SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A

[X] ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 26, 1998	Commission File Number 0-20242

CENTRAL GARDEN & PET COMPANY
(Exact name of registrant as specified in its charter)

Delaware	68-0275553
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

3697 Mt. Diablo Boulevard, Lafayette, California 94549
(Address of principal executive offices) (Zip Code)
Telephone Number: (925) 283-4573

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

Title of each class	Name of each exchange on which registered
None	None

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:

Common Stock
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [_]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K ((S) 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [_]

At December 21, 1998, the aggregate market value of the registrant's Common Stock and Class B Stock held by non-affiliates of the registrant was approximately $364,562,000 and $131,000, respectively.

At December 21, 1998, the number of shares outstanding of registrant's Common Stock was 29,772,490. In addition, on such date the registrant had outstanding 1,661,762 shares of its Class B Stock which is convertible into Common Stock on a share-for-share basis.

DOCUMENTS INCORPORATED BY REFERENCE

Definitive Proxy Statement for the Company's 1999 Annual Meeting of Stockholders - Part III of this Form 10-K.

Central Garden & Pet Company

Index to Annual Report on Form 10-K

For the fiscal year ended September 26, 1998

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PART I

Item 1. Business

General

The Company is the leading national distributor of lawn and garden and pet supply products. The Company also offers a broadening array of proprietary branded lawn and garden and pet supply products, including Four Paws(R), Zodiac(R), Pennington(R), Kaytee(R), Nylabone(R) and Grant's(R). 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 chain stores and independent retailers as well as manufacturers.

The Company was incorporated in Delaware in June 1992 and is the successor to a California corporation which was incorporated in 1955. Unless the context otherwise requires, references herein to the Company include Central Garden & Pet Company and its subsidiaries, and their predecessor companies and subsidiaries. The Company's principal executive offices are located at 3697 Mt. Diablo Boulevard, Lafayette, California 94549 and its telephone number is (925) 283-4573.

Recent Developments

Acquisitions

In February 1998, the Company acquired Pennington Seed, Inc. ("Pennington"), a manufacturer of proprietary branded grass and wild bird seed and a manufacturer and distributor of lawn and garden products.

In December 1997, the Company acquired Kaytee Products Incorporated ("Kaytee"), a manufacturer of bird seed for caged and wild birds and of food for small animals.

In December 1997, the Company acquired TFH Publications, Inc. ("TFH"), the largest producer of pet books in the United States and the manufacturer of premium dog chews and edible bones under the brand name Nylabone(R).

Financial

In December 1997 and January 1998, the Company completed the sale of 8,050,000 shares of Common Stock. The net proceeds to the Company were approximately $201,171,000.

Other

Monsanto Company ("Monsanto") has announced that it intends to sell its Solaris lawn and garden business exclusive of its Roundup herbicide products for consumer use to The Scotts Company ("Scotts") and that it has entered into a separate, long-term, exclusive agreement pursuant to which Monsanto will continue to make Roundup herbicide products for consumer use and Scotts will market the products. Scotts has been for many years a substantial supplier to the Company and, in connection with its direct sales, a substantial purchaser of the Company's services. For additional information, see "Business--The Solaris Agreement" and "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview."

In October 1998, Pennington announced that it, in partnership with New Zealand's AgResearch Institute and the University of Georgia Research Foundation Inc., will produce, package and distribute endophyte-enhanced forage tall fescue grass varieties beginning in the summer of 2000.

Products

The Company offers its customers a comprehensive selection of brand name lawn, garden and pet 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, 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 and pet supply requirements from a single source. In fiscal 1998, substantially all of the Company's products had suggested retail prices of $20 or less.

In fiscal 1998, lawn and garden supplies accounted for approximately 60%, pet supplies accounted for approximately 16% and proprietary branded products accounted for approximately 24% of the Company's net sales.

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 September 26, 1998, the Company employed approximately 1,150 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.

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. The Company believes its customers also benefit from the in-depth local market knowledge of the Company's sales personnel, in-store stocking, training of store employees and other value added merchandising services. 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 and pet supplies 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 increase their direct purchases from manufacturers, the sales and earnings of the Company could be adversely affected.

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.

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 32% and 28% of the net sales of the Company for the fiscal years ended September 27, 1997 and September 26, 1998, respectively, were derived from products purchased from Solaris.

The Solaris Agreement

The Company entered into an agreement (the "Solaris Agreement") with Solaris effective October 1, 1995 to become the master agent and master distributor for sales of Solaris products nationwide. The Solaris Agreement runs through September 30, 1999.

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 prior to fiscal 1996, 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 Company believes that a significant portion of its net sales and operating income since October 1996 has been attributable to its 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 and could subject the Company to unanticipated losses. The relationship with Solaris embodied in the Solaris Agreement does not assure that the Company will be profitable overall.

Monsanto has announced that it intends to sell its Solaris lawn and garden business exclusive of its Roundup herbicide products for consumer use to The Scotts Company ("Scotts") and that it has entered into a separate, long-term, exclusive agreement pursuant to which Monsanto will continue to make Roundup herbicide products for consumer use and Scotts will market the products. Scotts has been for many years a substantial supplier to the Company and, in connection with its direct sales, a substantial purchaser of the Company's services.

The Company expects to enter into a new relationship with Scotts effective October 1, 1999. Since Scotts will then be the Company's largest lawn and garden customer by a substantial margin, the terms of this new arrangement will have a substantial impact on the Company's future profitability. There can be no assurance that the Company will be successful in negotiating and implementing a new relationship with Scotts or that the new relationship with Scotts will provide the Company with comparable profitability to the profitability it has experienced from its prior relationships with Solaris and Scotts.

The pending sale of the Solaris business by Monsanto and the approaching end of the Solaris Agreement subject the Company's lawn and garden business to significant uncertainties. These include the negotiation of new relationships with Scotts and the final accounting for all issues between the Company and Monsanto under the Solaris Agreement, such as the amounts receivable from Monsanto for cost reimbursements, payments for cost reductions and payments for services; the amounts payable to Monsanto for inventory; and responsibility for obsolete inventory and for non-payment by Solaris' direct sales accounts. The resolution of such uncertainties could have a material effect, either positive or negative, on the Company's results of operations.

Proprietary Branded Products

The principal lawn and garden product lines owned by the Company are the Pennington Seed line of grass seed and lawn care products, the Matthew's 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 Pennington Seed line of grass seed and lawn and garden products includes the trademarks Pennington Seed(R), Green Charm(R), Penkoted(R), Eliminator(R) and Procare(R). The Matthew's 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.

The principal pet supply product lines owned by the Company are the Four Paws line of animal products, the flea and tick protection products acquired from Sandoz, Kaytee bird seed and small animal food products, the TFH pet books and premium dog chews and edible bones, the Pennington branded wild bird seed and the Island Aquarium line of aquariums. In January 1997, the Company acquired Four Paws, one of the largest manufacturers of dog, cat, reptile and small animal products in the United States, including brand names such as Magic Coat(R) and Four Paws(R). Four Paws products are distributed throughout the United States, Canada, Europe and Asia. In May 1997, the Company acquired the United States and Canada flea and tick protection business of Sandoz. The acquisition includes ownership in the United States and Canada of Zodiac(R) and Vet-Kem(R) trademarks as well as those of Ovitrol(R), Siphotrol(R), Fleatrol(R) vIGRen(R), Petcor(R), Precor(R) and Natural Signature(R). These products which include on-animal sprays, shampoos and powders, collars, indoor foggers, aerosols, concentrates and pump-sprays are based on the active ingredient methoprene to which the Company has acquired exclusive rights in the United States and Canada. In connection with this acquisition, the Company acquired a manufacturing, formulation, packaging and research facility in Dallas, Texas and all existing inventory, along with a staff of highly trained technical professionals. In December 1997, the Company acquired Kaytee Products Incorporated, a manufacturer of bird seed for caged and wild birds and of food for small animals. In December 1997, the Company acquired TFH Publications, Inc., the largest producer of pet books in the United States and the manufacturer of premium dog chews and edible bones under the brand name Nylabone(R). In February 1998, the Company acquired Pennington Seed, Inc., a manufacturer of proprietary branded grass and wild bird seed and a manufacturer and distributor of lawn and garden products. Additionally, the Company manufactures aquariums sold under the brand name Island(R) Aquarium.

The Company intends to pursue the acquisition of additional proprietary branded products in both the lawn and garden and pet supply product industries which would benefit from access to the Company's distribution system and expertise and which the Company believes typically offer higher margins than distributed products.

In connection with the expansion of its proprietary branded products, the Company now currently operates 21 manufacturing facilities. In addition, certain of its proprietary branded products are manufactured by contract manufacturers. The Company also has a development team that is responsible for developing new products within existing proprietary branded product lines and the development of new proprietary branded product lines.

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 also uses a 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 generally within one business day.

The Company is in the process of replacing both computer hardware and new operating software for five companies it acquired during the past three years. The conversion to these new systems is scheduled for completion by June 30, 1999.

For additional information concerning the Company's management information systems, see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Year 2000."

Distribution

In order to develop the most effective possible national distribution network, the Company relies not only on its network of Company-operated distribution centers (see "-- Properties"), but also on its affiliation arrangements with two leading regional distributors of lawn and garden products and, in the case of Solaris products, on agreements with a group of 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 presently has affiliation agreements with Commerce LLC, a distributor serving the Northeast in which the Company has a one-third equity interest, and U.S. Garden Sales, a distributor serving Ohio and Michigan.

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 1998 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 30 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.

In February 1997, the Company entered into an agreement relating to joint development, marketing and distribution with HR Vet. The agreement provides HR Vet with exclusive United States and Canada sales and marketing rights for the Vet-Kem line of methoprene-based flea and tick products sold directly and exclusively through veterinarians, and acquired by the Company in the Sandoz Flea and Tick Acquisition. In addition, the Company received consumer marketing rights to certain HR Vet products.

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.

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. 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.

Employees

As of September 26, 1998, the Company had approximately 4,500 employees of which approximately 3,900 were full-time employees and 600 were temporary or part-time 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. Except for certain employees at TFH Publications, Inc., 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

Several of the Company's subsidiaries and many of the products distributed by the Company are subject to regulation by federal, state and local authorities. In addition, in connection with the Sandoz Flea and Tick acquisition, the Company acquired a production facility in Texas which makes, among other things, products based upon the active ingredient Methoprene, and is 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 that in the future 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.

Executive Officers

Certain information regarding the executive officers of the Company is set forth below:

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Name	Age	Position
William E. Brown......................	57	Chairman of the Board and Chief Executive Officer
Glenn W. Novotny......................	51	President, Chief Operating Officer and Director
Robert B. Jones.......................	66	Vice President, Chief Financial Officer and Secretary
Brooks M. Pennington III..............	44	Chief Executive Officer of Pennington Seed, Inc. and Director

</TABLE>

William E. Brown has been Chairman and Chief Executive Officer of the Company since 1980. 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.

