
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **June 29, 2002**

OR

- TRANSITION REPORT PURSUANT OF SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 0 - 20242

CENTRAL GARDEN & PET COMPANY

Delaware

(State or other jurisdiction
of incorporation or organization)

68-0275553

(I.R.S. Employer
Identification No.)

3697 Mt. Diablo Blvd., Suite 310, Lafayette, California 94549

(Address of principle executive offices)

(925) 283-4573

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock Outstanding as of July 31, 2002

17,139,375

Class B Stock Outstanding as of July 31, 2002

1,655,462

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Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

This quarterly report contains "forward-looking" statements based on current expectations that involve risks and uncertainties. Actual results and the timing of certain events may differ significantly from those projected in these forward-looking statements due to the factors listed below, under "Management's Discussion and Analysis of Financial Condition and Results of Operations - Risk Factors Relating to Forward-Looking Statements" in our Annual Report on Form 10-K for the fiscal year ended September 29, 2001, and from time to time in our filings with the Securities and Exchange Commission. These risks and uncertainties include the final resolution of all pending litigation between the Company and The Scotts Company; the success of and the costs associated with the realignment of the Company's lawn and garden distribution operations; any liabilities to which the Company may become subject as a result of the August 2, 2000 fire at its Phoenix distribution center; and the impact of any other outstanding or potential litigation.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Central Garden & Pet Company
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)
(unaudited)

	Three Months Ended	
	June 30, 2001	June 29, 2002
Net Sales	\$ 341,813	\$ 335,609
Cost of goods sold and occupancy	236,890	223,422
Gross profit	104,923	112,187
Selling, General and administrative expenses	83,899	85,923
Income from operations	21,024	26,264
Interest expense	(5,608)	(3,743)
Interest income	22	33
Other income, net	529	4,407
Income before income taxes	15,967	26,961
Income taxes	8,303	8,594
Net income	\$ 7,664	\$ 18,367
Net income per basic common share	\$ 0.42	\$ 0.99
Weighted average shares outstanding	18,433	18,579
Net income per diluted common share	\$ 0.38	\$ 0.84
Weighted average shares outstanding	22,598	23,200

See notes to condensed consolidated financial statements.

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Central Garden & Pet Company
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)
(unaudited)

	Nine Months Ended	
	June 30, 2001	June 29, 2002
Net sales	\$ 876,557	\$ 836,961
Cost of goods sold and occupancy	605,972	552,458
Gross profit	270,585	284,503
Selling, general and administrative expenses	240,816	235,047
Income from operations	29,769	49,456
Interest expense	(17,984)	(11,363)
Interest income	107	74
Other income, net	1,064	4,771
Income before income taxes	12,956	42,938
Income taxes	7,050	15,144
Net Income	\$ 5,906	\$ 27,794
Net income per basic common share	\$ 0.32	\$ 1.50
Weighted average shares outstanding	18,395	18,498
Net income per diluted common share	\$ 0.32	\$ 1.36
Weighted average shares outstanding	18,440	22,847

See notes to condensed consolidated financial statements.

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Central Garden & Pet Company
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share)
(unaudited)

	September 29, 2001	June 29, 2002
ASSETS		
Current assets:		
Cash & cash equivalents	\$ 8,292	\$ 9,278
Accounts receivable (less allowance for doubtful accounts of \$14,464 and \$11,664)	141,791	159,283
Inventories	217,902	186,434
Prepaid expenses and other assets	35,776	18,504
Total current assets	403,761	373,499
Land, buildings, improvements and equipment - net	108,798	102,304
Goodwill	371,987	369,237
Other assets	32,080	34,032
Total	\$ 916,626	\$ 879,072
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	\$ 119,423	\$ 80,233
Accounts payable	127,884	99,954
Accrued expenses	38,412	41,563
Current portion of long-term debt	7,052	7,375
Total current liabilities	292,771	229,125
Long-term debt	151,623	146,235
Deferred income taxes and other long-term obligations	16,917	16,894
Shareholders' Equity:		
Class B stock, \$.01 par value: 1,655,462 shares outstanding at September 29, 2001 and June 29, 2002	16	16
Common stock, \$.01 par value: 30,532,473 and 30,863,275 issued and 16,790,223 and 17,121,025 outstanding at September 29, 2001 and June 29, 2002	305	308
Additional paid-in capital	526,410	530,116
Retained earnings	73,411	101,205
Treasury stock	(144,827)	(144,827)
Total shareholders' equity	455,315	486,818
Total	\$ 916,626	\$ 879,072

See notes to condensed consolidated financial statements.

