	1,677
Total.....	\$3,974	\$2,176	\$3,207	\$2,002

</TABLE>

9. SHAREHOLDERS' EQUITY

At September 30, 1995, there were 1,000 shares of Series A convertible preferred stock (\$.01 par value) authorized, of which 100 shares were outstanding. In July 1995, in connection with an agreement to become the master agent and distributor for Solaris, a strategic business unit of Monsanto Company, products nationwide, the Company received from Monsanto Company \$900,000 in exchange for its issuance of 100 shares of Series A convertible preferred stock and a warrant to purchase up to 500,000 shares of common stock with an exercise price of \$9.00 per share. Under the Solaris Agreement the Company, in addition to serving as the principal distributor and agent for sales of Solaris products, will establish a nationwide network of independent distributors carrying Solaris products and provide a wide range of value-added services to Solaris retailers including logistics, order processing and fulfillment, inventory distribution and merchandising. Each share of Series A convertible preferred stock is entitled to a liquidation preference of \$9,000 per share, is convertible into 1,000 shares of common stock, is entitled

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CENTRAL GARDEN & PET COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

to an annual 5% cumulative dividend, votes together with common stock, and has a number of votes equal to the number of shares of common stock into which it is convertible.

At September 30, 1995, there were 3,000,000 shares of Class B stock (\$.01 par value) authorized, of which 2,178,874 were outstanding. The voting powers, preferences and relative rights of the Class B stock are identical to common stock in all respects except that (i) the holders of common stock are entitled to one vote per share and the holders of Class B stock are entitled to the lesser of ten votes per share or 49% of the total votes cast, (ii) stock dividends on common stock may be paid only in shares of common stock and stock dividends on Class B stock may be paid only in shares of Class B stock and (iii) shares of Class B stock have certain conversion rights and are subject to certain restrictions on ownership and transfer. Each share of Class B stock is convertible into one share of common stock, at the option of the holder. Additional shares of Class B stock may only be issued with majority approval of the holders of the common stock and Class B stock, voting as separate classes.

At September 30, 1995, there were 11,000,000 shares of common stock authorized, of which 3,606,964 were outstanding.

On November 15, 1995, the Company completed an offering of 5,750,000 shares of its common stock at \$6.75 per share before deduction for underwriting commission and expenses related to the offering. The net proceeds were used to reduce the Company's borrowings under its principal line of credit.

Effective July 1, 1995 the Company retired all of its treasury stock, which consisted of 809,578 Class B shares and 9,000 common shares. Upon retirement, the excess of the aggregate treasury stock purchase price over par value was allocated to additional paid-in capital and to retained earnings.

In 1993, the Company adopted the Omnibus Equity Incentive Plan (the "Plan") which provided for the grant of options to key employees and consultants of the Company for the purchase of up to an aggregate of 900,000 shares of common stock of the Company. In 1995, the Company amended the Plan to increase the number of shares authorized for issuance by an additional 300,000 and in 1996, the Company further amended the Plan to increase the number of shares authorized for issuance by an additional 800,000. The Plan is administered by the Audit and Compensation Committee of the Board of Directors, comprised of outside independent directors only, who determine individual awards to be granted, vesting and exercise of share conditions. Option activity under the Plan is as follows:

<TABLE>
<CAPTION>

	OPTIONS OUTSTANDING		
	SHARES AVAILABLE	SHARES	PRICE PER SHARE
<S>	<C>	<C>	<C>
Authorized.....	900,000		
Options granted in 1993.....	(72,094)	72,094	\$ 9.75-3.75
Balance at December 26, 1993.....	827,906	72,094	\$ 9.75-3.75
Options granted in 1994.....	(301,780)	301,780	\$ 9.75-1.30
Options cancelled in 1994.....	12,995	(12,995)	\$ 3.75
Balance at December 25, 1994.....	539,121	360,879	\$ 9.75-1.30
Authorized.....	300,000		
Options granted in 1995.....	(236,500)	236,500	\$ 5.125-3.31
Options exercised in 1995.....		(17,645)	\$ 3.75-1.30
Options cancelled in 1995.....	9,183	(9,183)	\$ 3.75-1.30
Balance at September 30, 1995.....	611,804	570,551	\$ 9.75-1.30
Authorized.....	800,000		
Options granted.....	(158,000)	158,000	\$ 8.875-6.125
Options exercised.....		(69,855)	\$ 4.00-1.30
Options cancelled.....	3,233	(3,233)	\$ 9.75-3.31
	1,257,037	655,463	\$ 9.75-1.30

</TABLE>

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CENTRAL GARDEN & PET COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

The 1993 and 1994 options granted vest one year from date of grant and can be exercised in full at any time thereafter during the following four years. Certain of the 1995 options granted vest in full over periods ranging from 3 to 6 years and can be exercised in full at any time thereafter, while other 1995 options granted vest on a straight-line basis over periods ranging from 3 to 8 years and can be exercised at any time thereafter during the following year. Options of 222,295 were exercisable at September 30, 1995.

The Company has a Profit Sharing Plan to reward employees in various regions of the country based on each region's profit performance. No contributions were made for fiscal years 1993 and 1994 or for the nine month period ended September 30, 1995. In addition, the Company has a 401(k) plan to which it contributed \$198,000 for fiscal year 1994 and accrued \$148,000 for the nine month period ended September 30, 1995. No contributions were made in fiscal year 1993.

10. TRANSACTIONS WITH RELATED PARTIES

In 1993, the Company made sales, at cost, to Source One, a company that was constructively owned by the principal shareholder of the Company, and purchased a portion of its inventory from a supplier, Grant Laboratories, Inc., that was controlled by the Company's principal shareholder. As discussed in Note 2, Source One and Grant Laboratories, Inc. were acquired by the Company in 1993. Transactions with these related parties in 1993 up to the dates of acquisition consisted of sales of \$2,082,000, interest income of

\$116,000 and inventory purchases of \$618,000.

The Company leases certain warehouse facilities and equipment from related entities which are controlled by the Company's principal shareholder. Rental expense under these leases totaled \$560,000 and \$115,000 for 1993 and 1994 and \$116,000 for the nine month period ended September 30, 1995. On October 1, 1993, the Company purchased its principal California distribution warehouse located in Visalia from Road 80 Properties, a partnership controlled by the Company's principal shareholder. The purchase price, which was based on an independent appraisal, was \$3,458,000, consisting of a 120-day noninterest-bearing loan of \$1,503,000 and the assumption of a note, secured by the acquired property, payable to a bank in the amount of \$1,955,000. The note payable to the bank bears interest, based on a formula (7.00% at December 25, 1994 and 8.125% at September 30, 1995), and is payable monthly through March 1998. Payments are computed based on 30-year amortization with a balloon payment due at maturity.

11. BATON ROUGE FIRE

On July 14, 1992, the Company's warehouse in Baton Rouge, Louisiana and two adjoining warehouse spaces leased by third parties were damaged as the result of a fire that originated while an environmental contractor was removing broken containers of a swimming pool water purifier maintained in the Company's inventory. The warehouse was one of the Company's smallest and the inventory, although substantially damaged, was an immaterial portion of the Company's total inventories at that time.

The Company maintained insurance coverage in the following amounts: \$40 million for damage to Company property; \$8 million for Company business interruption; and \$11 million for third-party liability. Subsequent to the fire, the Company made certain changes in its insurance coverage, including increasing certain coverage amounts and consolidating most of its insurance with a new carrier.

While the overall amounts of the damages to all parties caused by the fire is believed to aggregate \$20 million or more, the amount of damages sustained by the Company and third parties as a result of the fire has not been determined. The Company believes that the fire was caused principally by the environmental contractor and intends to hold such contractor responsible for any losses or damages

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CENTRAL GARDEN & PET COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

which it sustains. The ultimate determinations of the parties responsible (and their relative responsibility) for such damages and the availability of insurance coverage are likely to depend on the outcome of complex litigation involving numerous claimants, defendants and the insurance companies, the relative responsibility of the various parties and complicated facts and legal determinations. Accordingly, no assurance can be given as to the ultimate impact of the Baton Rouge fire on the Company. Management of the Company believes, based on the information currently available to it, that the ultimate resolution of this matter will not have a material adverse effect on the Company's financial position or results of operations.

Except as disclosed above, the Company is not a party to any other material litigation.

12. INITIAL PUBLIC OFFERING

In connection with the Company's July 1993 initial public offering ("IPO"), the Company issued 2,030,000 shares of common stock at \$10 per share before deduction for underwriting commission and costs related to the offering. The net proceeds to the Company were used to reduce the Company's borrowings under its principal line of credit.

Supplementary net income per share shows what the effect on net income per share would have been had the net proceeds been used to pay down the credit line at December 28, 1992. Supplementary net income per share is based on net income, as adjusted to reflect the reduction of notes payable equal to the \$17,973,000 net proceeds from the IPO and the elimination of the related interest expense on such borrowings net of tax, divided by 6,010,886 shares outstanding upon completion of the IPO. Supplementary net income per share was \$.74 for 1993.

13. SELECTED CONSOLIDATED INCOME STATEMENT DATA (UNAUDITED)

The following selected consolidated income statement data have been derived from the unaudited consolidated financial statements of the Company. In the opinion of management, the unaudited selected data shown below have been prepared on the same basis as the audited consolidated statements of income included herein and include adjustments only of a normal recurring nature.

<TABLE>
<CAPTION>

NINE MONTHS ENDED
SEPTEMBER 25, 1994

(AMOUNTS IN THOUSANDS,
EXCEPT PER SHARE)

<S>	<C>	
Sales.....		\$358,138
Gross profit.....		57,524
Selling, general and administrative expenses.....		45,380
Income from operations..		12,144
Income taxes.....		2,965
Net income.....		4,431
Net income per common and common equivalent share.....		0.75

</TABLE>

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Kenlin Pet Supply, Inc.

We have audited the accompanying balance sheets of Kenlin Pet Supply, Inc. as of July 31, 1995 and 1994 and the related statements of operations and retained earnings (deficit) and cash flows for each of the two years in the period ended July 31, 1995 and the period August 21, 1992 (commencement date of operations) through July 31, 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kenlin Pet Supply, Inc. at July 31, 1995 and 1994 and the results of its operations and its cash flows for each of the two years in the period ended July 31, 1995 and the period August 21, 1992 (commencement date of operations) through July 31, 1993 in conformity with generally accepted accounting principles.

Ernst & Young LLP

Hackensack, New Jersey
September 22, 1995

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KENLIN PET SUPPLY, INC.

BALANCE SHEETS

<TABLE>
<CAPTION>

	JULY 31		MARCH 30
	1994	1995	1996
	-----	-----	-----
	<C>	<C>	(UNAUDITED) <C>
<S>			
ASSETS			
Current assets:			
Cash and cash equivalents.....	\$ 539,718	\$ 41,681	\$ 98,539
Accounts receivable, less allowances of \$133,044 in 1994 and \$212,728 in 1995....	3,247,337	3,952,587	5,069,213
Merchandise inventories.....	7,701,598	8,190,580	9,987,463
Miscellaneous receivables and other cur- rent assets.....	501,649	529,718	544,185
Prepaid income taxes.....		92,300	
Deferred taxes (Note 4).....	163,100	203,900	203,900
	-----	-----	-----
Total current assets.....	12,153,402	13,010,766	15,903,300

Other assets.....	66,508	80,131	83,630
Equipment, furniture, fixtures and leasehold improvements, net of accumulated depreciation of \$454,926 in 1994 and \$764,454 in 1995.....	926,607	1,172,592	1,595,647
Intangibles and deferred financing costs, net.....	1,206,044	775,847	1,032,789
Organization and start-up costs, net.....	430,793	289,905	242,286
Goodwill, net.....	2,860,195	2,785,041	2,967,003
	<u>\$17,643,549</u>	<u>\$18,114,282</u>	<u>\$21,824,655</u>

LIABILITIES AND COMMON STOCKHOLDERS' EQUITY
Current liabilities:

Current portion of notes payable and long- term debt (Note 2).....	\$ 1,721,812	\$ 462,638	
Accounts payable.....	1,175,488	2,053,728	\$ 2,402,652
Accrued expenses and other current liabil- ities.....	759,188	960,574	1,129,376
Income taxes payable.....	472,027	61,547	230,509
	<u>4,128,515</u>	<u>3,538,487</u>	<u>3,762,537</u>
Other liabilities:			
Deferred taxes (Note 4).....	24,600	400	400
Notes payable and long-term debt (Note 2)	9,205,430	8,950,265	11,080,507
Redeemable preferred stock (Note 3):			
Cumulative, redeemable preferred stock, par value \$1.00 per share, authorized 10,000 shares, issued and outstanding 2,867 shares for 1994 and 3,107 shares for 1995.....	2,866,849	3,106,849	3,227,505
Common stockholders' equity (Notes 3 and 5):			
Class A voting common stock, par value \$.01 per share, authorized 11,000 shares, issued and outstanding 2,822 shares.....	28	28	28
Class B non-voting common stock, par value \$.01 per share, authorized 11,000 shares, issued and outstanding 4,000 shares.....	40	40	40
Class C voting common stock, par value \$.01 per share, authorized 11,000 shares, issued and outstanding 2,378 shares.....	24	24	24
Additional paid-in capital.....	873,059	873,059	873,059
Retained earnings.....	545,004	1,645,130	2,880,555
	<u>1,418,155</u>	<u>2,518,281</u>	<u>3,753,706</u>
	<u>\$17,643,549</u>	<u>\$18,114,282</u>	<u>\$21,824,655</u>

</TABLE>

See accompanying notes.