Glenn W. Novotny has been President of the Company since June 1990 and was President of the predecessor Weyerhaeuser Garden Supply ("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.

Robert B. Jones joined the Company in July 1991 as Corporate Controller. He became Chief Financial Officer in June 1993 and Secretary in May 1994.

Brooks M. Pennington III joined the Company in February 1998 when the Company acquired Pennington Seed, Inc. Mr. Pennington has been the President and Chief Executive Officer of Pennington Seed, Inc. since June 1994, and prior thereto, he was the Senior Vice President, Legal, Finance and Administration of Pennington Seed, Inc.

Item 2. Properties

As of September 26, 1998, the Company operated 40 distribution centers totaling approximately 3,554,000 square feet and 21 manufacturing facilities totaling approximately 2,287,000 square feet. Most distribution centers consist of office and warehouse space, and several large bays for loading and unloading. Each distribution center provides warehouse, distribution, sales and support functions for its geographic area under the supervision of a regional manager. The Company's executive offices are located in Lafayette, California. The table below lists the Company's distribution facilities.

Western Region

- Phoenix, AZ
- Sacramento, CA(2)
- Santa Fe Springs, CA(2)
- Visalia, CA

Southeast Region

- Atlanta, GA
- Columbia, SC*
- Cullman, AL*
- Greensboro, NC
- Madison, GA*
- Miami, FL
- Orlando, FL
- Tampa, FL

Northwest Region

- Algona, WA
- Boise, ID
- Denver, CO
- Medford, OR
- Portland, OR
- Salt Lake City, UT

Midwest Region

- Bloomington, IL
- Greenfield, MO*
- Kansas City, MO
- Minneapolis, MN
- Wentzville, MO

Eastern Region

- China Grove, NC
- Mahwah, NJ
- Petersburg, VA*

Southwest Region

- Albuquerque, NM
- Dallas, TX(2)
- Hammond, LA
- Houston, TX(3)
- Little Rock, AR
- Lubbock, TX*
- McAlester, OK
- Ponchatoula, LA*
- San Antonio, TX

* company owned

The table below lists the Company's manufacturing facilities.

Abilene, KS*	Fontana, CA	Neptune City, NJ
Chilton, WI*	Greenfield, MO (2)*	Rialto, CA*
Cressona, PA*	Hauppauge, NY	Roll, AZ*
Dallas, TX*	Lebanon, OR*	San Leandro, CA
Damascus, OH	Longmont, CO*	Shady Dale, GA*
Eatonton, GA*	Madison, GA*	Sidney, NE*
El Centro, CA*		Stockton, CA

* company owned

The Company's leases generally expire between 1999 and 2006. 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 and warehousing, transportation and computer equipment. As of September 26, 1998, the Company operated a fleet of approximately 350 trucks of which most are leased. During the Company's peak season it rents additional trucks.

Item 3. Legal Proceedings

The Company is not a party to any material litigation.

Item 4. Submission of Matters to a Vote of Security Holders

Inapplicable.

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

The Common Stock of the Company has been traded on the Nasdaq National Market under the symbol CENT 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.

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	High	Low
Fiscal 1998		
First Quarter....................	32	25-3/4
Second Quarter....................	39-3/8	26
Third Quarter....................	40-1/16	27-3/8
Fourth Quarter....................	32-1/2	14-1/8
Fiscal 1997		
First Quarter....................	24-5/8	18-7/8
Second Quarter....................	28-3/4	16-1/8
Third Quarter....................	24-15/16	16-1/4
Fourth Quarter....................	31-1/16	20-1/2

</TABLE>

As of September 26, 1998, there were approximately 125 holders of record of the Company's Common Stock and 9 holders of record of the Company's Class B Stock.

In each of August 1996 and 1997, the Company paid cash dividends in the amount of $45,000 to the holders of its Series A Preferred Stock. The Series A Preferred Stock was converted into Common Stock in June 1998. Except as mentioned in the previous sentence, 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 restricts the Company's ability to pay dividends. See Note 4 of Notes to Consolidated Financial Statements.

Item 6. Selected Financial Data

The following selected income statement and balance sheet data of the Company as of and for the fiscal year ended December 25, 1994, the nine-month period ended September 30, 1995 and the fiscal years ended September 28, 1996, September 27, 1997 and September 26, 1998 have been derived from the Company's audited consolidated financial statements. The financial data set forth below should be read in conjunction with "Item 8 - Financial Statements and Supplemental Data - Consolidated Financial Statements of the Company and related Notes thereto and Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere herein.

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	Fiscal Year Ended December 25, 1994	Nine-Month Period Ended September 30, 1995(1)	Fiscal Year Ended September 28, 1996	Fiscal Year Ended September 27, 1997	Fiscal Year Ended September 26, 1998
	(in thousands, except per share data)				
Income Statement Data:					
Net sales (2).......................	$421,427	$373,734	$619,622	$841,007	$1,294,864
Cost of goods sold and occupancy.....	354,096	316,832	535,189	694,925	1,009,143
Gross profit.......................	67,331	56,902	84,433	146,082	285,721

Selling, general and administrative expenses	58,489	48,075	66,945	109,160	209,014
Other charges	-	-	-	-	11,003
Income from operations	8,842	8,827	17,488	36,922	65,704
Interest expense net	(5,642)	(5,891)	(4,061)	(6,554)	(7,609)
Other income (expense) net	(859)	(953)	1,038	-	-
Income before income taxes	2,341	1,983	14,465	30,368	58,095
Income tax expense	936	904	6,017	12,765	24,402
Net income	$ 1,405	$ 1,079	$ 8,448	$ 17,603	$ 33,693
Net income per common share (3)					
Diluted (4)		$ 0.18	$ 0.71	$ 1.07	$ 1.15
Basic	$ 0.24	$ 0.19	$ 0.74	$ 1.11	$ 1.18
Weighted average shares outstanding (3)					
Diluted (4)		5,972	11,904	19,970	33,007
Basic	5,947	5,774	11,430	15,832	28,502

<CAPTION>

	December 25, 1994	September 30, 1995	September 28, 1996	September 27, 1997	September 26, 1998
Balance Sheet Data:					
Working capital	$ 21,003	$ 25,316	$ 95,670	$253,926	$ 277,713
Total assets	173,953	142,680	283,664	559,043	928,700
Short-term borrowings	44,995	39,670	29,508	72	8,095
Long-term borrowings	7,019	11,130	7,635	115,200	125,125
Shareholders' equity	36,376	38,402	129,559	281,807	588,774

</TABLE>

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(1) In 1995, the Company changed its fiscal year end to the last Saturday in September. Accordingly, the fiscal period ended September 30, 1995 was a nine-month period.
(2) See Management's Discussion and Analysis of Financial Condition and Results of Operations herein for a discussion of sales fluctuations related to internal growth and business acquisitions for fiscal years 1998, 1997 and 1996.
(3) The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 128 in the first quarter of the fiscal year ending September 26, 1998. All share and per share amounts have been restated in accordance with the provisions of SFAS No. 128.
(4) For periods not presented diluted amounts were equal to basic as common stock equivalents were anti-dilutive.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The statements contained in this Form 10-K 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 the Company's filings with the Securities and Exchange Commission, including, without limitation, the factors discussed under the caption "Risk Factors" in the Company's Registration Statement on Form S-3 (Registration No. 333-41701), the factors discussed in this Form 10-K under the captions "Business--Retailers," "Business--The Solaris Agreement," "Business--Management Information Systems," "Business--Environmental Considerations" and "--Liquidity and Capital Resources," as well as those discussed elsewhere in this Form 10-K.

Overview

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 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 runs through September 30, 1999, the Company, in addition to serving as the master agent and master 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 1995 and prior, 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 consists of large shipments to retail distribution centers which are characterized by 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 as well as lower gross profit as a percentage of net sales.

In addition, under the Solaris Agreement, the Company's inventories of Solaris products have increased significantly since the Company is not only carrying inventories to support its own 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.

Monsanto has announced that it intends to sell its Solaris lawn and garden business exclusive of its Roundup herbicide products for consumer use to The Scotts Company ("Scotts") and that it has entered into a separate, long-term, exclusive agreement pursuant to which Monsanto will continue to make Roundup herbicide products for consumer use and Scotts will market the products. Scotts has been for many years a substantial supplier to the Company and, in connection with its direct sales, a substantial purchaser of the Company's services.

The Company expects to enter into a new relationship with Scotts effective October 1, 1999. Since Scotts will then be the Company's largest lawn and garden customer by a substantial margin, the terms of this new arrangement will have a substantial impact on the Company's future profitability. There can be no assurance that the Company will be successful in negotiating and implementing a new relationship with Scotts or that the new relationship with Scotts will provide the Company with comparable profitability to the profitability it has experienced from its prior relationships with Solaris and Scotts.

The pending sale of the Solaris business by Monsanto and the approaching end of the Solaris Agreement subject the Company's lawn and garden business to significant uncertainties. These include the negotiation of new relationships with Scotts and the final accounting for all issues between the Company and Monsanto under the Solaris Agreement, such as the amounts receivable from Monsanto for cost reimbursements, payments for cost reductions and payments for services; the amounts payable to Monsanto for inventory; and responsibility for obsolete inventory and for non-payment by Solaris' direct sales accounts. The resolution of such uncertainties could have a material effect, either positive or negative, on the Company's results of operations.

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		
	September 28, 1996	September 27, 1997	September 26, 1998
<S>	<C>	<C>	<C>
Net sales..	100.0%	100.0%	100.0%

Cost of goods sold and occupancy	86.4	82.6	77.9
Gross profit	13.6	17.4	22.1
Selling, general and administrative expenses	10.8	13.0	16.1
Other charges	0.0	0.0	0.9
Income from operations	2.8	4.4	5.1
Interest expense net	0.7	0.8	0.6
Other income (expense) net	0.2	0.0	0.0
Income before income taxes	2.3	3.6	4.5
Income taxes	0.9	1.5	1.9
Net income	1.4%	2.1%	2.6%

</TABLE>

Fiscal 1998 Compared with Fiscal 1997

Net sales for the year ended September 26, 1998 increased by 54.0% or $453.9 million to $1,294.9 million from $841.0 million for the year ended September 27, 1997. Of the $453.9 million increase, approximately $389.9 million was attributable to businesses acquired. The increase related to the existing business was attributable principally to the lawn and garden operations with modest increases in branded product sales offset in part by a decline in pet supplies distribution.

Gross profit increased by 95.6% or $139.6 million from $146.1 million during the year ended September 27, 1997 to $285.7 million for the comparable 1998 period. Gross profit as a percentage of net sales increased from 17.4% for fiscal year 1997 to 22.1% for fiscal year 1998. While gross profit from existing operations increased compared with 1997, a substantial portion of the total increase relates to newly acquired businesses. The increase in gross profit as a percentage of net sales is due principally to a larger proportion of higher margin branded product sales relative to total sales in fiscal 1997. The change in sales mix is primarily attributed to businesses acquired since October 1997.