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Central Garden & Pet Company
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(unaudited)

	Nine Months Ended	
	June 30, 2001	June 29, 2002
Cash flows from operating activities:		
Net income	\$ 5,906	\$ 27,794
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on fixed asset disposals	0	696
Write-off of equity method investment	0	2,800
Depreciation and amortization	21,403	12,828
Change in assets and liabilities:		
Receivables	(10,737)	(17,492)
Inventories	12,267	31,468
Prepaid expenses and other assets	(6,005)	15,169
Accounts payable	(3,833)	(27,930)
Accrued expenses	8,768	3,382
Other long-term obligations	(10,998)	(23)
Net cash provided by operating activities	16,771	48,692
Cash flows from investing activities:		
Additions to land, buildings, improvements and equipment	(9,930)	(7,746)
Payments to acquire companies, net of cash acquired	(18,277)	0
Proceeds from sale of land, buildings, improvements and equipment	0	586
Net cash used in investing activities	(28,207)	(7,160)
Cash flows from financing activities:		
Borrowings (payments) under lines of credit, net	19,593	(39,190)
Payments on long-term debt	(7,162)	(5,065)
Proceeds from issuance of common stock - net	466	3,709
Net cash provided by (used in) financing activities	12,897	(40,546)
Net increase in cash	1,461	986
Cash at beginning of period	5,685	8,292
Cash at end of period	\$ 7,146	\$ 9,278
Supplemental information:		
Cash paid for interest	\$ 15,253	\$ 10,759
Cash paid for income taxes	\$ 7,709	\$ 15,311

See notes to condensed consolidated financial statements.

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Central Garden & Pet Company
Notes to Condensed Consolidated Financial Statements
Three and Nine Months Ended June 29, 2002
(unaudited)

1. Basis of Presentation

The condensed consolidated statements of income for both the three and nine months ended June 30, 2001 and June 29, 2002, the condensed consolidated balance sheet as of June 29, 2002, and the condensed consolidated statements of cash flows for the nine months ended June 30, 2001 and June 29, 2002 have been prepared by the Company, without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) considered necessary to present fairly the financial position, results of operations and cash flows of the Company for the periods mentioned above, have been made. Certain prior year amounts have been reclassified to conform to current year presentation.

Due to the seasonal nature of the Company's business, the results of operations for the three and nine months ended June 29, 2002 are not indicative of the operating results that may be expected for the year ending September 28, 2002.

It is suggested that these interim financial statements be read with the annual audited financial statements, accounting policies and financial notes thereto, included in the Company's 2001 Annual Report on Form 10-K which has previously been filed with the Securities and Exchange Commission.

2. New Accounting Pronouncements

In July 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No.142, "Goodwill and Other Intangible Assets". SFAS No.142 changes the accounting for goodwill and intangible assets with indefinite lives from an amortization method to an impairment approach. Other intangible assets will continue to be amortized over their estimated useful lives. Amortization of goodwill, including goodwill recorded in prior business combinations, ceased upon the adoption of the standard, which the Company adopted for the fiscal year beginning September 30, 2001. As required by SFAS No. 142, the Company is performing its goodwill impairment analysis. This analysis currently indicates that the Company will need to record an impairment of goodwill in its Garden Products and Pet Products segments in excess of \$150 million, resulting in a non-cash charge in excess of \$115 million on an after-tax basis. The Company will complete the analysis in the fourth fiscal quarter and record the impairment charge as a cumulative effect of a change in accounting principle.

The following financial information is presented as if the statement was adopted at the beginning of fiscal year 2001:

	Three Months Ended		Nine Months Ended	
	June 30, 2001	June 29, 2002	June 30, 2001	June 29, 2002
	(In thousands, except per share amounts)			
Reported net income	\$ 7,664	\$ 18,367	\$ 5,906	\$ 27,794
Goodwill amortization	3,067	-	6,263	-
Adjusted net income	\$ 10,731	\$ 18,367	\$ 12,169	\$ 27,794
Net income per basic share:				
Reported income	\$ 0.42	\$ 0.99	\$ 0.32	\$ 1.50
Goodwill amortization	0.17	-	.34	-

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Adjusted net income per basic share	\$ 0.59	\$ 0.99	\$ 0.66	\$ 1.50
Net income per diluted share:				
Reported income	\$ 0.38	\$ 0.84	\$ 0.32	\$ 1.36
Goodwill amortization	0.14	-	0.30	-
Adjusted net income per diluted share	\$ 0.52	\$ 0.84	\$ 0.62	\$ 1.36

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which addresses financial accounting requirements for retirement obligations associated with tangible long-lived assets. SFAS No. 143 is effective for our fiscal year 2003.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," that replaces SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." SFAS No. 144 requires that long-lived assets to be disposed of by sale, including those of discontinued operations, be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. Discontinued operations will no longer be measured at net realizable value or include amounts for operating losses that have not yet been incurred. SFAS No. 144 also broadens the reporting of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity and that will be eliminated from the ongoing operations of the entity in a disposal transaction. The provisions of SFAS No. 144 are effective for our fiscal year 2003, and are generally to be applied prospectively.