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KENLIN PET SUPPLY, INC.

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS (DEFICIT)

<TABLE>
<CAPTION>

	PERIOD ENDED JULY 31 1993	YEAR ENDED JULY 31		EIGHT MONTHS ENDED MARCH 30	
		1994	1995	1995	1996
		(UNAUDITED)			
<S>	<C>	<C>	<C>	<C>	<C>
Net sales.....	\$44,716,387	\$53,253,525	\$62,979,341	\$42,888,323	\$48,748,181
Cost of goods sold.....	33,394,092	38,603,547	45,783,989	31,250,001	35,338,857
	<u>11,322,295</u>	<u>14,649,978</u>	<u>17,195,352</u>	<u>11,638,322</u>	<u>13,409,324</u>
Gross profit.....					
Selling, general and administrative expenses.....	9,163,816	11,214,833	13,133,341	8,845,294	9,973,112
	<u>2,158,479</u>	<u>3,435,145</u>	<u>4,062,011</u>	<u>2,793,028</u>	<u>3,436,212</u>
Income from operations..	965,474	907,902	646,239	441,759	396,640
Amortization expense....	1,225,230	1,130,709	1,134,921	771,561	726,486
Interest expense.....	41,095	31,026	19,275	(7,271)	(15,643)
Other income--net.....					
	<u>8,870</u>	<u>1,427,560</u>	<u>2,300,126</u>	<u>1,572,437</u>	<u>2,297,443</u>
Income before income taxes.....					

Provision for income taxes (Note 4).....	28,200	623,226	960,000	649,016	941,362
Net income (loss).....	(19,330)	804,334	1,340,126	923,421	1,356,081
Dividends on redeemable preferred stock.....		(240,000)	(240,000)	120,985	120,656
Retained earnings (deficit) at beginning of year.....	--	(19,330)	545,004	545,004	1,645,130
Retained earnings (deficit) at end of year.....	\$ (19,330)	\$ 545,004	\$ 1,645,130	\$ 1,347,440	\$ 2,880,555

</TABLE>

See accompanying notes.

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KENLIN PET SUPPLY, INC.

STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

PERIOD ENDED JULY 31	YEAR ENDED JULY 31		EIGHT MONTHS ENDED MARCH 30		
	1993	1994	1995	1995	1996
				(UNAUDITED)	
	<C>	<C>	<C>	<C>	<C>
OPERATING ACTIVITIES					
Net income.....	\$ (19,330)	\$ 804,334	\$ 1,340,126	\$ 923,421	\$ 1,356,081
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization.....	1,166,384	1,177,364	999,933	683,092	725,675
Loss on disposal of assets.....	9,575	17,134			
Provision for doubtful accounts.....	143,582	167,820	182,084	30,517	99,971
Deferred tax benefit...	(121,500)	(17,000)	(65,000)		
Changes in operating assets and liabilities:					
Accounts receivable....	(279,076)	(174,498)	(887,334)	(1,053,016)	(1,125,784)
Inventories.....	2,100,224	63,557	(488,982)	(646,513)	(1,179,433)
Miscellaneous receivables and other current assets.....	29,322	(117,126)	(120,369)	135,180	77,833
Other assets.....	(59,358)	(7,150)	(13,623)		(3,499)
Accounts payable.....	(378,538)	213,565	878,240	828,576	220,507
Organization and start-up costs.....	(38,020)				
Accrued expenses and other current liabilities.....	260,650	354,909	(209,094)	(17,257)	296,337
Net cash provided by operating activities.....	2,813,915	2,482,909	1,615,981	884,000	467,688
INVESTING ACTIVITIES					
Cash paid for acquired business.....					(877,012)
Purchase of equipment, furniture, fixtures and leasehold improvements.....	(282,020)	(365,767)	(599,679)	(460,633)	(563,740)
Net cash used in investing activities.....	(282,020)	(365,767)	(599,679)	(460,633)	(1,440,752)
FINANCING ACTIVITIES					
Proceeds from (principal payments on) notes payable and long-term debt.....	(225,000)	(1,590,550)	(1,687,289)	(1,480,777)	1,492,560
Net proceeds (repayments) on revolving credit note payable.....	(1,950,000)	(646,950)	172,950	570,157	(462,638)

Net cash (used in) provided by financing activities.....	(2,175,000)	(2,237,500)	(1,514,339)	(910,620)	1,029,922
Net (decrease) increase in cash and cash equivalents.....	356,895	(120,358)	(498,037)	(487,253)	56,858
Cash and cash equivalents at beginning of year.....	303,181	660,076	539,718	539,718	41,681
Cash and cash equivalents at end of year ..	\$ 660,076	\$ 539,718	\$ 41,681	\$ 52,465	\$ 98,539
SUPPLEMENTAL CASH FLOW DISCLOSURE					
Cash paid during the year for:					
Interest.....	\$ 1,194,831	\$ 1,130,710	\$ 1,134,921	\$ 771,561	\$ 726,486
Federal and state income taxes.....	197,500	118,756	1,527,780	1,035,692	843,753
Non-cash investing and financing activities:					
Issuance of note payable for acquired business.....					650,000
Liabilities assumed from acquired business.....					128,417

</TABLE>

See accompanying notes.

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KENLIN PET SUPPLY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 1995

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

On August 21, 1992 (commencement of operations), Kenlin Acquisition Corporation ("Kenlin") purchased certain assets and assumed certain liabilities of Kenlin Pet Supply, Inc. (the "Seller"). Prior to this transaction, Kenlin was inactive. Also on this date, Kenlin changed its name to Kenlin Pet Supply, Inc. (the "Company"). The transaction was accounted for as a purchase.

Concentration of Credit Risk

The Company is engaged in the distribution of a broad line of pet supply products, principally to retail outlets, in the Northeastern and Midatlantic United States. No individual customer represents a significant percentage of sales. The Company performs periodic credit evaluations of its customers and requires certain customers to personally guarantee amounts due.

Cash Equivalents

Cash equivalents consist of highly-liquid investments with a maturity of three months or less when purchased.

Merchandise Inventories

Inventories are stated at the lower of cost (average cost) or market.

Income Taxes

Deferred tax assets and liabilities are determined based on differences between financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Equipment, Furniture, Fixtures and Leasehold Improvements

Equipment, furniture, fixtures and leasehold improvements are stated at cost. Depreciation is provided on the straight-line basis over estimated useful lives of the related assets or the remaining term of the lease, which range from 3 to 10 years.

Intangibles and Deferred Financing Costs

Intangible assets include values assigned to a non-compete agreement (\$1,500,000) and consulting services agreement (\$750,000) with the controlling shareholder of the Seller. The non-compete agreement is being amortized over a period of five years and the consulting services agreement was amortized over a 2 year period. Accumulated amortization of the non-compete and consulting services agreements at July 31, 1995 and 1994 was \$1,632,740 and \$1,315,480, respectively. Goodwill, all of which resulted from the purchase transaction described above is being amortized over 40 years. Accumulated amortization of goodwill at July 31, 1995 and 1994 was \$221,126 and \$145,972, respectively.

Costs incurred in connection with long-term debt have been deferred and are being amortized over the lives of the related debt issues using the interest method. Accumulated amortization of deferred financing costs at July 31, 1995 and 1994 was \$251,213 and \$138,276, respectively.

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KENLIN PET SUPPLY, INC.

NOTES TO FINANCIAL STATEMENTS--(CONTINUED)

JULY 31, 1995

Organization and Start-up Costs

Costs associated with the organization of the corporation and other costs incurred to complete the acquisition and start the business operations described above are being amortized over 60 months. Accumulated amortization of these costs at July 31, 1995 and 1994 was \$414,536 and \$273,648, respectively.

Interim Financial Statements

The accompanying unaudited interim financial statements as of March 30, 1996 and for each of the eight month periods ended March 30, 1996 and 1995 include all adjustments which, in the opinion of management, are necessary for a fair presentation of the Company's financial position and results of operations and cash flows for the periods presented. All adjustments are of a normal recurring nature. The results of the Company's operations for the eight months ended March 30, 1996 are not necessarily indicative of the results of operations for a full fiscal year.

2. NOTES PAYABLE AND LONG-TERM DEBT

Notes payable and long-term debt consists of the following:

<TABLE>
<CAPTION>

	JULY 31,	
	1994	1995
<S>	<C>	<C>
Revolving credit note payable.....	\$ 1,827,050	\$2,000,000
Term note payable to bank, payable in quarterly installments in increasing amounts, including interest which has accrued from the last monthly payment of interest, through August 1998 (Tranche A Note).....	2,184,450	462,638
Term note payable to bank, payable in quarterly installments of \$250,000 commencing November 30, 1997 through August 31, 1998 and \$375,000 through August 31, 1999, including interest which has accrued from the last monthly payment of interest, through August 1999 (Tranche B Note).....	2,500,000	2,500,000
Subordinated note payable to Seller, payable on August 31, 2002, with interest payable in quarterly installments commencing November 30, 1992 at 10%, through August 2002.....	4,415,742	4,415,742
Capital lease obligation.....		34,523
	10,927,242	9,412,903
Less current portion.....	1,721,812	462,638
Total long-term debt.....	\$ 9,205,430	\$8,950,265

</TABLE>

The revolving credit note payable represents the amount outstanding under a \$6 million revolving credit note with a bank due the earlier of August 21, 1999 or the date on which the two term loans are paid in full. Any unused portion of the revolving credit facility is subject to a .5% commitment fee. Borrowings under the revolving credit note are based on a specific borrowing formula based on eligible assets. The outstanding balance under the revolving credit note has been excluded from current liabilities because the Company

intends that at least that amount would remain outstanding under this agreement for an uninterrupted period extending beyond one year from the balance sheet date. The revolving credit note payable and two term loans ("senior loans") bear interest, payable monthly, based upon a rate option selected by the Company and adjusted based upon the terms of each note. The rates in effect at July 31, 1995 are 10.38%, 10.63%, and 13.13%, respectively (8.78%, 9.04% and 11.54%, respectively, at July 31, 1994). The senior loans are collateralized by substantially all assets of the Company. Among other things, the senior loans restrict the Company's ability to incur additional indebtedness and require the Company

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KENLIN PET SUPPLY, INC.

NOTES TO FINANCIAL STATEMENTS--(CONTINUED)

JULY 31, 1995

to maintain certain financial ratios. In addition, the repayment terms of the senior loans call for accelerated payments based upon "excess cash flow" (as defined). At July 31, 1995, \$217,970 has been classified as a current liability based on 1995 excess cash flows.

In accordance with the terms of the senior loans, the Company had an interest rate cap agreement for a notional principal amount of \$5 million, which provided for a maximum increase of 2.72% over the rate in effect at the date of the agreement for a period of thirty months. This agreement expired in April 1995

The subordinated note payable is subject to a mandatory prepayment schedule at such time that all senior loans have been paid in full ("senior loan payment date"). The prepayment schedule provides that 20% of the principal be paid on the first through fifth anniversary date of such payment date.

As of July 31, 1995, maturities of bank loans and notes payable over the next five fiscal years are as follows:

<TABLE>		
	<S>	<C>
	1996.....	\$ 462,638
	1997.....	--
	1998.....	750,000
	1999.....	1,375,000
	2000.....	2,375,000
	Thereafter.....	4,450,265
</TABLE>		

3. CUMULATIVE REDEEMABLE PREFERRED STOCK

The cumulative, redeemable preferred stock is non-voting and has a minimum liquidating preference of \$1,000 per share and is subject to redemption by the Company on the earlier of August 21, 1999 or the date of a redemption event, as defined in the Certificate of Incorporation. Dividends are fixed at \$240,000 per year and are on a paid-in-kind basis.