For the year ended September 26, 1998, selling, general and administrative expenses increased by $99.8 million to $209.0 million from $109.2 million for the year ended September 27, 1997. Of the $99.8 million increase, approximately $91.9 million is attributable to newly acquired businesses. As a percentage of net sales, selling, general and administrative expenses increased from 13.0% in 1997 to 16.1% in 1998. This percentage increase relates to the branded product businesses acquired during fiscal 1998. This type of business has significantly higher operating costs as a percentage of sales than the lawn and garden and pet operations. Selling, general and administrative expenses as a percentage of net sales from existing operations decreased slightly from 13.0% for

fiscal 1997 to 12.9% for fiscal year 1998. As branded products become a greater percentage of total sales, selling, general and administrative expense as a percentage of net sales should continue to increase.

For the year ended September 26, 1998, the Company recorded other charges totaling $11.0 million. These charges related principally to (1) the closure of 11 of the Company's branch locations and (2) costs associated with professional and due diligence expenses principally related to a potential major acquisition that was not completed. Of the 11 operations which were closed, seven were related to the Company's pet supplies business; five in the Western U.S. and two in the Northeast market. The closure and consolidation of these operations into other existing pet supplies branches was principally due to the acquisition of regional pet retailers by two major pet retailers, and in the Northeast market the decision by one major retailer to purchase a larger percentage of their products either directly from manufacturers into its retail store locations or distribute these products through internal distribution centers. As a result of these actions, the overall market for the Company's pet supplies business in these geographic areas was reduced. The costs to realign and integrate the affected operations amounted to approximately $6.7 million. The Company believes that the closure of these locations will enable it to serve its customer base more cost effectively. The closure of two of the Company's Southern California garden branches was done in conjunction with the transfer of certain business previously shipped from the Company's Central California facility. The operations of these three branches were consolidated into a larger existing facility in Southern California. The Company believes that the move will reduce shipping costs within California while at the same time provide better service to its customers. The remaining branches which were closed related to the Company's vegetable seed distribution operation in Celaya, Mexico, and the consolidation of the Pennington Seed operation in Arkansas into the Company's branch in Arkansas. The Celaya branch was part of a larger acquisition made by the Company several years ago. Since the sale of vegetable seed has never been part of the Company's core business and revenues have remained modest with little growth potential, the Company elected to exit this business.

Net interest expense for the year ended September 26, 1998 increased by 16.1% or $1.1 million to $7.6 million from $6.6 million for the year ended September 27, 1997. The increase is due to higher average outstanding debt principally related to debt assumed on the businesses acquired since October 1997, offset in part by an increase in interest income. Interest income was earned from funds available as a result of the public offering of the Company's common stock completed in January 1998. Substantially all of these funds have been used to acquire businesses during fiscal 1998.

Average short-term borrowings for fiscal 1998 were $42.8 million compared with $9.2 million for fiscal 1997. The average interest rates for the fiscal years ended September 26, 1998 and September 27, 1997 were 8.7% and 7.4%, respectively.

The Company's effective income tax rate was 42% for both fiscal years.

Fiscal 1997 Compared with Fiscal 1996

Net sales for the year ended September 27, 1997 increased by 35.7% or $221.4 million to $841.0 million from $619.6 million for the year ended September 28, 1996. Of the $221.4 million increase, approximately $146.5 million was attributable to businesses acquired subsequent to October 1, 1995. The increase related to the existing business was attributable principally to the lawn and garden operations with modest sales increases in both the pet and branded areas of the Company's operations.

Gross profit increased by 73.0% or $61.6 million from $84.4 million during the year ended September 28, 1996 to $146.1 million for the same period in 1997. Gross profit as a percentage of net sales increased from 13.6% for the year ended September 28, 1996 to 17.4% for the comparable 1997 period. While the existing operations reported a modest increase in gross margin as a percentage of net sales, the increase is due principally to a greater percentage of higher margin pet and branded sales relative to total sales than was the case in fiscal 1996. The change in sales mix is primarily attributable to the newly acquired businesses.

For the year ended September 27, 1997, selling, general and administrative expenses increased by $42.3 million to $109.2 million from $66.9 million for the comparable 1996 period. The increase in selling, general and administrative expenses is attributable to a combination of increased sales and the addition of the newly acquired businesses. As a percentage of net sales, operating expenses increased from 10.8% in the twelve months ended

September 28, 1996 to 13.0% for the similar 1997 period. This percentage increase relates principally to the pet and branded product operations which have significantly higher operating costs as a percentage of sales than the lawn and garden operations. As these two product areas become a greater percentage of total sales, selling, general and administrative expense as a percentage of net sales will continue to increase.

Interest expense-net for the year ended September 27, 1997 increased by 61.4% or $2.5 million to $6.6 million from $4.1 million for the year ended September 28, 1996. The increase is due principally to the issuance of $115,000,000, 6% convertible notes in November 1996 offset, in part, by interest income earned from funds available resulting from proceeds from the issuance of both the convertible notes and a public offering of the Company's common stock in July 1997. Average borrowings for fiscal 1997 were $105.2 million compared with $28.2 million for the comparable 1996 period. The average interest rates for the fiscal years ended September 27, 1997 and September 28, 1996 were 7.4% and 10.5%, respectively.

The Company's effective income tax rate for fiscal 1997 was 42.0% compared with 41.6% for the similar 1996 period.

Impact of Year 2000

State of Readiness. In early 1998, the Company conducted an overall assessment of its computer systems, including Year 2000 readiness. Based on this assessment, the Company has developed a plan to deal with the Year 2000 Issue, which covers both systems and vendor/customer issues. The plan includes both upgrades to or replacement of current systems to bring all of the Company's systems into compliance. Many of the existing information systems used by subsidiaries or divisions acquired by the Company are being replaced, primarily in response to business reasons apart from the Year 2000 Issue.

The Company will use primarily internal resources to reprogram or replace and test its information systems for Year 2000 compliance. In addition, the Company will use certain external resources to replace outdated information systems at certain of its subsidiaries' operations. The Company expects that the majority of the systems changes will be complete by early 1999, and that the remaining issues will be resolved by the summer of 1999.

The plan developed to address vendor and customer issues includes systems integration, testing and communication strategies. The Company has begun the process of initiating formal communications with significant vendors and customers to determine the extent to which the Company may be vulnerable to a failure by any of these third parties to remediate their own Year 2000 Issues. The Company is currently testing electronic data transmissions to and from its major vendors and customers to ensure Year 2000 compliance. The Company expects to conclude this testing by early 1999. In addition to vendors and customers, the Company also relies upon governmental agencies, utility companies, telecommunication service companies and other service providers outside of the Company's control. There can be no assurance that the Company's vendors or customers, governmental agencies or other third parties will not suffer a Year 2000 business disruption that could have a material adverse effect on the

Company's results of operations or financial position.

Costs to Address the Year 2000 Issue. To date, the Company has incurred no significant incremental costs addressing Year 2000 Issues, although it has incurred costs, independent of the Year 2000 Issue, relating to the implementation of new systems for certain subsidiaries. The Company has no separate budget and none is currently planned for Year 2000 Issues. The Company does not expect expenditures relating to the Year 2000 Issue to be material or to have a significant impact on the Company's results of operations or financial position.

Risks Presented by the Year 2000 Issue. The Company presently believes that with the planned upgrades and implementation of new systems and software, the Year 2000 Issue will not pose significant operational problems for its computer systems. However, if such conversions are not made, or are not completed in a timely manner, the Year 2000 Issue could have a material impact on the operations of the Company. In addition, if any third parties who provide goods or services essential to the Company's business activities fail to address appropriately their Year 2000 Issues, such failure could have a material adverse effect on the Company's results of operations or financial position.

Contingency Plans. The Company's Year 2000 plan includes the development of contingency plans in the events that the Company has not completed all of its remediation plans in a timely manner or any third parties who provide goods or services essential to the Company's business fail to appropriately address their Year 2000 issues. The Company expects to conclude the development of these contingency plans by the end of the third quarter of 1999.

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.

Liquidity and Capital Resources

The Company has financed its growth through a combination of bank borrowings, supplier credit, internally generated funds and sales of securities to the public. The Company received net proceeds (after offering expenses) of approximately $431.0 million from its five public offerings of common stock in July 1993, November 1995, July 1996, August 1997 and January 1998. In November 1996, the Company completed the sale of $115 million 6% subordinated convertible notes generating approximately $112 million net of underwriting commissions.

The Company's business is highly seasonal and its working capital requirements and capital resources track closely to this seasonal pattern. During the first fiscal quarter accounts receivable reach their lowest level while inventory, 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, this quarter 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. During the second fiscal quarter, receivables, 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 third fiscal quarter, principally due to the Solaris Agreement, inventory levels remain relatively constant while accounts receivable peak and short-term borrowings start to decline as cash collections are received during the peak-selling season. During the fourth fiscal quarter, inventory levels are at their lowest, and accounts receivable and payables are substantially reduced through conversion of receivables to cash.

For the twelve months ended September 26, 1998, the Company generated cash from operating activities of $30.8 million. Net cash used in investing activities of $238.8 million resulted from acquisitions and equity investments during the first and second fiscal quarters and the acquisition of office and warehouse equipment. Cash generated from financing activities of $118.2 million consisted principally of net proceeds from the sale of 8,050,000 shares of the Company's stock in December 1997 and January 1998, less repayment of $20.4 million of long-term debt and approximately $63.9 million of short-term debt.

The Company has a $150.0 million line of credit through December 31, 1998 and $100 million thereafter with Congress Financial Corporation (Western). The available amount under the line of credit fluctuates based upon a specific asset-borrowing base. The line of credit bears interest at a rate equal to the prime rate per annum and is secured by substantially all of the Company's assets. At September 26, 1998, the Company had $6.9 million of outstanding borrowings and had $143.1 million of available borrowing capacity under this line. 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 substantial acquisition of a business. In connection with the acquisition of three companies in fiscal 1998, the Company assumed combined lines of credit aggregating $86.7 million, of which $60.0 million was available on the one line of credit that remains outstanding from these acquisitions at September 26, 1998. Interest related to this line is based on a rate either equal to the prime rate or LIBOR plus .875%, at the Company's option.

The Company believes that cash flow from operations and funds available under its lines of credit 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 $10.0 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.

Weather and Seasonality

Historically, the Company's sales of lawn and garden products have been influenced by weather and climate conditions in the markets it serves. For example, during the first six months of 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. In fiscal 1998, approximately 66% of the Company's sales occurred in the first six months of the calendar year. Substantially all of the Company's operating income is typically generated in this period which has historically offset the operating losses incurred during the first fiscal quarter of the year.