4. INCOME TAXES

The provision for income taxes is comprised of the following:

<TABLE>			
<CAPTION>			
		PERIOD	
		ENDED	YEAR ENDED JULY 31
		JULY 31	-----
		1993	1994 1995
		-----	-----
<S>	<C>	<C>	<C>
Current:			
Federal.....	\$ 112,800	\$ 480,000	\$ 787,000
State.....	36,900	160,226	238,000
	-----	-----	-----
	149,700	640,226	1,025,000
Deferred:			
Federal.....	(94,300)	(13,000)	(52,000)
State.....	(27,200)	(4,000)	(13,000)
	-----	-----	-----
	(121,500)	(17,000)	(65,000)
	-----	-----	-----
	\$ 28,200	\$ 623,226	\$ 960,000
	=====	=====	=====
</TABLE>			

The Company's income tax provisions differ from the statutory rate principally due to state income taxes and the nondeductibility of goodwill amortization for tax purposes.

KENLIN PET SUPPLY, INC.

NOTES TO FINANCIAL STATEMENTS--(CONTINUED)

JULY 31, 1995

The components of the Company's current and long-term deferred tax accounts consisted of the following:

<TABLE>

<CAPTION>

	CURRENT	LONG- TERM	TOTAL
	-----	-----	-----
<S>	<C>	<C>	<C>
JULY 31, 1994			
Deferred tax assets:			
Bonus accrual.....	\$ 19,100		\$ 19,100
Accounts receivable allowance.....	58,000		58,000
Capitalized inventory costs.....	112,000		112,000
	-----		-----
Total deferred tax assets.....	189,100		189,100
Deferred tax liabilities:			
Tax over book depreciation.....		\$ 24,600	24,600
Prepaid expenses.....	15,400		15,400
State taxes.....	10,600		10,600
	-----	-----	-----
Total deferred tax liabilities.....	26,000	24,600	50,600
	-----	-----	-----
Net deferred tax assets.....	\$163,100	\$ (24,600)	\$138,500
	=====	=====	=====

<CAPTION>

	CURRENT	LONG- TERM	TOTAL
	-----	-----	-----
<S>	<C>	<C>	<C>
JULY 31, 1995			
Deferred tax assets:			
Book over tax amortization.....		\$33,700	\$33,700
Bonus accrual.....	\$ 27,100		\$ 27,100
Accounts receivable allowance.....	94,200		94,200
Capitalized inventory costs.....	124,800		124,800
	-----	-----	-----
Total deferred tax assets.....	246,100	33,700	279,800
Deferred tax liabilities:			
Tax over book depreciation.....		34,100	34,100
Prepaid expenses.....	27,200		27,200
State taxes.....	15,000		15,000
	-----	-----	-----
Total deferred tax liabilities.....	42,200	34,100	76,300
	-----	-----	-----
Net deferred tax assets.....	\$203,900	\$ (400)	\$203,500
	=====	=====	=====

</TABLE>

No valuation allowance on deferred tax assets was considered necessary at either July 31, 1995 or 1994.

5. COMMON STOCKHOLDERS' EQUITY

The Class A and Class C common stock are convertible into an equal number of shares of Class B common stock, and Class B common stock is convertible into an equal number of shares of Class A common stock. All shares of Class C common stock are subject to automatic conversion into an equal number of Class A common stock upon closing of the first underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933 in an amount not less than \$20 million in gross proceeds.

KENLIN PET SUPPLY, INC.

NOTES TO FINANCIAL STATEMENTS--(CONTINUED)

JULY 31, 1995

In consideration for making the Tranche B Note, the Company has issued to the bank Warrants to purchase up to 800 additional shares (plus additional "anti-dilution" shares) of the Company's Class A common stock. The Warrants are exercisable at \$.01 per share, subject to adjustment under the terms of the Warrant. The Warrants are subject to mandatory redemption at the option of the holder at the earliest of August 21, 1997 or the occurrence of certain

events which effectively repay the senior loans and revolving loan. Redemption at the option of the Company can also occur during certain periods as specified in the Warrant. The mandatory and optional redemptions will be at per share values defined in the Warrant and are based upon fair market value. The Warrant expires on August 21, 2002.

The Company has entered into option agreements with two key employee stockholders which entitle them each to purchase Class A common stock in an amount up to 2% (plus additional "anti-dilution" shares) of total common stock on a fully diluted basis. These options become exercisable based upon a financial calculation at a price equal to \$.10 per share. The options terminate at the earlier of August 21, 2012 or a terminating event, as defined.

At July 31, 1995, 7,779 shares of unissued Class A common stock of the Company were reserved for issuance in accordance with the terms of the convertible securities, the stock option agreements, and the Warrants and 7,000 shares of the Class B common stock were reserved for issuance under the terms of the convertible securities.

The Class B and Class C common stock are subject to put by the stockholder on or after August 22, 1997 and call by the Company on or after August 22, 1998, each at a price per share equal to the greater of the fair market value at the date of put or call or an amount calculated based upon certain financial information as defined in the Securities Purchase Agreement. The Agreement terminates on the date there are no longer any preferred or common shares outstanding.

Under certain circumstances, Class C common stock has special voting rights as compared to Class A common stock. In addition, the Company is party to a Registration Rights Agreement which provides certain shares with rights to request registration of their shares under the Securities Act of 1933 at any time after August 21, 1997.

6. STOCK COMPENSATION PLAN

In August 1992, the Company established a Stock Compensation Plan under which shares of common stock may be issued and options may be granted at the discretion of the Board of Directors to employees, directors, officers, consultants and advisors. In November 1993 an option to purchase up to 101 shares of the Company's Class A common stock for \$.10 per share was granted to an employee. The option vests in November 1995. The compensation element related to this grant was not material.

7. EMPLOYEE BENEFIT PLAN

During 1993, the Company established an employee profit sharing plan covering substantially all employees. The Company at its discretion contributes to the plan an amount determined by the Board of Directors. The Company has accrued \$62,500, \$52,500 and \$50,500 for the years ended July 31, 1995 and 1994 and the period ended July 31, 1993, respectively.

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KEMLIN PET SUPPLY, INC.

NOTES TO FINANCIAL STATEMENTS--(CONTINUED)

JULY 31, 1995

8. COMMITMENTS

The Company leases its principal warehouse and administrative facility under a five year non-cancellable operating lease with a 5 year renewal option. Rental expense under this operating lease was approximately \$795,000, \$714,000 and \$714,000 for the years ended July 31, 1995 and 1994 and the period ended July 31, 1993, respectively.

Approximate minimum future lease payments for noncancellable operating leases with terms in excess of one year for each fiscal year are as follows:

<TABLE>	<S>	<C>
	1996.....	\$924,000
	1997.....	972,000
	1998.....	51,000

</TABLE>

The Company has entered into 5 year employment agreements with two key employee stockholders. Each agreement provides for an annual base salary plus an annual incentive bonus. The agreements expire on July 31, 1997.

9. EVENTS SUBSEQUENT TO AUDITED FINANCIAL STATEMENTS

On November 9, 1995, the Company acquired certain assets and assumed certain

liabilities of Spector Wholesale Supply, Inc., a company engaged in the distribution of pet supplies. The aggregate purchase price was approximately \$1,200,000. The transaction was accounted for under the purchase method of accounting. In addition, the Company entered into a ten year non-competition agreement with the former owners for \$500,000.

On June 18, 1996 the shareholders of the Company entered into an agreement with Central Garden and Pet Company to sell all of the outstanding common stock of the Company to Central Garden and Pet Company.

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[Inside Back Cover]

[Picture of Central Garden & Pet truck unloading merchandise at Wal*Mart store with the following caption underneath: "Central Garden & Pet is the leading distributor of lawn and garden products and a major distributor of pet supplies to retailers throughout the U.S."]

[Picture of Central Garden & Pet personnel stocking shelves at retail store with Ortho products with the following caption underneath: "Central Garden & Pet's sales personnel work with retailers to provide servicing, merchandising, and training."]

[Picture of Grant's line of ant control products with the following caption underneath: "Grant's line of ant control products is one of the Company's proprietary branded product lines."]

[Picture of aquarium and related aquarium products with the following caption underneath: "Central Garden & Pet is a manufacturer and major distributor of pet supplies."]

- - - - -

NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THE OFFERING MADE HEREBY TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY UNDERWRITER. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OFFERED HEREBY TO ANY PERSON OR BY ANYONE IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

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LOGO

Common Stock

PROSPECTUS

Alex. Brown & Sons
INCORPORATED

Hambrecht & Quist

Wasserstein Perella
Securities, Inc.

July , 1996

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, payable by the registrant and certain of the Selling Stockholders in connection with the sale and distribution of the Common Stock being registered. All amounts are estimated except the SEC registration fee, the NASD filing fee and the Nasdaq Listing Application Fee.

<TABLE>

<S>	<C>
SEC Registration Fee.....	\$ 19,085
NASD Filing Fee.....	6,035
Nasdaq Listing Application Fee.....	17,500
Blue Sky Qualification Fees and Expenses (including related legal fees).....	10,000
Accounting Fees.....	125,000
Legal Fees and Expenses.....	125,000
Transfer Agent and Registrar Fees and Expenses.....	5,000
Printing and Engraving.....	50,000
Miscellaneous.....	42,380

Total.....	\$400,000
	=====

</TABLE>

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Article Sixth, Section 2 of the Registrant's Certificate of Incorporation provides that directors of the Registrant shall not be personally liable to the Registrant or its stockholders for monetary damages for breach of fiduciary duty as a director, to the fullest extent permitted by the General Corporation Law of the State of Delaware. Article V of the Registrant's By-laws provides for indemnification of officers and directors to the full extent and in the manner permitted by Delaware law. Section 145 of the Delaware General Corporation Law makes provision for such indemnification in terms sufficiently broad to cover officers and directors under certain circumstances for liabilities arising under the Securities Act of 1933.

The Registrant has entered into indemnification agreements with each director which provide indemnification under certain circumstances for acts and omissions which may not be covered by any directors' and officers' liabilities insurance.

The form of Underwriting Agreement, filed as Exhibit 1.1 to the Registration Statement, provides for indemnification of the Registrant and its controlling persons against certain liabilities under the Securities Act of 1933, as amended.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

Set forth below is a list of exhibits that are being filed with this Registration Statement:

<TABLE>

<CAPTION>

EXHIBIT
NUMBER EXHIBIT

<C> <S>
1.1 Form of Underwriting Agreement.
2.1 Form of Agreement of Merger and Plan of Merger between Central
Garden Supply of Southern California and Central Garden & Pet
Company (Incorporated by reference from Exhibit 2.1 to
Registration Statement No. 33-48070).

</TABLE>

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<TABLE>
<CAPTION>

EXHIBIT
NUMBER EXHIBIT

<C> <S>
2.2 Form of Agreement of Merger and Plan of Merger between Central
Garden Sales Corp. and Central Garden & Pet Company
(Incorporated by reference from Exhibit 2.2 to Registration
Statement No. 33-48070).
2.3 Form of Reorganization Agreement between Central Garden Supply
and Central Garden & Pet Company (Incorporated by reference
from Exhibit 2.3 to Registration Statement No. 33-48070).
2.4 Agreement and Plan of Merger between Central Garden & Pet Supply
Company and Central Garden & Pet Company dated as of June 11,
1992 (Incorporated by reference from Exhibit 2.4 to
Registration Statement No. 33-48070).
4.1 Specimen Common Stock Certificate (Incorporated by reference
from Exhibit 4.1 to Registration Statement No. 33-48070).
5.1 Opinion of Orrick, Herrington & Sutcliffe as legality of Common
Stock, including consent.
23.1 Independent Auditors' Consent (Deloitte & Touche LLP).
23.2 Consent of Orrick, Herrington & Sutcliffe (See Exhibit 5.1).
23.3 Consent of Independent Auditors (Ernst & Young LLP).
24 Power of Attorney (See page II-4).

</TABLE>

- - - - -

ITEM 17. UNDERTAKINGS

A. The undersigned registrant hereby undertakes that for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offering therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

B. Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to directors, officers, and controlling persons of the Registrant pursuant to the provisions described on Item 15 above, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act, expressed in the Act and is therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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C. The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, as amended, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For purposes of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus

shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, CENTRAL GARDEN & PET COMPANY CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-3 AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF LAFAYETTE, STATE OF CALIFORNIA, ON JUNE 28, 1996.

Central Garden & Pet Company

/s/ William E. Brown

By: _____
(WILLIAM E. BROWN, CHIEF EXECUTIVE OFFICER AND DIRECTOR)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints William E. Brown and Glenn W. Novotny, or either of them, each with the power of substitution, his attorney-in-fact, to sign any amendments to this Registration Statement (including any and all post-effective amendments), and any related registration statement that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933 and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATES INDICATED.