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

The Company is exposed to market risks, which include changes in U.S. interest rates and commodity prices and, to a lesser extent, foreign exchange rates. The Company does not engage in financial transactions for trading or speculative purposes.

Interest Rate Risk. The interest payable on the Company's bank line of credit is based on variable interest rates and therefore affected by changes in market interest rates. If interest rates on existing variable rate debt rose 85 basis points, the Company's results from operations and cash flows would not be materially affected. In addition, the Company has fixed income investments consisting of cash equivalents and short-term investments in marketable debt securities, which are also affected by changes in market interest rates. The Company does not use derivative financial instruments in its investment portfolio.

Commodity Prices. The Company is exposed to fluctuation in market prices for grains, bird seed and grass seed. To protect against changes in market prices, the Company purchases futures contracts for grains, bird seed and grass seed.

Foreign Currency Risks. The Company has minimal sales outside of the United States and, therefore, has only minimal exposure to foreign currency exchange risks. The Company does not hedge against foreign currency risks and believes that foreign currency exchange risk is immaterial.

Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

<TABLE>
<CAPTION>
Central Garden & Pet Company

</TABLE>

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 and subsidiaries (the "Company") as of September 26, 1998 and September 27, 1997, and the related consolidated statements of income, shareholders' equity and cash flows for each of the fiscal years in the three-year period ended September 26, 1998. 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 as of September 26, 1998 and September 27, 1997, and the results of their operations and their cash flows for each of the fiscal years in the three-year period ended September 26, 1998 in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP

San Francisco, California
December 18, 1998

CENTRAL GARDEN & PET COMPANY

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

<S>	September 26, 1998 <C>	September 27, 1997 <C>
	(dollars in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 10,328	$100,125
Accounts receivable, less allowance for doubtful accounts of $6,458 and $5,204	142,293	85,028
Inventories	292,809	218,796
Prepaid expenses and other assets	26,884	10,470
Total current assets	472,314	414,419
Land, buildings, improvements and equipment:		
Land	5,138	2,216
Buildings and improvements	37,929	8,935
Transportation equipment	5,873	3,968
Machinery and warehouse equipment	41,319	12,748
Office furniture and equipment	21,928	12,541
Total	112,187	40,408
Less accumulated depreciation and amortization	25,805	17,720
Land, buildings, improvements and equipment--net	86,382	22,688
Goodwill	339,430	113,018
Other assets	30,574	8,918
Total	$928,700	$559,043
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 6,956	$ 72
Accounts payable	153,739	136,220
Accrued expenses	32,767	24,201
Current portion of long-term debt	1,139	--
Total current liabilities	194,601	160,493
Long-term debt	125,125	115,200
Deferred income taxes and other long-term obligations	20,200	1,543
Commitments and contingencies (Note 10)	--	--
Shareholders' equity:		
Series A convertible preferred stock	--	--
Class B stock	16	16
Common stock	298	191
Additional paid-in capital	519,933	245,783
Retained earnings	69,984	36,291
Restricted stock deferred compensation	(39)	(110)
Treasury stock	(1,418)	(364)
Total shareholders' equity	588,774	281,807
Total	$928,700	$559,043

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</TABLE>

See notes to consolidated financial statements.

CENTRAL GARDEN & PET COMPANY

CONSOLIDATED STATEMENTS OF INCOME

<TABLE>
<CAPTION>

	Fiscal Year Ended		
	September 26, 1998	September 27, 1997	September 28, 1996
	(in thousands, except per share amounts)		
<S>	<C>	<C>	<C>
Net sales..................................	$1,294,864	$841,007	$619,622
Cost of goods sold and occupancy............	1,009,143	694,925	535,189
Gross profit............................	285,721	146,082	84,433
Selling, general and administrative expenses.	209,014	109,160	66,945
Other charges...............................	11,003	--	--
Income from operations...................	65,704	36,922	17,488
Interest expense -- net......................	7,609	6,554	4,061
Other income -- net.........................	--	--	1,038
Income before income taxes...............	58,095	30,368	14,465
Income taxes...............................	24,402	12,765	6,017
Net income.................................	$ 33,693	$ 17,603	$ 8,448
Net income per common share:			
Basic....................................	$ 1.18	$ 1.11	$ .74
Diluted..................................	$ 1.15	$ 1.07	$ .71
Weighted average shares outstanding:			
Basic....................................	28,502	15,832	11,430
Diluted..................................	33,007	19,970	11,904

</TABLE>

See notes to consolidated financial statements.

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)			
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, October 1, 1995.........	100	--	2,178,874	$22	3,606,964	$ 36
Amortization, restricted stock deferred compensation...........						
Treasury stock...................						
Conversion of Class B stock into common stock..............			(245,299)	(3)	245,299	3
Issuance of common stock.........					8,710,258	86
Net income.......................						
Preferred dividends paid.........						
Balance, September 28, 1996......	100	--	1,933,575	19	12,562,521	125
Amortization, restricted stock deferred compensation...........						
Conversion of Class B stock into common stock..............			(270,408)	(3)	270,408	3
Issuance of common stock.........					6,310,396	63
Net income.......................						
Preferred dividend paid..........						
Redemption of stock warrant......						
Balance, September 27, 1997......	100	--	1,663,167	16	19,143,325	191
Amortization, restricted stock deferred compensation...........						

Tax benefit from exercise of stock options..................						
Conversion of Class B stock into common stock..............			(1,405)		1,405	
Conversion of Class A preferred stock into common stock.........	(100)	--			100,000	
Issuance of common stock.........					10,473,800	107
Treasury stock..................						
Net income......................						
Balance, September 26, 1998......	--	$ --	1,661,762	$16	29,718,530	$298

<CAPTION>

	Additional Paid-in Capital	Retained Earnings	Restricted Stock Deferred Compensation	Treasury Stock Shares	Treasury Stock Amount	Total
			(dollars in thousands)			
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, October 1, 1995.........	$ 28,267	$10,330	$(253)	--	$ --	$ 38,402
Amortization, restricted stock deferred compensation...........			71			71
Treasury stock..................				(26,000)	(364)	(364)
Conversion of Class B stock into common stock..............						--
Issuance of common stock.........	82,961					83,047
Net income......................		8,448				8,448
Preferred dividends paid.........		(45)				(45)
Balance, September 28, 1996......	111,228	18,733	(182)	(26,000)	(364)	129,559
Amortization, restricted stock deferred compensation...........			72			72
Conversion of Class B stock into common stock..............						--
Issuance of common stock.........	141,571					141,634
Net income......................		17,603				17,603
Preferred dividend paid..........		(45)				(45)
Redemption of stock warrant......	(7,016)					(7,016)
Balance, September 27, 1997......	245,783	36,291	(110)	(26,000)	(364)	281,807
Amortization, restricted stock deferred compensation...........			71			71
Tax benefit from exercise of stock options..................	2,566					2,566
Conversion of Class B stock into common stock..............						--
Conversion of Class A preferred stock into common stock.........						--
Issuance of common stock.........	271,584					271,691
Treasury stock..................				(46,000)	(1,054)	(1,054)
Net income......................		33,693				33,693
Balance, September 26, 1998......	$519,933	$69,984	$ (39)	(72,000)	$(1,418)	$588,774

</TABLE>

See notes to consolidated financial statements.

CENTRAL GARDEN & PET COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	Fiscal Year Ended September 26, 1998	Fiscal Year Ended September 27, 1997	Fiscal Year Ended September 28, 1996
		(in thousands)	
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net income..	$ 33,693	$ 17,603	$ 8,448
Adjustments to reconcile net income to net cash provided (used) by operating activities:			
Depreciation and amortization......................	16,114	5,373	3,057
Deferred income taxes..............................	5,918	983	596
Gain on sale of land, building and improvements.....	(107)	72	(260)
Changes in assets and liabilities:			
Receivables....................................	3,851	(7,107)	(15,959)
Inventories....................................	16,637	(20,830)	(89,454)
Prepaid expenses and other assets................	(1,396)	(1,322)	(154)
Accounts payable................................	(24,830)	18,853	57,750
Accrued expenses................................	(22,374)	(3,413)	4,166

Other long-term obligations	3,324	--	(595)
Net cash provided (used) by operating activities	30,830	10,212	(32,405)
Cash flows from investing activities:			
Additions to land, buildings, improvements and equipment	(18,904)	(4,605)	(3,015)
Proceeds from sale of land, buildings, improvements and equipment	--	--	3,676
Payments to acquire companies, net of cash acquired	(219,892)	(96,793)	(34,950)
Net cash used by investing activities	(238,796)	(101,398)	(34,289)
Cash flows from financing activities:			
Repayments of notes payable, net	(63,859)	(27,832)	(10,067)
Payments on long-term debt	(20,375)	(14,247)	(3,590)
Payments to reacquire stock	(1,054)	--	(364)
Payment to redeem warrant	--	(7,016)	--
Proceeds from issuance of long-term debt	--	111,227	--
Proceeds from issuance of stock	203,457	127,952	81,889
Preferred dividends paid	--	(45)	(45)
Net cash provided by financing activities	118,169	190,039	67,823
Net increase (decrease) in cash	(89,797)	98,853	1,129
Cash at beginning of year	100,125	1,272	143
Cash at end of year	$ 10,328	$ 100,125	$ 1,272
Supplemental information:			
Cash paid for interest	$ 8,216	$ 7,049	$ 3,141
Cash paid for income taxes	28,847	12,682	4,115
Assets (excluding cash) acquired through purchase of subsidiaries	222,710	58,280	18,169
Liabilities assumed through purchase of subsidiaries.	171,969	34,897	2,318

</TABLE>

See notes to consolidated financial statements.

CENTRAL GARDEN & PET COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fiscal Years Ended September 26, 1998, September 27, 1997
and September 28, 1996

1. Organization and Significant Accounting Policies

Organization -- Central Garden & Pet Company, a Delaware corporation, and subsidiaries (the "Company"), is the leading national distributor of lawn and garden and pet supply products. The Company also offers an array of proprietary branded lawn and garden and pet supply products. 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.

The Solaris Agreement -- The Company entered into an agreement effective October 1, 1995 with The Solaris Group ("Solaris"), a strategic business unit of Monsanto Company, the manufacturer of Ortho, Round-up and Green Sweep lawn and garden products (the "Solaris Agreement"). Under the Solaris Agreement, which has an initial four year term, the Company, in addition to serving as the master agent and master 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. 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. In June 1998, pursuant to the terms of the agreement, the Company was notified that the agreement will be terminated on September 30, 1999.

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

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition -- Sales are recorded, net of estimated returns and discounts, when merchandise is shipped from Company warehouses, because title passes to its customer and the Company has no further obligations to provide services related to such merchandise. 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.

Other Charges -- In fiscal 1998, the Company recorded other charges totaling $11.0 million. These charges include approximately $6.7 million in costs related to the closure of 11 of the Company's branch locations and approximately $4.3 million in costs associated with professional and due diligence expenses principally related to a potential major acquisition that was not completed. Of the $6.7 million of closure related costs, there were approximately $0.9 million of accrued liabilities at September 26, 1998 for remaining facility operating lease obligations.

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

Cash and cash equivalents include all highly liquid debt instruments purchased with a maturity of three months or less at the date of acquisition.

Inventories, which primarily consist of garden products and pet supplies finished goods 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 shorter of the useful life of the asset or 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 periods ranging from 20 to 40 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. Accumulated amortization totaled $12,516,000 and $4,558,000 at September 26, 1998 and September 27, 1997, respectively.

Fair Value of Financial Instruments -- At September 26, 1998 and September 27, 1997, the carrying amount of cash and cash equivalents, accounts receivable, accounts payable and non convertible debt approximates its fair value. The fair value of the Company's convertible subordinated notes was $101,217,000 and $138,575,000 at September 26, 1998 and September 27, 1997, respectively, which was computed by using quoted market prices.

Reclassifications -- Certain 1996 and 1997 balances have been reclassified to conform with the 1998 presentation.

New Accounting Pronouncements -- In February 1997, the Financial Accounting Standards Board issued SFAS No. 128, "Earnings per Share." The Company adopted SFAS 128 in December 1997. Basic earnings per share is computed by dividing net earnings by the weighted average number of common shares outstanding each period. Diluted earnings per share is computed by dividing net earnings by the diluted weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution from common shares issuable through stock options, convertible notes and convertible preferred stock.

The following is a reconciliation of the numerators and denominators of the basic and diluted earnings per-share (EPS) computations:

<TABLE>
<CAPTION>

	Fiscal Year Ended September 26, 1998			Fiscal Year Ended September 27, 1997			Fiscal Year Ended September 28, 1996		
	Income	Shares	Per Share	Income	Shares	Per Share	Income	Shares	Per Share
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Basic EPS:									
Net income	$33,693			$17,603			$8,448		
Stock dividend payment				(45)			(45)		
Net income available to common stock	33,693	28,502	$1.18	17,558	15,832	$1.11	8,403	11,430	$.74
Effect of dilutive securities:									
Options to purchase common stock		324			473			374	
Convertible notes	4,314	4,107		3,730	3,565				
Series A convertible preferred stock		74			100			100	

Diluted EPS:									
Net income attributed to common shareholders...........	$38,007	33,007	$1.15	$21,288	19,970	$1.07	$8,403	11,904	$.71

</TABLE>

In June 1997, the Financial Accounting Standards Board issued SFAS No. 130, "Reporting Comprehensive Income," which requires that an enterprise report, by major components and as a single total, the change in its net assets during the period from nonowner sources; and No. 131, "Disclosures about Segments of an Enterprise and Related Information," which establishes annual and interim reporting standards for an enterprise's operating segments and related disclosures about its products, services, geographic areas, and major customers. Adoption of these statements will not impact the Company's consolidated financial position, results of operations or cash flows, and any effect will be limited to the form and content of its disclosures. Both statements are effective for fiscal years beginning after December 15, 1997.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in either assets or liabilities. This statement is effective for fiscal years beginning after June 15, 1999 and is not to be applied retroactively to financial statements for prior periods. If adopted at September 26, 1998, the application of the standard would not have had a material effect on the Company's consolidated financial position or results of operations.

2. Acquisitions

Fiscal 1996

In July 1996, the Company acquired the pet supply distribution operations of Kenlin Pet Supply, Inc. ("Kenlin") and Longhorn Pet Supply ("Longhorn"). The aggregate cash purchase price of these acquisitions was approximately $34,560,000, which exceeded the fair market value of the net assets acquired by $18,540,000, which was recorded as goodwill and is being amortized on a straight-line basis over 40 years.

Fiscal 1997

In January 1997, the Company acquired Four Paws Products, Ltd., a manufacturer of branded dog, cat, reptile and small animal products, for $55,000,000, including the issuance of 449,944 shares of common stock at a value of $10,000,000. The purchase price exceeded the fair market value of net assets acquired by $39,607,000, which was recorded as goodwill and is being amortized on a straight-line basis over 40 years.

In February 1997, the Company's wholly owned Kenlin Pet Supply subsidiary acquired the pet supplies business of Country Pet Supply, N.W., Inc., a distributor of pet supply and pet food products. In March 1997, the Company acquired a 33.3% equity interest in Commerce, a distributor of lawn and garden products. In May 1997, the Company acquired Ezell Nursery Supply, Inc., a distributor of lawn and garden, barbecue and patio products. The purchase price for these three acquisitions totaled $24,438,000, including the issuance of 193,104 shares of common stock at a value of $3,645,000. The purchase price exceeded the fair market value of net assets acquired by $18,683,000, which was recorded as goodwill and is being amortized on a straight-line basis over 40 years.

In May 1997, the Company completed its acquisition of the United States and Canada flea and tick business of Sandoz Agro, Inc., for $31,000,000, which exceeded the fair market value of net assets acquired by $22,205,000, which was recorded as goodwill and is being amortized on a straight-line basis over 40 years. The acquisition includes all methoprene-based products produced by Sandoz for use in the U.S. and Canada, and certain other specialty products.

The fiscal 1997 net assets acquired were based on preliminary estimates and included liabilities totaling $6.7 million related to the planned closures of facilities and involuntary termination benefits, of which $.9 and $5.5 million remained outstanding at September 26, 1998 and September 27, 1997, respectively. The reduction from 1997 to 1998 reflects cash payments of $.9 million and a purchase price allocation adjustment of $3.7 million.

Fiscal 1998

In December 1997, the Company acquired Kaytee Products Incorporated

("Kaytee"), one of the nation's largest manufacturers of bird and small animal food. Under the terms of the agreement, the Company paid approximately $50 million. An additional payment not to exceed $3 million, may be made based on future earnings of Kaytee. The purchase price of Kaytee exceeded the fair value of net assets acquired by approximately $46 million which was recorded as goodwill and is being amortized on a straight-line basis over 40 years. The fair value of net assets acquired are based on preliminary estimates which are subject to change.

In December 1997, the Company acquired TFH Publications, Inc. ("TFH"), a manufacturer of premium dog chews and the largest producer of pet books in the U.S. Under the terms of the agreement, the Company paid approximately $71 million, and will pay $13 million for the stock of a related company over the next four years, subject to adjustments. Additional amounts may be paid based on future earnings over a five-year period. The purchase price of TFH exceeded the fair value of net assets acquired by approximately $82 million, which was recorded as goodwill and is being amortized on a straight-line basis over 40 years. The fair value of net assets acquired are based on preliminary estimates which are subject to change.

In February 1998, the Company acquired Pennington Seed, Inc. ("Pennington"), a manufacturer of proprietary branded grass and wild bird seed, and a manufacturer and distributor of lawn and garden products. Under the terms of the agreement, the Company paid approximately $83 million in cash and 2,178,866 shares of common stock at a value of approximately $68 million. The purchase price exceeded the fair market value of net assets acquired by approximately $109 million, which was recorded as goodwill and is being amortized on a straight-line basis over 40 years. The fair value of net assets acquired is based on preliminary estimates which are subject to change.

The fiscal 1998, 1997 and 1996 acquisitions, except for Commerce, which is being accounted for under the equity method, have been accounted for under the purchase method and have been included in the Company's consolidated statements of income from date of acquisition.

Unaudited Pro Forma Results of Operations -- The following table summarizes on a pro forma basis the combined results of operations of the Company and its subsidiaries for fiscal years 1998 and 1997 as if the fiscal year 1998 and 1997 acquisitions were made on September 29, 1996. The pro forma results of operations also reflect pro forma adjustments for stock issued to facilitate the acquisitions, adjustments to conform inventory methods and facilities costs, for the amortization of goodwill and additional interest expense which would have been incurred. Although this pro forma combined information includes the results of operations of the acquisitions, it does not necessarily reflect the results of operations that would have occurred had the acquisitions been managed by the Company prior to their acquisition.

<TABLE>
<CAPTION>

	Fiscal Year Ended	
	September 26, 1998	September 27, 1997
	(Unaudited) (In thousands, except per share amounts)	
<S>	<C>	<C>
Net sales....................................	$1,396,521	$1,314,963
Gross profit.................................	315,777	297,006
Income from operations.......................	65,331	59,200
Income before taxes..........................	53,697	30,483
Net income...................................	31,137	17,728
Net income per share:		
Basic......................................	$ 1.07	$ 0.97
Diluted....................................	$ 1.05	$ 0.94
Weighted average common shares outstanding:		
Basic......................................	29,228	18,231
Diluted....................................	29,626	18,804

</TABLE>

3. Concentration of Credit Risk and Significant Customers and Suppliers

Customer Concentration -- Approximately 48%, 47% and 50% of the Company's net sales for fiscal years 1998, 1997 and 1996, respectively, were derived from sales to the Company's top ten customers. The Company's largest customer accounted for approximately 22%, 19% and 23% of the Company's net sales for fiscal years 1998, 1997 and 1996, respectively. The Company's second largest customer accounted for approximately 8%, 8% and 11% of the Company's net sales for fiscal years 1998, 1997 and 1996, respectively. The Company's third largest customer accounted for approximately 6% of the Company's net sales for fiscal year 1998. The loss of, or significant adverse change in, the relationship between the Company and these three customers 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. As of September 26, 1998 and September 27, 1997, accounts receivable from the Company's top ten customers comprised 35% and 22%, respectively, of the Company's total accounts receivable.

Supplier Concentration -- While the Company purchases products from over 1,000 different manufacturers and suppliers, approximately 42% of the Company's net sales in fiscal year 1998 were derived from products purchased from the Company's five largest suppliers. The Company believes that approximately 28%, 32% and 44% of the Company's net sales during fiscal years 1998, 1997 and 1996, respectively, were derived from sales of products purchased from Solaris, the Company's largest supplier. 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. The Solaris agreement runs through September 30, 1999.

4. Notes Payable

The Company has a line of credit providing for aggregate borrowings of up to $150,000,000 through December 31, 1998 and for up to $100,000,000 after December 31, 1998, which expires on July 12, 2001. The available amount under the line of credit fluctuates based upon a specific asset borrowing base. At September 26, 1998 and September 27, 1997, balances of $6,956,000 and $72,000, respectively, were outstanding under this agreement, bearing interest at a rate related to the prime rate (8.50% at September 26, 1998 and 9.25% at September 27, 1997). Available borrowings at September 26, 1998 and September 27, 1997 were $143,044,000 and $74,928,000, 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 does not allow the Company to pay dividends. The Company was in compliance with such covenants at September 26, 1998 and September 27, 1997.