SIGNATURE	CAPACITY	DATE
/s/ William E. Brown ----- (WILLIAM E. BROWN)	Chief Executive Officer and Director (Principal Executive Officer)	June 28, 1996
/s/ Robert B. Jones ----- (ROBERT JONES)	Vice President, Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	June 28, 1996
/s/ Glenn W. Novotny ----- (GLENN W. NOVOTNY)	Director	June 28, 1996
/s/ Daniel Hogan ----- (DANIEL HOGAN)	Director	June 28, 1996
/s/ Lee D. Hines ----- (LEE D. HINES)	Director	June 28, 1996

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EXHIBIT INDEX

<TABLE>
<CAPTION>

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
-----	-----	-----
<C>	<S>	<C>
1.1	Form of Underwriting Agreement.	
2.1	Form of Agreement of Merger and Plan of Merger between Central Garden Supply of Southern California and Central Garden & Pet Company (Incorporated by reference from Exhibit 2.1 to Registration Statement No. 33-48070).	
2.2	Form of Agreement of Merger and Plan of Merger between Central Garden Sales Corp. and Central Garden & Pet Company (Incorporated by reference from Exhibit 2.2 to Registration Statement No.	

	33-48070).
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2.4	Agreement and Plan of Merger between Central Garden & Pet Supply Company and Central Garden & Pet Company dated as of June 11, 1992 (Incorporated by reference from Exhibit 2.4 to Registration Statement No. 33-48070).
4.1	Specimen Common Stock Certificate (Incorporated by reference from Exhibit 4.1 to Registration Statement No. 33-48070).
5.1	Opinion of Orrick, Herrington & Sutcliffe as legality of Common Stock, including consent.
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23.2	Consent of Orrick, Herrington & Sutcliffe (See Exhibit 5.1).
23.3	Consent of Independent Auditors (Ernst & Young LLP).
24	Power of Attorney (See page II-4).

</TABLE>

2,750,000 Shares

CENTRAL GARDEN & PET SUPPLY

Common Stock

(\$0.01 Par Value)

UNDERWRITING AGREEMENT

_____, 1996

Alex. Brown & Sons Incorporated
Hambrecht & Quist LLC
Wasserstein Perella Securities, Inc.
As Representatives of the
Several Underwriters
c/o Alex. Brown & Sons Incorporated
135 East Baltimore Street
Baltimore, Maryland 21202

Gentlemen:

Central Garden & Pet Company, a Delaware corporation (the ``Company'') proposes to sell to the several underwriters (the ``Underwriters'') named in Schedule I hereto for whom you are acting as representatives (the ``Representatives'') an aggregate of 2,750,000 shares of the Company's Common Stock, \$0.01 par value (the ``Firm Shares''), of which 2,500,000 shares will be issued and sold by the Company (the "Firm Company Shares") and 250,000 shares will be sold by certain stockholders of the Company (the "Selling Stockholders") named in Schedule II hereto (the "Firm Selling Stockholder Shares"). The respective amounts of the Firm Shares to be so purchased by the several Underwriters are set forth opposite their names in Schedule I hereto. The Company also proposes to sell at the Underwriters' option an aggregate of up to 412,500 additional shares of the Company's Common Stock (the ``Option Shares'') as set forth below.

As the Representatives, you have advised the Company and the Selling Stockholders (a) that you are authorized to enter into this Agreement on behalf of the several Underwriters, and (b) that the several Underwriters are willing, acting severally and not jointly, to purchase the numbers of Firm Shares set forth opposite their

respective names in Schedule I, plus their pro rata portion of the Option Shares if you elect to exercise the Over-allotment option in whole or in part for the accounts of the several Underwriters. The Firm Shares and the Option Shares (to the extent the aforementioned option is exercised) are herein collectively called the ``Shares.''

In consideration of the mutual agreements contained herein and of the interests of the parties in the transactions contemplated hereby, the parties hereto agree as follows:

1. (a) Representations and Warranties of the Company and the Selling Stockholders. The Company and the Selling Stockholders, jointly and severally, represent and warrant to each of the Underwriters as follows:

(i) A registration statement on Form S-3 (File No. 333-) with respect to the Shares has been carefully prepared by the Company in conformity with the requirements of the Securities Act of 1933, as amended (the ``Act''), and the Rules and Regulations (the ``Rules and Regulations'') of the Securities and Exchange Commission (the ``Commission'') thereunder and has been filed with the Commission. The Company meets all of the requirements for filing on Form S-3. Copies of such registration statement, including any amendments thereto, the preliminary prospectuses (meeting the requirements of the Rules and Regulations) contained therein and the exhibits, financial statements and schedules, as finally amended and revised, have heretofore been delivered by the Company to you. Such registration statement, together with any registration statement filed by the Company pursuant to Rule 462(b) of the Act, herein referred to as the ``Registration Statement,' ' which shall be deemed to include all information omitted therefrom in reliance upon Rule 430A and contained in

the Prospectus referred to below, has become effective under the Act and no post-effective amendment to the Registration Statement has been filed as of the date of this Agreement. ``Prospectus'' means (a) the form of prospectus first filed with the Commission pursuant to Rule 424(b) or (b) the last preliminary prospectus included in the Registration Statement filed prior to the time it becomes effective or filed pursuant to Rule 424(a) under the Act that is delivered by the Company to the Underwriters for delivery to purchasers of the Shares, together with the term sheet or abbreviated term sheet filed with the Commission pursuant to Rule 424(b)(7) under the Act. Each preliminary prospectus included in the Registration Statement prior to the time it becomes effective is herein referred to as a ``Preliminary Prospectus.'' Any reference herein to the Registration Statement, any Preliminary Prospectus or the Prospectus, as the case may be, shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 which were filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(ii) The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power and corporate authority to own or lease its properties and conduct its business as described in the Registration Statement. Each of the

2.

subsidiaries of the Company as listed in Exhibit 21 to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1995 (collectively, the ``Subsidiaries'') has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, with corporate power and corporate authority to own or lease its properties and conduct its business as described in the Registration Statement. The Subsidiaries are the only subsidiaries, direct or indirect, of the Company. The Company and each of the Subsidiaries are duly qualified to transact business in all jurisdictions in which the conduct of their business requires such qualification, except where such failure would not have a material adverse effect on the Company and its Subsidiaries taken as a whole. The outstanding shares of capital stock of each of the Subsidiaries have been duly authorized and validly issued, are fully paid and non-assessable and are owned by the Company or another Subsidiary free and clear of all liens, encumbrances and equities and claims; and no options, warrants or other rights to purchase, agreements or other obligations to issue or other rights to convert any obligations into shares of capital stock or ownership interests in the Subsidiaries are outstanding.

(iii) The outstanding shares of Common Stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; the Shares to be issued and sold by the Company have been duly authorized and when issued and paid for as contemplated herein will be validly issued, fully paid and non-assessable; and no preemptive rights of stockholders exist with respect to any of the Shares or the issue and sale thereof. Neither the filing of the Registration Statement nor the offering or sale of the Shares as contemplated by this Agreement gives rise to any rights, other than those which have been waived or satisfied, for or relating to the registration of any shares of Common Stock.

(iv) The information set forth under the caption ``Capitalization'' in the Prospectus is true and correct. All of the Shares conform to the description thereof contained in the Registration Statement. The form of certificates for the Shares conforms to the corporate law of the jurisdiction of the Company's incorporation.

(v) The Commission has not issued an order preventing or suspending the use of any Prospectus relating to the proposed offering of the Shares nor instituted proceedings for that purpose. The Registration Statement contains, and the Prospectus and any amendments or supplements thereto will contain, all material statements which are required to be stated therein by, and will in all material respects conform, to the requirements of the Act and the Rules and Regulations. The Registration Statement and any amendment hereto do not contain, and will not contain, any untrue statement of a material fact and do not omit, and will not omit, to state any

3.

material fact required to be stated therein or necessary to make the statements therein not misleading. The Prospectus and any amendments and supplements thereto do not contain, and will not contain, any untrue statement of material fact; and do not omit, and will not omit, to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Company makes no representations or warranties as to information contained in or omitted from the Registration Statement or the Prospectus, or any such amendment or supplement, in reliance upon, and in conformity with, written information furnished to the Company by or on behalf of any Underwriter through the Representatives, specifically for use in the preparation thereof. The documents incorporated by reference in the Registration Statement, any Preliminary Prospectus and the Prospectus, when they were filed with the

Commission, conformed in all material respects to the requirements of the Exchange Act and the rules and regulations of the Commission thereunder, and none of such documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(vi) The consolidated financial statements of the Company and the Subsidiaries, together with related notes and schedules as set forth in the Registration Statement, present fairly the financial position and the results of operations and cash flows of the Company and the consolidated Subsidiaries, at the indicated dates and for the indicated periods. Such financial statements and related schedules have been prepared in accordance with generally accepted principles of accounting, consistently applied throughout the periods involved, except as disclosed herein, and all adjustments necessary for a fair presentation of results for such periods have been made. The summary financial and statistical data included in the Registration Statement presents fairly the information shown therein and such data has been compiled on a basis consistent with the financial statements presented therein and the books and records of the Company. The pro forma financial information included in the Registration Statement and the Prospectus present fairly the information shown therein, have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements, have been properly compiled on the pro forma bases described therein, and, in the opinion of the Company, the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions or circumstances referred to therein. No other financial statements or schedules of the Company or any other entity are required to be included, in or incorporated into the Registration Statement pursuant to any requirement of the Act or any Rules and Regulations, including Rule 3-05 of Regulation S-X.

(vii) Deloitte & Touche LLP, who have certified certain of the financial statements filed with the Commission as part of the Registration Statement, are independent public accountants as required by the Act and the Rules and Regulations.

(viii) Ernst & Young LLP, who have certified certain of the financial statements filed with the Commission as part of the Registration

4.

Statement, are independent public accountants as required by the Rules and Regulations.

(ix) There is no action, suit, claim or proceeding pending or, to the knowledge of the Company, threatened against the Company or any of the Subsidiaries before any court or administrative agency or otherwise which if determined adversely to the Company or any of its Subsidiaries might result in any material adverse change in the earnings, business, management, properties, assets, rights, operations, condition (financial or otherwise) or prospects (so far as the Company can reasonably foresee) of the Company and of the Subsidiaries taken as a whole or to prevent the consummation of the transactions contemplated hereby, except as set forth in the Registration Statement.

(x) The Company and the Subsidiaries have good and marketable title to all of the properties and assets reflected in the financial statements (or as described in the Registration Statement) hereinabove described, subject to no lien, mortgage, pledge, charge or encumbrance of any kind except those reflected in such financial statements (or as described in the Registration Statement) or which are not material in amount. The Company and the Subsidiaries occupy their leased properties under valid and binding leases conforming in all material respects to the description thereof set forth in the Registration Statement.

(xi) The Company and the Subsidiaries have filed all Federal, State, local and foreign income tax returns which have been required to be filed and have paid all taxes indicated by said returns and all assessments received by them or any of them to the extent that such taxes have become due and are not being contested in good faith. All tax liabilities have been adequately provided for in the financial statements of the Company.

(xii) Since the respective dates as of which information is given in the Registration Statement, as it may be amended or supplemented, there has not been any material adverse change or any development involving a prospective material adverse change in or affecting the earnings, business, management, properties, assets, rights, operations, condition (financial or otherwise), or prospects of the Company and its Subsidiaries taken as a whole, whether or not occurring in the ordinary course of business, and there has not been any material transaction entered into or any material transaction that is probable of being entered into by the Company or the Subsidiaries, other than transactions in the ordinary course of business and changes and transactions described in the Registration Statement, as it may be amended or supplemented. The Company and the Subsidiaries have no material contingent obligations which are not disclosed in the Company's financial statements which are included in the Registration Statement.

(xiii) Except as disclosed in the Prospectus, neither the Company nor

any of the Subsidiaries is or with the giving of notice or lapse of time or both,

5.

will be, in violation of or in default under its Charter or Bylaws or under any agreement, lease, contract, indenture or other instrument or obligation to which it is a party or by which it, or any of its properties, is bound and which default is of material significance in respect of the condition, financial or otherwise of the Company and its Subsidiaries taken as a whole or the business, management, properties, assets, rights, operations, condition (financial or otherwise) or prospects of the Company and the Subsidiaries taken as a whole. The execution and delivery of this Agreement and the consummation of the transactions herein contemplated and the fulfillment of the terms hereof will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust or other agreement or instrument to which the Company or any Subsidiary is a party, or of the Charter or Bylaws of the Company or any order, rule or regulation applicable to the Company or any Subsidiary of any court or of any regulatory body or administrative agency or other governmental body having jurisdiction.