The Company also has available through its Pennington subsidiary a $60,000,000 line of credit. As of September 26, 1998, the Company did not have any borrowings under this line of credit facility. Interest related to this line is based on a rate either equal to the prime rate or LIBOR plus .875%, at the Company's option. The line of credit contains certain restrictive financial covenants. The Company was in compliance with such covenants at September 26, 1998.

5. Long-Term Debt

Long-term debt consists of the following:

<TABLE>
<CAPTION>

	September 26, 1998	September 27, 1997
	(in thousands)	
<S>	<C>	<C>
Convertible subordinated notes, interest at 6% payable semi-annually, principal due 2003; convertible at the option of the holder into shares of common stock of the Company, at any time prior to redemption or maturity, at a conversion price of $28.00 per share (equal to a conversion rate of 35.7143 shares per $1,000 principal amount of notes)..................	$115,000	$115,000
Industrial development revenue bonds due in annual sinking fund installments of $305,000 to $310,000 through July 2010, bearing interest at varying rates, secured by an unconditional letter of credit.................................	3,695	--
Industrial development revenue bonds due in annual sinking fund installments of $300,000 through December 2005, bearing interest at varying rates, secured by an unconditional letter of credit.................................	2,400	--
Mortgage note payable to bank, interest based on a formula (7.1% at September 26, 1998), principal and interest due in monthly installments through March 2012...	1,785	--
Industrial development revenue bonds due in annual sinking fund installments ranging from $130,000 to $195,000 through July 2005, bearing interest at varying rates, secured by an unconditional letter of credit..................	1,295	--
Mortgage note payable to bank, interest based on a formula (7.2% at September 26, 1998), principal and interest due in monthly installments through December 2019..	1,038	--
Industrial development revenue bonds due in quarterly sinking fund installments of $30,000, with a final principal installment of $90,000 due March, bearing interest at varying rates, secured by an unconditional letter of credit..	720	--
Note payable to a former owner of an acquired company, interest at 10%, payable quarterly, principal due 2000..	200	200
Other notes payable..	131	--

Total	126,264	115,200
Less current portion of long-term debt	1,139	--
Total	$125,125	$115,200

</TABLE>

Principal repayments on long-term debt are scheduled as follows:

<TABLE>
<CAPTION>

Fiscal year:	(in thousands)
<S>	<C>
1999	$ 1,139
2000	1,241
2001	1,040
2002	1,048
2003	116,058
Thereafter	5,738
Total	$126,264

</TABLE>

6. 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 $13,948,000, $12,669,000 and $9,896,000 for fiscal years 1998, 1997 and 1996, respectively.

Certain facility leases have renewal options and provide for additional rent based upon increases in the Consumer Price Index.

Aggregate minimum annual payments on noncancelable operating leases at September 26, 1998 are as follows:

<TABLE>
<CAPTION>

Fiscal year:	(in thousands)
<S>	<C>
1999	$13,228
2000	12,843
2001	11,617
2002	8,671
2003	5,234
Thereafter	9,088
Total	$60,681

</TABLE>

7. Income Taxes

The provision for income taxes consists of the following:

<TABLE>
<CAPTION>

	Fiscal Year Ended		
	September 26, 1998	September 27, 1997	September 28, 1996
<S>	<C>	<C>	<C>
Current:			
Federal	$15,277	$ 9,578	$4,523
State	3,207	2,204	1,040
Total	18,484	11,782	5,563
Deferred	5,918	983	454
Total	$24,402	$12,765	$6,017

</TABLE>

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

<TABLE>
<CAPTION>

	Fiscal Year Ended		
	September 26, 1998	September 27, 1997	September 28, 1996
<S>	<C>	<C>	<C>
Statutory rate..............................	35%	35%	34%
State income taxes, net of federal benefit...	5	5	5
Nondeductible expenses......................	6	6	6
Other.......................................	(4)	(4)	(3)
Effective tax rate..........................	42%	42%	42%

</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. The tax effect of temporary differences and carryforwards which give rise to deferred tax assets and liabilities are as follows:

<TABLE>
<CAPTION>

	September 26, 1998		September 27, 1997	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
<S>	<C>	<C>	<C>	<C>
Current:				
Allowance for doubtful accounts receivable.....	$1,213		$1,566	
Inventory reserves............................	246		973	
Prepaid expenses..............................		$ 473		$ 492
Nondeductible reserves........................	1,001		2,823	
Net operating loss carryforwards..............			97	
Other...	172		369	
Total....................................	2,632	473	5,828	492
Valuation allowance............................			(25)	
Current..	2,632	473	5,803	492
Noncurrent:				
Depreciation and amortization.................		5,137		1,436
Joint venture income..........................		822		
Other...		63	82	
Noncurrent.....................................	-	6,022	82	1,436
Total....................................	$2,632	$6,495	$5,885	$1,928

</TABLE>

8. Shareholders' Equity

At September 26, 1998, there were 1,000 shares of Series A convertible preferred stock ($.01 par value) authorized, of which none were outstanding. In July 1995, in connection with an agreement to become the master agent and distributor for Solaris, 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. 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 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. In July 1997, the Company redeemed the warrant for $7.0 million. In June 1998, the 100 shares of Series A convertible preferred stock were converted into 100,000 shares of common stock.

At September 26, 1998, there were 3,000,000 shares of Class B stock ($.01 par value) authorized, of which 1,661,762 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 26, 1998, there were 80,000,000 shares of common stock ($.01 par value) authorized, of which 29,646,530 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.

On July 19, 1996, the Company completed an offering which consisted of 2,752,500 shares of its common stock at $18.00 per share before deduction for underwriting commission and expenses related to the offering. The net proceeds were used to repay the Company's borrowings (including borrowings used for the Kenlin acquisition) under its principal line of credit.

On August 8, 1997, the Company completed an offering which consisted of 5,540,000 shares of its common stock at $24.25 per share before deduction for underwriting commission and expenses related to the offering. The net proceeds were used to repay the Company's borrowings under its principal line of credit (including borrowings used for the acquisition of the flea and tick business of Sandoz Agro, Inc.) and to provide the Company with a source of funds for working capital and possible acquisitions of complementary businesses.

On January 15, 1998, the Company completed an offering of 8,050,000 shares of its common stock at $26.25 per share before deduction for underwriting commission and expenses related to the offering. The net proceeds were used to finance recent acquisitions and for general corporate purposes.

In August 1998, the Company's Board of Directors authorized the Company to repurchase up to $25 million of common shares. On December 18, 1998, the Company's Board of Directors increased the share repurchase program to a maximum of $55 million. As of December 18, 1998, the Company had repurchased 1,450,000 shares for a total of $18.6 million.

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, in 1996 the Company amended the Plan to increase the number of shares authorized for issuance by an additional 800,000 and in 1998 the Company further amended the Plan to increase the number of shares authorized for issuance by an additional 2,000,000. 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.

Additional Stock Plan Information - The Company continues to account for its stock-based awards using the intrinsic value method in accordance with Accounting Principles Board No. 25, Accounting for Stock Issued to Employees, and its related interpretations.

SFAS No. 123, Accounting for Stock-Based Compensation, requires the disclosure of pro forma net earnings and earnings per share had the Company adopted the fair value method as of the beginning of fiscal 1996.

These calculations require subjective assumptions, including future stock price volatility and expected time to exercise, which greatly affect the calculated values. The Company's calculations were made using the Black-Scholes option pricing model with the following weighted average assumptions: expected life of four years from date of grant; stock volatility, 59% in fiscal 1998 and 64% in fiscal 1997 and 1996; risk free interest rates, 5.83% in fiscal 1998, 6.07% in fiscal 1997 and 6.25% in fiscal 1996; and no dividends during the expected term.

The Company's calculations are based on a single option valuation approach and forfeitures are recognized as they occur. If the computed fair values of the fiscal 1998, fiscal 1997, and fiscal 1996 awards had been amortized to expense in the consolidated financial statements over the vesting period of the awards, pro forma net earnings would have been as follows:

<TABLE>
<CAPTION>

	Fiscal Year Ended		
	September 26, 1998	September 27, 1997	September 28, 1996
<S>	<C>	<C>	<C>

Pro forma net earnings...........	$31,398,000	$15,444,000	$8,054,000
Net earnings per common share:			
Basic..........................	$ 1.10	$ 0.98	$ 0.70
Diluted........................	$ 1.08	$ 0.94	$ 0.68

</TABLE>

However, the impact of outstanding non-vested stock options granted prior to fiscal 1996 has been excluded from the pro forma calculation; accordingly, the fiscal 1998, fiscal 1997 and fiscal 1996 pro forma adjustments are not indicative of future period pro forma adjustments, when the calculation will apply to all stock options.

Option activity under the Plan is as follows:

<TABLE>
<CAPTION>

	Number of Options	Weighted Average Exercise Price
<S>	<C>	<C>
Balance October 1, 1995	570,551	$ 3.60
Granted (weighted average fair value of $7.93)	458,500	13.24
Exercised	(148,016)	3.51
Cancelled	(4,500)	7.24
Balance at September 28, 1996	876,535	8.64
Granted (weighted average fair value of $10.65)	660,402	18.26
Exercised	(72,918)	3.15
Cancelled	(16,129)	9.25
Balance at September 27, 1997	1,447,890	13.38
Granted (weighted average fair value of $13.32)	918,224	21.75
Exercised	(215,297)	5.28
Cancelled	(35,264)	14.84
Balance at September 26, 1998	2,115,553	17.83
Exercisable at September 27, 1997	122,310	5.39
Exercisable at September 26, 1998	265,474	9.14

</TABLE>

<TABLE>
<CAPTION>

	Options Outstanding September 26, 1998			Options Exercisable September 26, 1998	
Range of Exercise Prices	Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
$ 1.30 - $ 4.99	204,404	2.7	$ 2.76	101,624	$ 2.99
5.00 - 9.99	119,750	1.1	6.12	80,250	5.59
10.00 - 14.99	385,500	3.9	13.46	2,000	14.75
15.00 - 19.99	507,260	2.9	17.18	22,500	17.19
20.00 - 24.99	359,000	2.3	21.37	59,100	21.30
25.00 - 33.94	539,639	3.6	27.52	--	--
$ 1.30 - $33.94	2,115,553	3.0	$17.83	265,474	$ 9.14

</TABLE>

In October 1998, options to purchase 712,000 shares of common stock were repriced from a weighted average exercise price of $22.43 to an exercise price of $14.50 which was equal to the fair market value at the date of repricing.

The Company has a 401(k) plan for which it accrued a contribution of $296,000 for fiscal year 1998 and contributed $293,000 for fiscal year 1997 and $209,000 for fiscal year 1996.

9. Transactions with Related Parties

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 $156,000 annually in fiscal years 1998, 1997 and 1996, respectively.

10. 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 lawsuits arising out of the fire were settled in September 1996, and in connection with the settlement the Company recorded approximately $1 million as other income.

The Company is not currently a party to any material litigation.

*****

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

The information required by this item is incorporated by reference from pages 2 and 3 of the Company's Definitive Proxy Statement for the Company's 1999 Annual Meeting of Stockholders under the captions "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance." See also Item 1 above.

Item 11. Executive Compensation

The information required by this item is incorporated by reference from pages 3, 4 and 5 of the Company's Definitive Proxy Statement for the Company's 1999 Annual Meeting of Stockholders under the caption "Executive Compensation."

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by this item is incorporated by reference from page 11 of the Company's Definitive Proxy Statement for the Company's 1999 Annual Meeting of Stockholders under the caption "Ownership of Management and Principal Stockholders."

Item 13. Certain Relationships and Related Transactions

The information required by this item is incorporated by reference from page 5 of the Company's Definitive Proxy Statement for the Company's 1999 Annual Meeting of Stockholders under the captions "Compensation Committee Interlocks and Insider Participation" and "Transactions with the Company."

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) The following documents are filed as part of this report:

(1) Consolidated Financial Statements of the Company are included in Part II, Item 8:

Independent Auditors' Report

Consolidated Balance Sheets

Consolidated Statements of Income

Consolidated Statements of Cash Flows

Consolidated Statements of Shareholders' Equity

Notes to Consolidated Financial Statements

(2) Consolidated Supplementary Financial Statement Schedule for the fiscal years ended September 26, 1998 and September 27, 1997:

Independent Auditors' Report on Consolidated Supplementary Financial Statement Schedule

Schedule II - Valuation and Qualifying Accounts

All other schedules are omitted because of the absence of conditions under which they are required or because the required information is included in the consolidated financial statements or notes thereto.

(3) Exhibits:

See attached Exhibit Index.

(b) The Company filed the following reports on Form 8-K during the fourth quarter of fiscal 1998:

(1) A report dated June 26, 1998 disclosing the issuance of a press release with respect to the proposed sale by Monsanto to Scotts of a substantial portion of the Solaris lawn and garden business.

(2) A report dated August 31, 1998 disclosing the issuance of a press release with respect to the Company's stock repurchase program.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: January 19, 1999

CENTRAL GARDEN & PET COMPANY

By /s/ William E. Brown

William E. Brown
Chairman of the Board

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated.

<TABLE>
<CAPTION>

Signature	Capacity	Date
/s/ William E. Brown William E. Brown	Chairman and Chief Executive Officer (Principal Executive Officer)	January 19, 1999
/s/ Robert B. Jones Robert B. Jones	Vice President, Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	January 19, 1999
/s/ Glenn W. Novotny Glenn W. Novotny	Director	January 19, 1999
/s/ Daniel P. Hogan, Jr. Daniel P. Hogan, Jr.	Director	January 19, 1999
/s/ Lee D. Hines, Jr. Lee D. Hines, Jr.	Director	January 19, 1999
/s/ Brooks M. Pennington, III Brooks M. Pennington, III	Director	January 19, 1999

</TABLE>

INDEPENDENT AUDITORS' REPORT

The Board of Directors of Central Garden & Pet Company:

We have audited the accompanying consolidated balance sheets of Central Garden & Pet Company and subsidiaries (the "Company") as of September 26, 1998 and September 27, 1997 and the related consolidated statements of income, shareholders' equity and cash flows for each of the fiscal years in the three-year period ended September 26, 1998, and have issued our report thereon dated December 18, 1998; such report is included elsewhere in this Form 10-K. Our audits also included the consolidated supplementary financial schedule of the Company listed in Item 14(a). This consolidated supplementary financial schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated supplementary financial schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

DELOITTE & TOUCHE LLP

San Francisco, California
December 18, 1998

SCHEDULE II

CENTRAL GARDEN & PET COMPANY

VALUATION AND QUALIFYING ACCOUNTS
Fiscal Years Ended September 26, 1998,
September 27, 1997 and September 28, 1996

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E
		ADDITIONS			
DESCRIPTION	BALANCES AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS	DEDUCTIONS	BALANCES AT END OF PERIOD
AMOUNTS DEDUCTED FROM ASSETS TO WHICH THEY APPLY:					
YEAR ENDED SEPTEMBER 28, 1996 ALLOWANCE FOR DOUBTFUL ACCOUNTS RECEIVABLE...........	4,161	1,708	517(1)	1,108	5,278
YEAR ENDED SEPTEMBER 27 1997 ALLOWANCE FOR DOUBTFUL ACCOUNTS RECEIVABLE...........	5,278	1,950	450(1)	2,474	5,204
YEAR ENDED SEPTEMBER 26, 1998 ALLOWANCE FOR DOUBTFUL ACCOUNTS RECEIVABLE...........	5,204	2,138	3,266(1)	4,150	6,458

NOTE: (1) RECORDED ON THE BOOKS OF COMPANIES ACQUIRED

EXHIBIT INDEX

Set forth below is a list of exhibits that are being filed or incorporated by reference into this Form 10-K:

Exhibit Number	Exhibit
3.1	Third Amended and Restated Certificate of Incorporation (Incorporated by reference from Exhibit 3.1 to Registration Statement No. 33-98544).
3.1.1	Certificate of Amendment of Third Amended and Restated Certificate of Incorporation (Incorporated by reference from Exhibit 3.1.1 to Registration Statement No. 333-46437).
3.2	Copy of Registrant's Bylaws (Incorporated by reference from Exhibit 3.2 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).
4.2	Indenture dated as of November 15, 1996 between the Company and Chemical Trust Company of California, as Trustee, including the form of Notes (Incorporated by reference from Exhibit 4.2 to Registration Statement No. 333-21603).
4.3	Registration Rights Agreement dated as of November 15, 1996 among the Company, Alex. Brown & Sons Incorporated, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Hambrecht & Quist LLC and Wasserstein Perella Securities (Incorporated by reference from Exhibit 4.2 to Registration Statement No. 333-21603).
10.1	Lease between Central Garden Supply and Road 80 Investors dated as of December 31, 1985 (Incorporated by reference from Exhibit 10.11 to Registration Statement No. 33-48070).
10.2	Amendment to Lease between Central Garden & Pet and Road 80 Investors dated as of May 29, 1998.
10.3	Supplementary Retirement Benefit Agreement for Key Employees between Central Garden & Pet Supply Company and Glenn W. Novotny dated as of July 1, 1991 (Incorporated by reference from Exhibit 10.12 to Registration Statement No. 33-48070).
10.4	Supplementary Retirement Benefit Agreement for Key Employees between Central Garden & Pet Supply Company and Neill J. Hines dated as of July 1, 1991 (Incorporated by reference from Exhibit 10.13 to Registration Statement No. 33-48070).

10.5 Form of Indemnification Agreement between Registrant and Executive Officers and Directors (Incorporated by reference from Exhibit 10.18 to Registration Statement No. 33-48070).

10.6 Loan and Security Agreement by and among Congress Financial Corporation (Western) and Central Garden & Pet Company, Matthews Redwood and Nursery Supply, Inc., Four Paws Products, Ltd. and Ezell Nursery Supply, Inc., dated December 17, 1997 (Incorporated by reference from Exhibit 10 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 27, 1998).

10.7 Intercreditor Agreement between Congress Financial Corporation (Western) and Monsanto Corporation dated as of January 28, 1994 (Incorporated by reference to Exhibit 10.32.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 26, 1993).

10.8 Forms of Restricted Stock Grant Agreements (Incorporated by reference from Exhibit 10.35 to Registration Statement No. 33-48070).*

10.9 1993 Omnibus Equity Incentive Plan, as amended (Incorporated by reference to Exhibits 4.1 to the Company's Registration Statements Nos. 33-7236, 33-89216, 333-1238 and 333-41931).

10.10 Master Agreement by and between The Solaris Group, a Strategic Business Unit of Monsanto Company, and the Company dated July 21, 1995 (Incorporated by reference to Exhibit 10.66 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 25, 1995).

10.11 Exclusive Agency and Distributor Agreement by and between The Solaris Group and the Company dated July 21, 1995 (Incorporated by reference to Exhibit 10.68 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 25, 1995).

10.12 Compensation Agreement by and between The Solaris Group and Central Garden & Pet Company dated July 21, 1995 (Incorporated by reference to Exhibit 10.69 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 25, 1995).

10.13 Stock Purchase Agreement dated as of December 17, 1996 among the Company and the stockholder of Four Paws Products, Ltd. (Incorporated by reference to Exhibit 1.2 to the Company's Report on Form 8-K dated January 20, 1997).

10.14 Amended and Restated Asset Purchase Agreement among Novartis Inc. and the Company dated as of February 3, 1997, as amended by Amendment No. 1 thereto, dated as of April 22, 1997, and Amendment No. 2 thereto, dated as of May 23, 1997 (Incorporated by reference to Exhibit 1.2 to the Company's Report on Form 8-K dated May 26, 1997).

10.15 Stock Purchase Agreement dated as of December 10, 1997 among the Company and the shareholders of Kaytee Products Incorporated (Incorporated by reference to Exhibit 1.2 to the Company's Report n Form 8-K dated December 16, 1997).

10.16 Stock Purchase Agreement dated as of December 5, 1997 among the Company and the shareholders of T.F.H. Publications, Inc. (Incorporated by reference to Exhibit 1.2 to the Company's Report on Form 8-K/A dated December 18, 1997)

10.17 Agreement and Plan of Reorganization dated as of February 17, 1998 among Pennington Seed, Inc., the stock holders of Pennington Seed, Inc., the Company and PS Sub, Inc. (Incorporated by reference to Exhibits 99.1 and 99.2 the Company's Report on Form 8-K dated February 27, 1998).

10.18 Nonemployee Director Stock Option Plan (Incorporated by reference to Exhibit 4.1 of Registration Statement No. 333-09865).

10.19 Employee Stock Purchase Plan (Incorporated by reference to Exhibit 4.1 of Registration Statement No. 333-26387).

10.20 Employment Agreement dated as of February 27, 1998 between Pennington Seed, Inc. of Delaware and Brooks Pennington III.

12 Statement re Computation of Ratios of Earnings to Fixed Charges

21 List of Subsidiaries

23 Independent Auditors' Consent

27 Financial Data Schedule

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AMENDMENT TO REAL PROPERTY LEASE

This Amendment ("Amendment") to Real Property Lease dated December 31, 1985 is made and entered as of May 29, 1998 by and between Road 80 Investors, a California general partnership (hereafter "Lessor") and Central Garden & Pet Company, a Delaware corporation, successor in interest to Central Garden Supply, a California corporation (hereafter "Lessee").

RECITALS

A. Lessor and Lessee executed the Real Property Lease dated December 31, 1985 attached hereto as Exhibit A ("Lease").

B. Lessor and Lessee desire to amend the Lease and various Sections thereof as set forth below as reference to Section numbers in the Lease and in the Addendum to Lease of even date therewith as follows:

1. Parties.

Lessee is Central Garden & Pet Company, a Delaware corporation, successor in interest to Central Garden Supply, a California corporation.