(xiv) Each approval, consent, order, authorization, designation, declaration or filing by or with any regulatory, administrative or other governmental body necessary in connection with the execution and delivery by the Company and each Selling Stockholder of this Agreement and the consummation of the transactions herein contemplated (except such additional steps as may be required by the Commission, the National Association of Securities Dealers, Inc. (the "NASD") or such additional steps as may be necessary to qualify the Shares for public offering by the Underwriters under state securities or Blue Sky laws) has been obtained or made and is in full force and effect.

(xv) The Company and each of the Subsidiaries holds all material licenses, certificates and permits from governmental authorities which are necessary to the conduct of their businesses; and the Company has no knowledge that either the Company or any of the Subsidiaries has infringed any patents, patent rights, trade names, trademarks or copyrights, which infringement is material to the business of the Company and the Subsidiaries taken as a whole. The Company knows of no material infringement by others of patents, patent rights, trade names, trademarks or copyrights owned by or licensed to the Company.

(xvi) The Company and the Selling Stockholders, and to the Company's best knowledge, none of its affiliates, have taken or may take, directly or indirectly, any action designed to cause or result in, or which has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of the shares of Common Stock to facilitate the sale or resale of the Shares. The Company acknowledges that the Underwriters may engage in passive market making transactions in the Shares on the Nasdaq National Market in accordance with Rule 10b-6A under the Exchange Act.

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(xvii) Neither the Company nor any Subsidiary is an "investment company" within the meaning of such term under the Investment Company Act of 1940 and the rules and regulations of the Commission thereunder.

(xviii) The Company maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(xix) The Company and each of its Subsidiaries carry, or are covered by, insurance in such amounts and covering such risks as is adequate for the conduct of their respective businesses and the value of their respective properties and as is customary for companies engaged in similar industries.

(xx) The Company is in compliance in all material respects with all presently applicable provisions of the Employee Retirement Income Security Act of 1974, as amended, including the regulations and published interpretations thereunder ("ERISA"); no "reportable event" (as defined in ERISA) has occurred with respect to any "pension plan" (as defined in ERISA) for which the Company would have any liability; the Company has not incurred and does not expect to incur liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any "pension plan" or (ii) Sections 412 or 4971 of the Internal Revenue Code of 1986, as amended, including the regulations and published interpretations thereunder (the "Code"); and each "pension plan" for which the Company would have any liability that is intended to be qualified under Section 401(a) of the Code is so qualified in all material respects and nothing has occurred, whether by action or by failure to act, which

would cause the loss of such qualification.

(xxi) The Company confirms as of the date hereof that it is in compliance with all provisions of Section 1 of Laws of Florida, Chapter 92-198, An Act Relating to Disclosure of Doing Business with Cuba.

(b) Representations and Warranties of the Selling Stockholders. The

Selling Stockholders represent and warrant to, and agrees with, each of the Underwriters as follows:

(i) Each of the Selling Stockholders has, and on the Closing Date hereinafter mentioned will have, good and marketable title to the Shares proposed to be sold by the Selling Stockholders hereunder on such Closing Date and full right, power and authority to enter into this Agreement and to sell, assign, transfer and deliver such Shares hereunder, free and clear of all voting

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trust arrangements, liens, encumbrances, equities, security interests, restrictions and claims whatsoever; and upon delivery of and payment for such Shares hereunder, the Underwriters will acquire good and marketable title thereto, free and clear of all liens, encumbrances, equities, claims, restrictions, security interests, voting trusts or other defects of title whatsoever.

(ii) Each of the Selling Stockholders has executed and delivered a Power of Attorney and caused to be executed and delivered on his behalf a Custody Agreement (hereinafter collectively referred to as the "Stockholders' Agreement") and in connection herewith such Selling Stockholder further represents, warrants and agrees that the Selling Stockholder has deposited in custody, under the Stockholder's Agreement, with the agent named therein (the "Agent") as custodian, certificates in negotiable form for the Shares to be sold hereunder by the Selling Stockholder, for the purpose of further delivery pursuant to this Agreement. The Selling Stockholder agrees that the Shares to be sold by the Selling Stockholder on deposit with the Agent are subject to the interests of the Company and the Underwriters, that the arrangements made for such custody are to that extent irrevocable, and that the obligations of the Selling Stockholder hereunder shall not be terminated, except as provided in this Agreement or in the Stockholders' Agreement, by any act of the Selling Stockholder, by operation of law, by the death or incapacity of the Selling Stockholder or by the occurrence of any other event. If the Selling Stockholder should die or become incapacitated, or if any other event should occur, before the delivery of the Shares to be sold by the Selling Stockholder hereunder, the documents evidencing Shares to be sold by the Selling Stockholder then on deposit with the Agent shall be delivered by the Agent in accordance with the terms and conditions of this Agreement as if such death, incapacity or other event had not occurred, regardless of whether or not the Agent shall have received notice thereof. This Agreement and the Stockholders' Agreement have been duly executed and delivered by or on behalf of the Selling Stockholder and the form of such Stockholders' Agreement has been delivered to you.

(iii) The performance of this Agreement and the Stockholders' Agreement and the consummation of the transactions contemplated hereby and by the Stockholders' Agreement will not result in a breach or violation by the Selling Stockholder of any of the terms or provisions of, or constitute a default by the Selling Stockholder under, any indenture, mortgage, deed of trust, trust (constructive or other), loan agreement, lease, franchise, license or other agreement or instrument to which the Selling Stockholder is a party or by which the Selling Stockholder or any of his properties is bound, any statute, or any judgment, decree, order, rule or regulation of any court or governmental agency or body applicable to the Selling Stockholder or any of his properties.

(iv) Each of the Selling Stockholders has not taken and will not take, directly or indirectly, any action designed to stabilize or manipulate, or which has constituted or which might reasonably be expected to cause or result in

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stabilization or manipulation, of the price of any security of the Company to facilitate the sale or resale of the Shares to be sold by the Selling Stockholder.

(v) The Registration Statement, each Preliminary Prospectus and the Prospectus, insofar as it has related to the Selling Stockholder, has conformed in all material respects to the requirements of the Act and the Rules and Regulations and has not included any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made.

(c) Each of the Selling Stockholder agrees with the Company and the Underwriters not to offer to sell, sell or contract to sell or otherwise dispose

of any shares of Common Stock or securities convertible into or exchangeable for any shares of Common Stock, for a period of 90 days after the first date that any of the Common Shares are released by you for sale to the public, without the prior written consent of Alex. Brown & Sons Incorporated.

2. Purchase, Sale and Delivery of the Firm Shares.

(a) On the basis of the representations, warranties and covenants herein contained, and subject to the conditions herein set forth, (i) the Company agrees to sell to the Underwriters 2,500,000 of the Firm Shares, and (ii) the Selling Stockholders agree to sell to the Underwriters an aggregate of 500,000 of the Firm Shares. Each Underwriter agrees, severally and not jointly, to purchase, from the Company and the Selling Stockholders at a price of \$[] per share, the number of Firm Shares set forth opposite the name of each Underwriter in Schedule I hereof, subject to adjustments in accordance with Section 9 hereof.

(b) Payment for the Firm Shares to be sold hereunder is to be made (i) for the Firm Shares to be sold by the Company in New York Clearing House funds by certified or bank cashier's checks drawn to the order of the Company and (ii) for the Firm Shares to be sold by the Selling Shareholders in New York Clearing House Funds by certified or bank cashier's checks drawn to the order of the Agent against delivery of certificates therefor to the Representatives for the several accounts of the Underwriters. Such payment and delivery are to be made at the offices of Alex. Brown & Sons Incorporated, 135 East Baltimore Street, Baltimore, Maryland, at 10:00 a.m., Baltimore time, on the third (or if the Shares are priced, as contemplated by Rule 15c6-1(c) of the Securities Exchange Act of 1934, as amended (the ``Exchange Act'') after 4:30 P.M., Washington D.C. time, the fourth) business day after the date of this Agreement or at such other time and date not later than five business days thereafter as you and the Company shall agree upon, such time and date being herein referred to as the ``Closing Date.'' (As used herein, ``business day'' means a day on which the New York Stock Exchange is open for trading and on which banks in New York are open for business and are not permitted by law or executive order to be closed.) The certificates for the Firm Shares will be delivered in such denominations and in such registrations as the Representatives request in writing not later than the

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second full business day prior to the Closing Date, and will be made available for inspection by the Representatives at least one business day prior to the Closing Date.

(c) In addition, on the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company hereby grants an option to the several Underwriters to purchase the Option Shares at the price per share as set forth in the first paragraph of this Section 2. The option granted hereby may be exercised in whole or in part by giving written notice (i) at any time before the Closing Date and (ii) only once thereafter within 30 days after the date of this Agreement, by you, as Representatives of the several Underwriters, to the Company setting forth the number of Option Shares as to which the several Underwriters are exercising the option, the names and denominations in which the Option Shares are to be registered and the time and date at which such certificates are to be delivered. The time and date at which certificates for Option Shares are to be delivered shall be determined by the Representatives but shall not be earlier than three nor later than 10 full business days after the exercise of such option, nor in any event prior to the Closing Date (such time and date being herein referred to as the ``Option Closing Date''). If the date of exercise of the option is three or more days before the Closing Date, the notice of exercise shall set the Closing Date as the Option Closing Date. The number of Option Shares to be purchased by each Underwriter shall be in the same proportion to the total number of Option Shares being purchased as the number of Firm Shares being purchased by such Underwriter bears to 5,000,000, adjusted by you in such manner as to avoid fractional shares. The option with respect to the Option Shares granted hereunder may be exercised only to cover over-allotments in the sale of the Firm Shares by the Underwriters. You, as Representatives of the several Underwriters, may cancel such option at any time prior to its expiration by giving written notice of such cancellation to the Company. To the extent, if any, that the option is exercised, payment for the Option Shares shall be made on the Option Closing Date in New York Clearing House funds by certified or bank cashier's check drawn to the order of the Company against delivery of certificates therefor at the offices of Alex. Brown & Sons Incorporated, 135 East Baltimore Street, Baltimore, Maryland.

3. Offering by the Underwriters.

It is understood that the several Underwriters are to make a public offering of the Firm Shares as soon as the Representatives deem it advisable to do so. The Firm Shares are to be initially offered to the public at the initial public offering price set forth in the Prospectus. The Representatives may from time to time thereafter change the public offering price and other selling terms. To the extent, if at all, that any Option Shares are purchased pursuant

to Section 2 hereof, the Underwriters will offer them to the public on the foregoing terms.

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It is further understood that you will act as the Representatives for the Underwriters in the offering and sale of the Shares in accordance with a Master Agreement Among Underwriters entered into by you and the several other Underwriters.

4. Covenants of the Company.

(a) The Company covenants and agrees with the several Underwriters that:

(i) The Company will (A) use its best efforts to cause the Registration Statement to become effective or, if the procedure in Rule 430A of the Rules and Regulations is followed, to prepare and timely file with the Commission under Rule 424(b) of the Rules and Regulations a Prospectus in a form approved by the Representatives containing information previously omitted at the time of effectiveness of the Registration Statement in reliance on Rule 430A of the Rules and Regulations, (B) not file any amendment to the Registration Statement or supplement to the Prospectus of which the Representatives shall not previously have been advised and furnished with a copy or to which the Representatives shall have reasonably objected in writing or which is not in compliance with the Rules and Regulations and (C) file on a timely basis all reports and any definitive proxy or information statements required to be filed by the Company with the Commission subsequent to the date of the Prospectus and prior to the termination of the offering of the Shares by the Underwriters.

(ii) The Company will advise the Representatives promptly (A) when the Registration Statement or any post-effective amendment thereto shall have become effective, (B) of receipt of any comments from the Commission, (C) of any request of the Commission for amendment of the Registration Statement or for supplement to the Prospectus or for any additional information, and (D) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the use of the Prospectus or of the institution of any proceedings for that purpose. The Company will use its best efforts to prevent the issuance of any such stop order preventing or suspending the use of the Prospectus and to obtain as soon as possible the lifting thereof, if issued.

(iii) The Company will cooperate with the Representatives in endeavoring to qualify the Shares for sale under the securities laws of such jurisdictions as the Representatives may reasonably have designated in writing and will make such applications, file such documents, and furnish such information as may be reasonably required for that purpose, provided the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction where it is not now so qualified or required to file such a consent. The Company will, from time to time, prepare and file such statements, reports, and other documents, as are or may be required to continue

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such qualifications in effect for so long a period as the Representatives may reasonably request for distribution of the Shares.