2. Premises.

The Premises consist of an existing warehouse structure, inclusive of all additions thereto since inception of the Lease, comprising approximately 57,700 square feet situated on Parcel 1 of Parcel 2 of Parcel Map No. 1298 containing 2.4 acres located at 747 Road 80, Visalia, California.

3.1 Term.

The Term of the Lease is hereby extended for a period of five years, commencing July 1, 1998 through June 30, 2003. Lessor and Lessee acknowledge that Lessee is currently occupying the Premises on a month-to-month basis, the original Lease Term having expired March 31, 1996. Upon not less than 6 months prior written notice from Lessee to Lessor, Lessee may extend the Term for an additional 5 years at a rental rate determined in accordance with Section 4 below; provided however that Lessee is not in material default of any provision of this Lease at the time the option to extend is exercised.

4. Rent.

Lessor and Lessee acknowledge that the current rate of rent payable by Lessee to Lessor is $12,974.00 per month and that the monthly rent per square foot of warehouse space is $.22.

Lessor and Lessee agree that the Minimum Rent payable during the Term as set forth in Section 48.1 of the Lease shall be $12,974.00 per month and that the Minimum Rent shall be adjusted annually effective each July 1st during the Term as provided in Section 48.3 of the Lease; provided however that the base year for calculating rent increases based upon changes in the Consumer Price Index shall be the year commencing July 1, 1998 and that the percentage increase shall be determined as of each July 1 during the term of the Lease. Minimum Rent payable during any extension period shall be determined in the same manner as set forth above; namely, the increase in the Consumer Price Index shall be applied to the Minimum Rent payable during the last year of the Term in order to determine rent payable during the first and each successive year of the extension period.

6.1 Use.

The Premises shall be used and occupied only for warehouseing and distribution of garden, pool and pet supply products, or any other use which is reasonably comparable and for no other purpose.

Sections 49 and 52 of the Lease are deleted in their entirety.

Except as expressly modified herein, all of the provisions of the Lease shall remain in full force and effect, including, without limitation, the unamended portions of those Sections of the Lease which are the subject of this Amendment. In the event of a conflict between any provision of the Lease and this Amendment, the provisions of this Amendment shall prevail.

IN WITNESS WHEREOF, the parties hereto have signed this Amendment to Lease as of the date set forth on page 1.

LESSOR:	LESSEE:
ROAD 80 INVESTORS, a California general partnership	CENTRAL GARDEN & PET COMPANY, a Delaware corporation
By /s/ BRADFORD M. WAIT	By /s/ GLENN W. NOVOTNY
Bradford M. Wait Co-Managing Partner	Glenn W. Novotny President & COO
By /s/ WILLIAM E. BROWN	By /s/ ROBERT B. JONES
William E. Brown Co-Managing Partner	Robert B. Jones Chief Financial Officer

EXHIBIT 10.20

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement"), made this 27th day of February, 1998 is entered into by Pennington Seed, Inc. of Delaware, a Delaware corporation (the "Company"), and Brooks Pennington III (the "Executive").

WHEREAS, Executive was an executive and shareholder of Pennington Seed, Inc., a Georgia corporation ("PSI").

WHEREAS, PSI has been acquired by Central Garden & Pet Company, a Delaware corporation ("Central"), pursuant to an Agreement and Plan of Reorganization dated as of February 17, 1998, pursuant to which PSI has been merged into the Company.

WHEREAS, the Company desires to employ the Executive and the Executive desires to be employed by the Company.

In consideration of mutual covenants and promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Term of Employment: Executive will be employed by the Company for a period of five (5) years, subject to termination as set forth below.

2. Title; Capacity: The Executive shall serve as President and Chief Executive Officer of the Company. He shall perform those duties and responsibilities assigned to him by the Board of Directors Company; provided, however, that Executive shall not be asked to perform any duties that are of a materially different type or nature than he was performing while he was an executive of PSI prior to its acquisition by Central. In no event shall the Company assign to Executive duties which would necessitate his relocation.

3. Salary: The Company will pay Executive a base, annualized salary of a maximum of $300,000 in accordance with Central's prevailing practices for executives of its wholly owned subsidiaries.

4. Benefits: Executive shall be furnished, at his request, every 24 months with a new automobile with a list price of not more than $20,000. All costs and expenses of operation, insurance and maintenance of automobile shall be paid by the Company. Executive shall be entitled to four weeks of paid vacation each year during the term of this Agreement. In addition to the foregoing, Executive shall receive fringe benefits and shall participate in bonus and other compensation and benefit programs on substantially the same terms and conditions as are generally available to other senior executives of Central and its subsidiaries.

5. Reimbursement of Expenses: The Company will reimburse Executive for all reasonable travel, entertainment and other expenses incurred or paid by the Executive in

   connection with, or related to, the performance of his duties, responsibilities or services under this Agreement in accordance with the Company's policies, upon presentation by Executive of documentation, expense statements, vouchers, and/or other supporting information as the Company may request.

6. Incapacity: In the event that Executive becomes physically or mentally disabled or incapacitated such that it is the reasonable, good faith opinion of the Company that Executive is unable to perform the services required under this Agreement, then four (4) months after the onset of said physical or mental disability, this Agreement will terminate; provided however, that during this four (4) month period, Executive shall be entitled to the continuation of his compensation as provided by this Agreement; however such continued payments by the Company shall be integrated with any disability, workers' compensation, or other insurance payments received, such that the total amount does not exceed the compensation as provided by this Agreement. For purposes of this Agreement, physical or mental disability does not include any disability arising from alcoholism, drug abuse, or related issues.

7. Termination by the Company For Cause: The Company may terminate Executive for cause. If Executive is terminated for cause, he will receive only his compensation earned pro rata to the date of his termination. All other benefits including stock option vesting under Section 5 above will cease on the date of Executive's termination. Cause shall be defined as:

   (a) An intentional act of fraud, embezzlement or theft;
   (b) An act or omission constituting negligence or misconduct which is materially injurious to the Company;

(c) A material violation of the Noncompetition Agreement between the parties incorporated herein by reference;
(d) A material violation of this Agreement by Executive, which is not cured within 30 days after written notice thereof; or
(e) Executive's death.

8. Confidential Business Information: The Company has and will continue to spend significant time, effort and money to develop proprietary information which is vital to the Company's business. In the course of Executive's employment with the Company, he will acquire certain proprietary information. Executive agrees that he will not disclose or utilize any confidential business information (not already otherwise made public or already in possession of the person to whom it was disclosed) or trade secrets to any competitor of the Company or any other person or entity outside the Company other than the agents representatives or consultants acting on behalf of the Company. Any confidential materials that come into Executive's

possession during his employment shall remain the exclusive property of the Company and shall be promptly returned to the Company upon any termination of employment.

9. Separability: Each provision of this Agreement is separable and independent of the other provisions. If any part of this Agreement is found to be invalid, the remainder shall be given full force and effect as permissible by law.

10. Complete Agreement: This Agreement constitutes the entire agreement between Executive and the Company regarding the subjects covered by this Agreement. No other agreement, understanding, statement or promise other than those contained in this Agreement is part of their employment agreement or will be effective. Any modification of this Agreement will be effective only if it is in writing and signed by the parties.

11. Governing Law: This Agreement will be governed and construed consistent with the laws of the State of Georgia

12. Notice: All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given (except as may otherwise be specifically provided herein to the contrary) if delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed or mailed by certified or registered mail with postage prepaid:

(a) If to the Company Subsidiary to:	Pennington Seed, Inc. c/o Central Garden & Pet Company 3697 Mt. Diablo Boulevard Lafayette, CA 94107-0933 Attention: William E. Brown
with a copy to:	Orrick, Herrington & Sutcliffe LLP The Old Federal Reserve Bank Building 400 Sansome Street San Francisco, CA 94111 Attention: John F. Seegal
(b) If to the Executive to:	Brooks Pennington III Pennington Seed, Inc. 1280 Atlanta Highway Madison, Georgia 30650
with a copy to:	King & Spalding 191 Peachtree Street Atlanta, Georgia 30308 Attention: Michael J. Egan, III

IN WITNESS WHEREOF, the parties hereto have executed this agreement the day and year first above written.

BROOKS PENNINGTON III

/s/ Brooks Pennington III

PENNINGTON SEED, INC. OF DELAWARE

/s/ Neill J. Hines

EXHIBIT 12

CENTRAL GARDEN & PET COMPANY

COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES

(Dollars in thousands)

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	Fiscal Year Ended December 25, 1994	Nine-Month Period Ended September 30, 1995	Fiscal Year Ended September 28, 1996
<S>	<C>	<C>	<C>
Income before income taxes	$2,341	$1,983	$14,465
Fixed charges (1)	6,037	6,414	4,826
Total earnings and fixed charges	8,378	8,397	19,291
Fixed charges (1)	$6,037	$6,414	$ 4,826
Ratio of earnings to fix charges	1.39	1.31	4.00

</TABLE>

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	Fiscal Year Ended September 27, 1997	Fiscal Year Ended September 26, 1998
<S>	<C>	<C>
Income before income taxes	$30,368	$58,095
Fixed charges (1)	7,609	8,807
	37,977	66,902
Fixed charges (1)	$ 7,609	$ 8,807
Ratio of earnings to fix charges	4.99	7.60

</TABLE>

(1) Fixed charges consist of interest expense incurred and the portion of rental expense under operating leases deemed by the Company to be representative of the interest factor.

EXHIBIT 21

LIST OF SUBSIDIARIES

The following table sets forth certain information concerning the principal subsidiaries of the Company.

Name	State or Other Jurisdiction of Incorporation
Ezell Nursery Supply, Inc.	California
Four Paws Products, Ltd.	New York
Kaytee Products Incorporated	Wisconsin
Pennington Seed, Inc.	Delaware
TFH Publications, Inc.	Delaware
Wellmark International	California

The names of certain subsidiaries have been omitted because such unnamed subsidiaries, considered in the aggregate, would not constitute a significant subsidiary as that term is defined in Regulation S-X.

EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT

We consent to incorporation by reference in Central Garden & Pet Company's Registration Statement Nos. 333-09065, 333-01238, 33-96816, 33-89216, 33-72326, 333-22209 and 333-41931 on Form S-8, Registration Statement Nos. 333-05261, 333-26387 and 333-46437 on Form S-4 and Registration Statement Nos. 33-86284, 333-21603 and 333-48617 on Form S-3 of our reports dated December 18, 1998 appearing in this Annual Report on Form 10-K of Central Garden & Pet Company for the year ended September 26, 1998.

DELOITTE & TOUCHE LLP

San Francisco, California
December 23, 1998

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM 10-K AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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