(iv) The Company will deliver to, or upon the order of, the Representatives, from time to time, as many copies of any Preliminary Prospectus as the Representatives may reasonably request. The Company will deliver to, or upon the order of, the Representatives during the period when delivery of a Prospectus is required under the Act, as many copies of the Prospectus in final form, or as thereafter amended or supplemented, as the Representatives may reasonably request. The Company will deliver to the Representatives at or before the Closing Date, four signed copies of the Registration Statement and all amendments thereto including all exhibits filed therewith, and will deliver to the Representatives such number of copies of the Registration Statement (including such number of copies of the exhibits filed therewith that may reasonably be requested), and of all amendments thereto, as the Representatives may reasonably request.

(v) The Company will comply with the Act and the Rules and Regulations, and the Exchange Act, and the rules and regulations of the Commission thereunder, so as to permit the completion of the distribution of the Shares as contemplated in this Agreement and the Prospectus. If during the period in which a prospectus is required by law to be delivered by an Underwriter or dealer, any event shall occur as a result of which, in the judgment of the Company or the reasonable opinion of the Underwriters, it becomes necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances existing at the time the Prospectus is delivered to a purchaser, not misleading, or, if it is necessary at any time to amend or supplement the Prospectus to comply with any law, the Company promptly will prepare and file with the Commission an appropriate amendment to the Registration Statement or supplement to the Prospectus so that the Prospectus as so amended or supplemented will not, in the light of the

circumstances when it is so delivered, be misleading, or so that the Prospectus will comply with the law.

(vi) The Company will make generally available to its security holders, as soon as it is practicable to do so, but in any event not later than 15 months after the effective date of the Registration Statement, an earning statement (which need not be audited) in reasonable detail, covering a period of at least 12 consecutive months beginning after the effective date of the Registration Statement, which earning statement shall satisfy the requirements of Section 11(a) of the Act and Rule 158 of the Rules and Regulations and will advise you in writing when such statement has been so made available.

(vii) The Company will, for a period of five years from the Closing Date, deliver to the Representatives copies of annual reports and copies of all other documents, reports and information furnished by the Company to its stockholders or filed with any securities exchange pursuant to the requirements of such exchange or with the Commission pursuant to the Act or the Exchange Act.

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The Company will deliver to the Representatives similar reports with respect to significant subsidiaries, as that term is defined in the Rules and Regulations, which are not consolidated in the Company's financial statements.

(viii) No offering, sale, short sale or other disposition of any shares of Common Stock of the Company or other securities convertible into or exchangeable or exercisable for shares of Common Stock or derivative of Common Stock (or agreement for such) will be made for a period of 120 days after the date of this Agreement, directly or indirectly, by the Company otherwise than hereunder or with the prior written consent of Alex. Brown & Sons Incorporated. The foregoing sentence shall not apply to (A) options to purchase Common Stock granted or Common Stock issued under the Company's presently authorized stock option plans and equity incentive plans described in the Prospectus, (B) Common Stock issued upon exercise of the Warrant held by Monsanto Company as described in the Prospectus, and (C) Common Stock issued upon conversion of the Series A Preferred Stock held by Monsanto Company as described in the Prospectus.

(ix) The Company will use its best efforts to list, subject to notice of issuance, the Shares on the Nasdaq National Market.

(x) The Company has caused each officer, director and stockholder of the Company identified by the Representatives to furnish to you, on or prior to the date of this agreement, a letter or letters, in form and substance satisfactory to the Underwriters, pursuant to which each such person shall agree not to offer, sell, sell short or otherwise dispose of any shares of Common Stock of the Company or other capital stock of the Company, or any other securities convertible, exchangeable or exercisable for Common Shares or derivative of Common Shares owned by such person or request the registration for the offer or sale of any of the foregoing (or as to which such person has the right to direct the disposition of) for a period of 120 days after the date of this Agreement, directly or indirectly, except with the prior written consent of Alex. Brown & Sons Incorporated ('`Lockup Agreements``').

(xi) The Company shall apply the net proceeds of its sale of the Shares as set forth in the Prospectus.

(xii) The Company shall not invest, or otherwise use the proceeds received by the Company from its sale of the Shares in such a manner as would require the Company or any of the Subsidiaries to register as an investment company under the Investment Company Act of 1940, as amended (the ``1940 Act``').

(xiii) The Company will maintain a transfer agent and, if necessary under the jurisdiction of incorporation of the Company, a registrar for the Common Stock.

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(xiv) The Company will not take, directly or indirectly, any action designed to cause or result in, or that has constituted or might reasonably be expected to constitute, the stabilization or manipulation of the price of any securities of the Company.

5. Costs and Expenses.

Whether or not the transactions contemplated hereunder are consummated or this Agreement becomes effective or is terminated, the Company will pay and unless otherwise paid by the Company, the Selling Stockholders agree to pay, in such proportions as they may agree among themselves all costs, expenses and fees incident to the performance of the obligations of the Company under this Agreement, including, without limiting the generality of the foregoing, the following: accounting fees of the Company; the fees and disbursements of counsel for the Company; the cost of printing and delivering to, or as requested by, the Underwriters copies of the Registration Statement, Preliminary Prospectuses, the Prospectus, this Agreement, the Underwriters' Selling

Memorandum, the Underwriters' Invitation Letter, the Additional Listing Application, the Blue Sky Survey and any supplements or amendments thereto; the filing fees of the Commission; the filing fees incident to securing any required review by the National Association of Securities Dealers, Inc. (the "NASD") of the terms of the sale of the Shares; and the expenses, including the fees and disbursements of counsel for the Underwriters, incurred in connection with the qualification of the Shares under State securities or Blue Sky laws. The Company agrees to pay all costs and expenses of the Underwriters, including the fees and disbursements of counsel for the Underwriters, incident to the offer and sale of directed shares of the Common Stock by the Underwriters to employees and persons having business relationships with the Company and its Subsidiaries. The Company shall not, however, be required to pay for any of the Underwriters' expenses (other than those related to qualification under NASD regulation and State securities or Blue Sky laws). This Section 5 shall not affect any agreement relating to the payment of expenses between the Company and the Selling Stockholders.

6. Conditions of Obligations of the Underwriters.

The several obligations of the Underwriters to purchase the Firm Shares on the Closing Date and the Option Shares, if any, on the Option Closing Date are subject to the accuracy, as of the Closing Date or the Option Closing Date, as the case may be, of the representations and warranties of the Company contained herein, and to the performance by the Company of its covenants and obligations hereunder and to the following additional conditions:

(a) The Registration Statement and all post-effective amendment thereto shall have become effective and any and all filings required by Rule 424 and Rule 430A of the Rules and Regulations shall have been made, and any request of the Commission for additional information (to be included in the Registration Statement or otherwise) shall have been disclosed to the

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Representatives and complied with to their reasonable satisfaction. No stop order suspending the effectiveness of the Registration Statement, as amended from time to time, shall have been issued and no proceedings for that purpose shall have been taken or, to the knowledge of the Company, shall be contemplated by the Commission and no injunction, restraining order, or order of any nature by a Federal or state court of competent jurisdiction shall have been issued as of the Closing Date which would prevent the issuance of the Shares.

(b) The Representatives shall have received on the Closing Date or the Option Closing Date, as the case may be, the opinion of Orrick, Herrington & Sutcliffe, counsel for the Company, dated the Closing Date or the Option Closing Date, as the case may be, addressed to the Underwriters (and stating that it may be relied upon by counsel to the Underwriters) to the effect that:

(i) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

(ii) The Company has the full corporate power and corporate authority to own, lease and operate its business as described in the Prospectus; and the Company is duly qualified to do business as a foreign corporation and is in good standing in all jurisdictions in the United States in which the Company is required to be qualified and in which the failure so to qualify taken in the aggregate would have a material adverse effect on the business, operations or financial condition of the Company.

(iii) The outstanding shares of capital stock of the Company and the warrant issued to Monsanto Company have been duly and validly authorized and issued and are fully paid and nonassessable and free of preemptive rights and issued in compliance with all federal securities laws.

(iv) The Shares to be issued by the Company pursuant to the terms of the Underwriting Agreement will be, when duly countersigned by the Company's transfer agent and registrar and upon issuance and delivery against payment therefor in accordance with the terms thereof, duly authorized, validly issued and fully paid and nonassessable, and the shareholders of the Company have no preemptive rights with respect to the issuance of the Shares.

(v) The Underwriting Agreement has been duly authorized by all necessary corporate action on the part of the Company and has been duly executed and delivered by the Company.

(vi) The Registration Statement has become effective under the 1933 Act and, to the best of such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or, to the best of

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such counsel's knowledge, are pending or contemplated under the 1933 Act.

(vii) The documents incorporated by reference in the Prospectus (except for any financial statements and schedules and financial and statistical information included in such documents as to which such counsel need express no opinion), when they were filed with the Commission, complied as to form in all material respects with the requirements of the Exchange Act and the rules and regulations of the Commission thereunder.

(viii) The terms and provisions of the capital stock of the Company conform in all material respects to the description thereof contained in the Registration Statement and the Prospectus and the form of certificate evidencing the shares to be delivered hereunder are in due and proper form under Delaware law.

(ix) To the best of such counsel's knowledge, no authorization, consent, approval of or qualification with, any governmental authority is required for the performance by the Company of its obligations under the Underwriting Agreement, except such as have been made or obtained under the 1933 Act or such as may be required under state or other blue sky laws in connection with the purchase and distribution of the Shares (on which we express no opinion) by the Underwriters.

(x) To the best of such counsel's knowledge, all contracts, indentures, mortgages, loan agreements, leases, or other documents that are required to be filed as exhibits to the Registration Statement or required to be described in the Registration Statement, have been filed as Exhibits thereto or described therein.

(xi) The execution and delivery by the Company of, and performance by the Company of its obligations under, the Underwriting Agreement, do not conflict with or violate the Company's Amended and Restated Certificate of Incorporation or Bylaws, or to the best of such counsel's knowledge (1) constitute a breach of or constitute a default under, the affiliation arrangements, as defined in the Prospectus, and any agreement or other instrument binding upon the Company or any of its subsidiaries and identified to us by the Company as material, as set forth as Exhibits 10.1 to 10.51 to the Registration Statement, and (2) do not conflict with or violate any judgment, order or decree of any court or governmental authority against the Company or by which any of its properties is bound.

(xii) To the best of such counsel's knowledge, and except as disclosed in the Registration Statement and the Prospectus, there is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending or threatened

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against or affecting the Company which would require disclosure in the Prospectus.

(xiii) To the best of such counsel's knowledge, except as set forth in the Registration Statement and the Prospectus, no holders of securities of the Company have registration rights with respect to such securities.

(xiv) Except as disclosed in or specifically contemplated by the Prospectus, to the best of such counsel's knowledge, there are no outstanding options, warrants or other rights calling for the issuance of, and no commitments, plans or arrangements to issue, any shares of capital stock of the Company or any security convertible into or exchangeable for capital stock of the Company.

(xv) This Agreement and the Stockholders' Agreement have been duly authorized, executed and delivered by or on behalf of each Selling Stockholder; the Agent has been duly and validly authorized to act as the custodian of the Common Shares to be sold by each Selling Stockholder; to the best of such counsel's knowledge, the performance of this Agreement and the Stockholders' Agreement and the consummation of the transactions herein contemplated by each Selling Stockholder will not result in a breach of, or constitute a default under, any material indenture, mortgage, deed of trust, trust (constructive or other), loan agreement, lease, franchise, license or other material agreement or instrument to which each Selling Stockholder is a party or by which each Selling Stockholder or any of his properties may be bound, or violate any statute, judgment, decree, order, rule or regulation known to such counsel of any court or governmental body having jurisdiction over each Selling Stockholder or any of his properties; and to the best of such counsel's knowledge, no approval, authorization, order or consent of any court, regulatory body, administrative agency or other governmental body is required for the execution and delivery of this Agreement or the Stockholders' Agreement or the consummation by each Selling Stockholder of the transactions contemplated by this Agreement, except such as have been obtained and are in full force and effect under the Act and such as may be required under the rules of the NASD and applicable Blue Sky laws;

(xvi) To the best of such counsel's knowledge, each Selling

Stockholder has full right, power and authority to enter into this Agreement and the Stockholders' Agreement and to sell, transfer and deliver the Common Shares to be sold on such Closing Date by each Selling Stockholder hereunder and good and marketable title to such Shares so sold, free and clear of all liens encumbrances, equities, claims, restrictions, security interests, voting trusts, or other defects of title whatsoever, has been transferred to the Underwriters (whom counsel may assume to be bona fide purchasers) who have purchased such Shares hereunder; and

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(xvii) To the best of such counsel's knowledge, the Stockholders' Agreement are valid and binding agreements of each Selling Stockholder, enforceable in accordance with their terms except as enforceability may be limited by general equitable principles, bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally.

In rendering such opinion, such counsel may rely as to matters of local law on opinions of local counsel, and as to matters of fact, the certificate of officers of the Company and of governmental officials, in which case their opinion is to state that they are so doing and that the Underwriters are justified in relying on such opinions or certificates and copies of said opinions or certificates are to be attached to the opinion or delivered at the Closing. Such counsel shall also include statements to the effect that (1) such counsel believes that, as of the effective date of the Registration Statement, the Registration Statement and the Prospectus complied as to form in all material respects with the requirements of the 1933 Act; and (2) nothing has come to such counsel's attention that would lead such counsel to believe that either at the effective date of the Registration Statement or at the applicable Closing Date the Registration Statement or the Prospectus, or any such amendment or supplement, contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except that such counsel need not express such an opinion as to the financial statements, schedules and financial data contained in the Registration Statement or the Prospectus.

(c) The Representatives shall have received on the Closing Date or the Option Closing Date, as the case may be, the opinion of Knox Rickson, counsel for the Company and its Subsidiaries, dated the Closing Date or the Option Closing Date, as the case may be, addressed to the Underwriters (and stating that it may be relied upon by counsel to the Underwriters) to the effect that:

(i) Each of the Subsidiaries of the Company is a corporation duly organized, validly existing and in good standing under the laws of the State of California.

(ii) Each of the Subsidiaries of the Company has the full corporate power and corporate authority to own, lease and operate its business as described in the Prospectus; and each of the Subsidiaries of the Company is duly qualified to do business as a foreign corporation and is in good standing in all jurisdictions in the United States in which such subsidiary is required to be qualified and in which the failure so to qualify taken in the aggregate would have a material adverse effect on the business, operations or financial condition of the Company.

(iii) The outstanding shares of capital stock of each of the Subsidiaries of the Company have been duly and validly authorized and issued

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and are fully paid and nonassessable and free of preemptive rights and issued in compliance with all federal securities laws.

(d) The Representatives shall have received from Brobeck, Phleger & Harrison LLP, counsel for the Underwriters, an opinion dated the Closing Date or the Option Closing Date, as the case may be, substantially to the effect specified in subparagraphs (iv), (v) and (vi) of subparagraph (b) of this Section 6, and that the Company is a duly organized and validly existing corporation under the laws of the State of Delaware. In rendering such opinion Brobeck, Phleger & Harrison LLP may rely as to all matters governed other than by the laws of the State of California or Federal laws on the opinion of counsel referred to in Paragraph (b) of this Section 6. In addition to the matters set forth above, such opinion shall also include a statement to the effect that nothing has come to the attention of such counsel which leads them to believe that (i) the Registration Statement, or any amendment thereto, as of the time it became effective under the Act (but after giving effect to any modifications incorporated therein pursuant to Rule 430A under the Act) as of the Closing Date or the Option Closing Date, as the case may be, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and (ii) the Prospectus, or any supplement thereto, on the date it was filed pursuant to the Rules and Regulations and as of the Closing Date or the Option Closing Date, as the case may be, contained an untrue statement of a material fact or omitted to

state a material fact necessary in order to make the statements, in the light of the circumstances under which they are made, not misleading (except that such counsel need express no view as to financial statements, schedules and statistical information therein). With respect to such statement, Brobeck, Phleger & Harrison LLP may state that their belief is based upon the procedures set forth therein, but is without independent check and verification.

(e) The Representatives shall have received at or prior to the Closing Date from Brobeck, Phleger & Harrison LLP a memorandum or summary, in form and substance satisfactory to the Representatives, with respect to the qualification for offering and sale by the Underwriters of the Shares under the State securities or Blue Sky laws of such jurisdictions as the Representatives may reasonably have designated to the Company.

(f) The Representatives shall have received, on each of the dates hereof, the Closing Date and the Option Closing Date, as the case may be, a letter dated the date hereof, the Closing Date or the Option Closing Date, as the case may be, in form and substance satisfactory to you, of Deloitte & Touche LLP confirming that they are independent public accountants within the meaning of the Act and the applicable published Rules and Regulations thereunder and stating that in their opinion the financial statements and schedules examined by them and included in the Registration Statement comply in form in all material respects with the applicable accounting requirements of the Act and the related published Rules and Regulations; and containing such other statements and

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information as is ordinarily included in accountants' "comfort letters" to Underwriters with respect to the financial statements and certain financial and statistical information contained in the Registration Statement and Prospectus.

(g) You shall have received, on each of the dates hereof, the Closing Date and the Option Closing Date, as the case may be, in form and substance satisfactory to you, of Ernst & Young LLP confirming that they are independent public accountants within the meaning of the Act and the applicable published Rules and Regulations thereunder and stating that in their opinion the financial statements and schedules examined by them and included in the registration Statement comply in form in all material respects with the applicable accounting requirements of the Act and the related published Rules and Regulations; containing such other statements and information as is ordinarily included in accountants' "comfort letters" to Underwriters with respect to the financial statements and certain financial and statistical information contained in the Registration Statement and Prospectus.

(h) The Representatives shall have received on the Closing Date or the Option Closing Date, as the case may be, a certificate or certificates of the Chief Executive Officer and the Chief Financial Officer of the Company to the effect that, as of the Closing Date or the Option Closing Date, as the case may be, each of them severally represents as follows:

(i) The Registration Statement has become effective under the Act and no stop order suspending the effectiveness of the Registrations Statement has been issued, and no proceedings for such purpose have been taken or are, to his knowledge, contemplated by the Commission;

(ii) The representations and warranties of the Company contained in Section 1 hereof are true and correct as of the Closing Date or the Option Closing Date, as the case may be;

(iii) All filings required to have been made pursuant to Rules 424 or 430A under the Act have been made;

(iv) He or she has carefully examined the Registration Statement and the Prospectus and, in his or her opinion and to the best of his or her knowledge, as of the effective date of the Registration Statement, the statements contained in the Registration Statement were true and correct in all material respects, and such Registration Statement and Prospectus did not omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, and since the effective date of the Registration Statement, no event has occurred which should have been set forth in a supplement to or an amendment of the Prospectus which has not been so set forth in such supplement or amendment;

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(v) Since the respective dates as of which information is given in the Registration Statement and Prospectus, there has not been any material adverse change or any development involving a prospective material adverse change in or affecting the condition, financial or otherwise, of the Company and its Subsidiaries taken as a whole or the earnings, business, management, properties, assets, rights, operations, condition (financial or otherwise) or prospects (so far as the Company can reasonably foresee) of the Company and the Subsidiaries taken as a whole, whether or not arising in the ordinary course of business.

(i) The Representatives shall have received, on each of the dates hereof, the Closing Date and the Option Closing Date, as the case may be, in form and substance satisfactory to the Representatives, a certificate, dated such Closing Date and addressed to you, signed by or on behalf of the Selling Stockholders to the effect that the representations and warranties of the Selling stockholders in this Agreement are true and correct, as if made at and as of such Closing Date, and the Selling Stockholders have complied with all agreement and satisfied all the conditions on his part to be performed or satisfied prior to such Closing Date.

(j) Copies of opinions addressed to the Company dated the date before this Agreement is executed and also on the First Closing Date and the Second Closing Date, of (a) Middleberg, Riddle & Gianna, (b) Knox Ricksen, and (c) Farella Braun & Martel, all of which are counsel to the Company, with respect to various matters relating to the fire in the Company's Baton Rouge, Louisiana warehouse.

(k) The Company shall have furnished to the Representatives such further certificates and documents confirming the representations and warranties, covenants and conditions contained herein and related matters as the Representatives may reasonably have requested.

(l) The Firm Shares and Option Shares, if any, have been approved for designation upon notice of issuance on the Nasdaq National Market.

(m) The Lockup Agreements described in Section 4(x) are in full force and effect.

The opinions and certificates mentioned in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in all material respects satisfactory to the Representatives and to Brobeck, Phleger & Harrison LLP, counsel for the Underwriters.

If any of the conditions hereinabove provided for in this Section 6 shall not have been fulfilled when and as required by this Agreement to be fulfilled, the obligations of the Underwriters hereunder may be terminated by the Representatives by noting the Company of such termination in writing or by

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telegram at or prior to the Closing Date or the Option Closing Date, as the case may be.

In such an event, the Company and the Underwriters shall not be under any obligation to each other (except to the extent provided in Sections 5 and 8 hereof).

7. Conditions of the Obligations of the Company.

The obligations of the Company to sell and deliver the portion of the Shares required to be delivered as and when specified in this Agreement are subject to the conditions that at the Closing Date or the Option Closing Date, as the case may be, no stop order suspending the effectiveness of the Registration Statement shall have been issued and in effect or proceedings therefor initiated or threatened.

8. Indemnification.

(a) The Company and the Selling Stockholders, jointly and severally, agree to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of the Act, against any losses, claims, damages or liabilities to which such Underwriter or such controlling person may become subject under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto, (ii) any inaccuracy in the representations and warranties of the Company or the Selling Stockholders contained herein or any failure of the Company or the Selling Stockholders to perform its obligations hereunder or under law, or (iii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; and will reimburse each Underwriter and each such controlling person for any legal or other expenses reasonably incurred by such Underwriter or such controlling person in connection with investigating or defending any such loss, claim, damage, liability, action or proceeding or in responding to a subpoena or governmental inquiry related to the offering of the Shares, whether or not such Underwriter or controlling person is a party to any action or proceeding; provided, however, that neither the Company nor the Selling Stockholders will be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement, or omission or alleged omission made in the Registration Statement, any Preliminary Prospectus, the Prospectus, or such amendment or supplement, in reliance upon and in conformity with written information furnished to the

Company by or through the Representatives specifically for use in the preparation thereof. The Underwriters acknowledge that the Company and the Selling Stockholders intend to agree, as among themselves and without limiting the rights of the Underwriters under this

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Agreement, as to their respective amounts of such liability for which they each shall be responsible. This indemnity agreement will be in addition to any liability which the Company or the Selling Stockholders may otherwise have.

(b) Each Underwriter severally and not jointly will indemnify and hold harmless the Company, each of its directors, each of its officers who have signed the Registration Statement, each person, if any, who controls the Company within the meaning of the Act and the Selling Stockholders, against any losses, claims, damages or liabilities to which the Company, the Selling Stockholders or any such director, officer, or controlling person may become subject under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto, or (ii) the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made; and will reimburse any legal or other expenses reasonably incurred by the Company, the Selling Stockholders or any such director, officer, or controlling person in connection with investigating or defending any such loss, claim, damage, liability, action or proceeding; provided, however, that each Underwriter will be liable in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission has been made in the Registration Statement, any Preliminary Prospectus, the Prospectus or such amendment or supplement, in reliance upon and in conformity with written information furnished to the Company by or through the Representatives specifically for use in the preparation thereof. This indemnity agreement will be in addition to any liability which such Underwriter may otherwise have.

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to this Section 8, such person (the "indemnified party") shall promptly notify the person against whom such indemnity may be sought (the "indemnifying party") in writing. No indemnification provided for in Section 8(a) or (b) shall be available to any party who shall fail to give notice as provided in this Section 8(c) if the party to whom notice was not given was unaware of the proceeding to which such notice would have related and was materially prejudiced by the failure to give such notice, but the failure to give such notice shall not relieve the indemnifying party or parties from any liability which it or they may have to the indemnified party for contribution or otherwise than on account of the provisions of Section 8(a) or (b). In case any such proceeding shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party and shall pay as incurred the fees and disbursements of

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such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel at its own expense. Notwithstanding the foregoing, the indemnifying party shall pay as incurred (or within 30 days of presentation) the fees and expenses of the counsel retained by the indemnified party in the event (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them or (iii) the indemnifying party shall have failed to assume the defense and employ counsel acceptable to the indemnified party within a reasonable period of time after notice of commencement of the action. It is understood that the indemnifying party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm for all such indemnified parties. Such firm shall be designated in writing by you in the case of parties indemnified pursuant to Section 8(a) and by the Company in the case of parties indemnified pursuant to Section 8(b). The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent but if settled with such consent or if there be a final judgement for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. In addition, the indemnifying party will not, without the prior written consent of the indemnified party, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding of which indemnification may be sought hereunder (whether or not any indemnified party is an actual or potential party to such claim,

action or proceeding) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action or proceeding.

(d) If the indemnification provided for in this Section 8 is unavailable to or insufficient to hold harmless an indemnified party under Section 8(a) or (b) above in respect of any losses, claims, damages or liabilities (or actions or proceedings in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company and the Selling Stockholders on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, (or actions or proceedings in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company

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and the Selling Stockholders on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company and the Selling Stockholders bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company and the Selling Stockholders on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company, the Selling Stockholders and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Section 8(d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 8(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions or proceedings in respect thereof) referred to above in this Section 8(d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), (i) no Underwriter shall be required to contribute any amount in excess of the underwriting discounts and commissions applicable to the Shares purchased by such Underwriter, and (ii) no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this Section 8(d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) In any proceeding relating to the Registration Statement, any Preliminary Prospectus, the Prospectus or any supplement or amendment thereto, each party against whom contribution may be sought under this Section 8 hereby consents to the jurisdiction of any court already having jurisdiction over the Company or any Selling Stockholders.

(f) Any losses, claims, damages, liabilities or expenses for which an indemnified party is entitled to indemnification or contribution under this Section 8 shall be paid by the indemnifying party to the indemnified party as such losses, claims, damages, liabilities or expenses are incurred. The indemnity and contribution agreements contained in this Section 8 and the representations and warranties of the Company and the Selling Stockholders set forth in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Underwriter or any person controlling any Underwriter, the Company, its directors or officers or any persons controlling the Company or any Selling Stockholders, (ii) acceptance of any

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Shares and payment therefor hereunder, and (iii) any termination of this Agreement. A successor to any Underwriter, to the Company, its directors or officers, or any person controlling the Company or any Selling Stockholders, shall be entitled to the benefits of the indemnity, contribution and reimbursement agreements contained in this Section 8.

9. Default by Underwriters.

If on the Closing Date or the Option Closing Date, as the case may be, any Underwriter shall fail to purchase and pay for the portion of the Shares which such Underwriter has agreed to purchase and pay for on such date (otherwise than by reason of any default on the part of the Company, the Selling Stockholders, you, as Representatives of the Underwriters, shall use your reasonable efforts to procure within 36 hours thereafter one or more of the other Underwriters, or any others, to purchase from the Company or the Selling Stockholders such amounts as may be agreed upon and upon the terms set forth herein, the Firm Shares or Option Shares, as the case may be, which the defaulting Underwriter or Underwriters failed to purchase. If during such 36 hours you, as such Representatives, shall not have procured such other Underwriters, or any others, to purchase the Firm Shares or Option Shares, as the case may be, agreed to be purchased by the defaulting Underwriter or Underwriters, then (a) if the aggregate number of shares with respect to which such default shall occur does not exceed 10% of the Firm Shares or Option Shares, as the case may be, covered hereby, the other Underwriters shall be obligated, severally, in proportion to the respective numbers of Firm Shares or Option Shares, as the case may be, which they are obligated to purchase hereunder, to purchase the firm Shares or Option Shares, as the case may be, which such defaulting Underwriter or Underwriters failed to purchase, or (b) if the aggregate number of shares of Firm Shares or Option Shares, as the case may be, with respect to which such default shall occur exceeds 10% of the Firm Shares or Option Shares, as the case may be, covered hereby, the Company, the Selling Stockholders or you as the Representatives of the Underwriters will have the right, by written notice given within the next 36-hour period to the parties to this Agreement, to terminate this Agreement without liability on the part of the non-defaulting Underwriters or of the Company except to the extent provided in Section 8 hereof. In the event of a default by any Underwriter or Underwriters, as set forth in this Section 9, the Closing Date or Option Closing Date, as the case may be, may be postponed for such period, not exceeding seven days, as you, as Representatives, may determine in order that the required changes in the Registration Statement or in the Prospectus or in any other documents or arrangements may be effected. The term "Underwriter" includes any person substituted for a defaulting Underwriter. Any action taken under this Section 9 shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

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10. Notices.

All communications hereunder shall be in writing and, except as otherwise provided herein, will be mailed, delivered, telecopied or telegraphed and confirmed as follows: if to the Underwriters, to Alex. Brown & Sons Incorporated, 101 California Street, 46th Floor, San Francisco, California 94111, Attention: Peter B. Breck; with a copy (i) to Alex. Brown & Sons Incorporated, 135 East Baltimore Street, Baltimore, Maryland 21202, Attention: General Counsel and (ii) Brobeck, Phleger & Harrison LLP, One Market, Spear Street Tower, San Francisco, California 94105, Attention: Thomas A. Bevilacqua, Esq.; if to the Company or the Selling Stockholders, to Central Garden & Pet Company, 3697 Mount Diablo Boulevard, Suite 310, P.O. Box 899, Lafayette, California 94549, Attention: William E. Brown, with a copy to Orrick, Herrington & Sutcliffe, Old Federal Reserve Bank Building, 400 Sansome Street, San Francisco, California 94111, Attention John F. Seegal, Esq.

11. Termination.

Without limiting the right to terminate this Agreement pursuant to any other provision hereof:

(a) This Agreement may be terminated by the Company by notice to you or by you by notice to the Company at any time prior to the earlier of (i) the time the Shares are released by you for sale by notice to the Underwriters, or (ii) 11:30 a.m. on the first business day following the date of this Agreement;

(b) This Agreement may also be terminated by you at any time prior to the Closing Date if any of the following has occurred: (i) since the respective dates as of which information is given in the Registration Statement and the Prospectus, any material adverse change or any development involving a prospective material adverse change in or affecting the condition, financial or otherwise, of the Company and its Subsidiaries taken as a whole or the earnings, business, management, properties, assets, rights, operations, condition (financial or otherwise) or prospects of the Company and its Subsidiaries taken as a whole, whether or not arising in the ordinary course of business, (ii) any outbreak or escalation of hostilities or declaration of war or national emergency or other national or international calamity or crisis or change in economic or political conditions if the effect of such outbreak, escalation, declaration, emergency, calamity, crisis or change on the financial markets of the United States would, in your reasonable judgment, make it impracticable to market the Shares or to enforce contracts for the sale of the Shares, (iii) suspension of trading in securities generally on the New York Stock Exchange or the American Stock Exchange or limitation on prices (other than limitations on

hours or numbers of days of trading) for securities on either such Exchange, (iv) the enactment, publication, decree or other promulgation of any statute, regulation, rule or order of any court or other governmental authority which in your opinion materially and adversely affects or may materially and adversely affect the business or operations of the

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Company, (v) declaration of a banking moratorium by United States or New York State authorities, (vi) the suspension of trading of the Company's common stock by the Commission on the Nasdaq National Market or (vii) the taking of any action by any government body or agency in respect of its monetary or fiscal affairs which in your reasonable opinion has a material adverse effect on the securities markets in the United States; or

(c) as provided in Sections 6 and 9 of this Agreement.

12. Failure of the Selling Stockholder to Sell and Deliver.

If any of the Selling Stockholders shall fail to sell and deliver to the Underwriters the Shares to be sold and delivered by such Selling Stockholder at the Closing Date under the terms of this Agreement, then the Underwriters may, at their option, by written notice from you to the Company and the Selling Stockholders, either (i) terminate this Agreement without any liability on the part of any Underwriter or, except as provided in Sections 5 and 8 hereof, the Company or the Selling Stockholders, or (ii) purchase the shares which the Company has agreed to sell and deliver in accordance with the terms hereof. In the event of a failure by the Selling Stockholders to sell and deliver as referred to in this Section, either you or the Company shall have the right to postpone the Closing Date for a period not exceeding seven business days in order that the necessary changes in the Registration Statement, Prospectus and any other documents, as well as any other arrangements, may be effected.

13. Successors.

This Agreement has been and is made solely for the benefit of the Underwriters and the Company and their respective successors, executors, administrators, heirs and assigns, and the officers, directors and controlling persons referred to herein, and no other person will have any right or obligation hereunder. No purchaser of any of the Shares from any Underwriter shall be deemed a successor or assign merely because of such purchase.

14. Information Provided by Underwriters.

The Company and the Underwriters acknowledge and agree that the only information furnished or to be furnished by any Underwriter to the Company for inclusion in any Prospectus or the Registration Statement consists of the information set forth in the last paragraph on the front cover page (insofar as such information relates to the Underwriters), legends required by Item 502(d) of Regulation S-K under the Act and the information under the caption ``Underwriting'' in the Prospectus.

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15. Miscellaneous.

The reimbursement, indemnification and contribution agreements contained in this Agreement and the representations, warranties and covenants in this Agreement shall remain in full force and effect regardless of (a) any termination of this Agreement, (b) any investigation made by or on behalf of any Underwriter or controlling person thereof, or by or on behalf of the Company or its directors or officers and (c) delivery of and payment for the Shares under this Agreement.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Maryland.

Any Person executing and delivering this Agreement as Attorney-in-fact for any Selling Stockholder represents by so doing that he has been duly appointed as Attorney-in-fact by such Selling Stockholder pursuant to a validly existing and binding Power of Attorney which authorizes such Attorney-in-fact to take such action. Any action taken under this Agreement by the Attorney-in-fact will be binding on such Selling Stockholder.

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If the foregoing letter is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicates hereof, whereupon it will become a binding agreement among the Company, the Selling Stockholders and the several Underwriters in accordance with its terms.

Very truly yours,

CENTRAL GARDEN & PET COMPANY

By _____
William E. Brown
Chief Executive Officer

THE SELLING STOCKHOLDERS

By: _____
(Attorney-in-Fact)

The foregoing Underwriting Agreement is hereby confirmed and accepted as of the date first above written.

ALEX. BROWN & SONS INCORPORATED
HAMBRECHT & QUIST LLC
WASSERSTEIN PERELLA SECURITIES, INC.
As Representatives of the several Underwriters listed on Schedule I

By: Alex. Brown & Sons Incorporated

By: _____
Authorized Officer

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SCHEDULE I

Schedule of Underwriters

Underwriter	Number of Firm Shares to be Purchased From the Company	Number of Firm Shares to be Purchased From the Selling Stockholders
Alex. Brown & Sons Incorporated.....	1,500,000	
Hambrecht & Quist LLC....	1,500,000	
Wasserstein Perella Securities, Inc.....		
TOTAL	2,500,000	250,000

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June 28, 1996

Central Garden & Pet Company
3697 Mount Diablo Boulevard
Lafayette, CA 94549

Re: Central Garden & Pet Company
Registration Statement on Form S-3

Ladies and Gentlemen:

At your request, we are rendering this opinion in connection with a proposed sale by Central Garden & Pet Company, a Delaware corporation (the "Company") and William E. Brown and Glenn W. Novotny (the "Selling Stockholders") of up to 3,162,500 shares of common stock, \$0.01 par value (the "Common Stock").

We have examined instruments, documents, and records which we deemed relevant and necessary for the basis of our opinion hereinafter expressed. In such examination, we have assumed the following: (a) the authenticity of original documents and the genuineness of all signatures; (b) the conformity to the originals of all documents submitted to us as copies; and (c) the truth, accuracy, and completeness of the information, representations, and warranties contained in the records, documents, instruments, and certificates we have reviewed.

Based on such examination, we are of the opinion that the 2,752,500 shares of Common Stock to be issued and sold by the Company (of which up to 252,500 shares are to be issued to cover over-allotments, if any), are duly authorized and will be, when issued against payment of the purchase price therefor, legally issued, fully paid and nonassessable. The 410,000 shares of Common Stock to be sold by the Selling Stockholders (of which up to 160,000 shares are to be sold to cover over-allotments, if any) are duly authorized shares of Common Stock, and have been legally issued, fully paid, and nonassessable.

We hereby consent to the filing of this opinion as an exhibit to the above-referenced Registration Statement and to the use of our name wherever it appears in said Registration

[LETTERHEAD OF ORRICK, HERRINGTON & SUTCLIFFE]

Central Garden & Pet Company
June 28, 1996
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Statement, including the Prospectus constituting a part thereof, as originally filed or as subsequently amended or supplemented. In giving such consent, we do not consider that we are "experts" within the meaning of such term as used in the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission issued thereunder, with respect to any part of the Registration Statement, including this opinion as an exhibit or otherwise.

Very truly yours,

/s/ Orrick, Herrington & Sutcliffe
ORRICK, HERRINGTON & SUTCLIFFE

INDEPENDENT AUDITORS' CONSENT

Board of Directors
Central Garden & Pet Company
Lafayette, California

We consent to the use in this Registration Statement of Central Garden & Pet Company on Form S-3 of our reports dated October 27, 1995, appearing in the Prospectus, which is a part of this Registration Statement, and incorporated by reference in the Company's Annual Report on Form 10-K for the nine-month period ended September 30, 1995, and to the references to us under the headings "Selected Consolidated Financial and Operating Data" and "Experts" in such Prospectus.

Deloitte & Touche LLP
San Francisco, California
June 28, 1996

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated September 22, 1995, with respect to the financial statements of Kenlin Pet Supply, Inc. included in the Registration Statement (Form S-3 dated July 1, 1996) and related Prospectus of Central Garden & Pet Supply Company for the registration of 3,162,500 shares of its common stock.

Ernst & Young LLP

Hackensack, New Jersey
June 27, 1996