In June 2002, the FASB issued SFAS 146, Accounting for Costs Associated with Exit or Disposal Activities, which addresses accounting for restructuring and similar costs. SFAS 146 supersedes previous accounting guidance, principally Emerging Issues Task Force Issue No. 94-3. The Company will adopt the provisions of SFAS 146 for restructuring activities initiated after December 31, 2002. SFAS 146 requires that the liability for costs associated with an exit or disposal activity be recognized when the liability is incurred. Under Issue 94-3, a liability for an exit cost was recognized at the date of the Company's commitment to an exit plan. SFAS 146 also establishes that the liability should initially be measured and recorded at fair value. Accordingly, SFAS 146 may affect the timing of recognizing future restructuring costs as well as the amounts recognized.

We are evaluating what impact, if any, SFAS Nos. 143, 144 and 146 may have on the consolidated financial statements.

3. Earnings Per Share

The following is a reconciliation of the numerators and denominators of the basic and diluted per-share computations for income from continuing operations:

	Three Months Ended June 29, 2002			Nine Months Ended June 29, 2002		
	Income	Shares	Per Share	Income	Shares	Per Share
	(In thousands, except per share amounts)					
Basic EPS:						
Net Income	\$ 18,367	18,579	\$ 0.99	\$ 27,794	18,498	\$ 1.50
Effect of dilutive securities:						
Options to purchase common Stock		514	-		242	-
Convertible notes	1,084	4,107	(0.15)	3,253	4,107	(0.14)
Diluted EPS:						
Net income attributable to Common shareholders	\$ 19,451	23,200	\$ 0.84	\$ 31,047	22,847	\$ 1.36

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	Three Months Ended June 30, 2001			Nine Months Ended June 30, 2001		
	Income	Shares	Per Share	Loss	Shares	Per Share
(In thousands, except per share amounts)						
Basic EPS:						
Net Income	\$ 7,664	18,433	\$ 0.42	\$ 5,906	18,395	\$ 0.32
Effect of dilutive securities:						
Options to purchase common Stock		58			45	
Convertible notes	893	4,107	(0.04)			
Diluted EPS:						
Net income attributable to Common shareholders	\$ 8,557	22,598	\$ 0.38	\$ 5,906	18,440	\$ 0.32

Shares of common stock from the assumed conversion of the Company's convertible securities totaling 4,107,143 were included in the computation of diluted EPS for the three and nine month periods ended June 29, 2002 and for the three month period ended June 30, 2001. The convertible securities were not included in the computation of diluted EPS for the nine month period ended June 30, 2001, because the assumed conversion would have been anti-dilutive.

Options to purchase 2,875,152 and 2,936,759 shares of common stock at prices ranging from \$1.30 to \$33.94 per share were outstanding at June 29, 2002 and June 30, 2001, respectively. For the three month periods ended June 29, 2002 and June 30, 2001, options to purchase 659,448 and 2,415,678 shares of common stock were outstanding but were not included in the computation of diluted earnings per share because the option exercise prices were greater than the average market price of the common shares and therefore, the effect of including these options would be anti-dilutive. For the nine month periods ended June 29, 2002 and June 30, 2001, options to purchase 1,048,275 and 2,444,678 shares of common stock were outstanding but were not included in the computation of diluted earnings per share because the option exercise prices were greater than the average market price of the common shares and therefore, the effect of including these options would be anti-dilutive.

4. Other Income

Other income includes \$6 million of life insurance proceeds owed to the Company. The benefit of these proceeds was partially offset by \$2.8 million in charges related to the write-off of goodwill associated with an equity method investment. The remaining amount in the current quarter and the entire amount in the prior year quarter relate to earnings from equity method investments.

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5. Segment Information

Management has determined that the reportable segments of the Company are Garden Products and Pet Products, based on the level at which the chief operating decision making group reviews the results of operations to make decisions regarding performance assessment and resource allocation.

	Three Months Ended	
	June 30, 2001	June 29, 2002
	(in thousands)	
Net sales		
Garden Products	\$ 225,765	\$ 214,796
Pet Products	116,048	120,813
Total net sales	\$ 341,813	\$ 335,609
Income (loss) from operations		
Garden Products	\$ 16,223	\$ 20,144
Pet Products	12,524	14,615
Corporate	(7,723)	(8,495)
Total income from operations	21,024	26,264
Interest expense - net	(5,586)	(3,710)
Other income	529	4,407
Income taxes	(8,303)	(8,594)
Net income	\$ 7,664	\$ 18,367
Depreciation and amortization		
Garden Products	\$ 1,467	\$ 1,343
Pet Products	2,662	2,797
Corporate	3,317	141
Total depreciation and amortization	\$ 7,446	\$ 4,281

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	Nine Months Ended	
	June 30, 2001	June 29, 2002
	(in thousands)	
Net sales		
Garden Products	\$ 518,320	\$ 481,713
Pet Products	358,237	355,248
Total net sales	\$ 876,557	\$ 836,961
Income (loss) from operations		
Garden Products	\$ 23,230	\$ 39,335
Pet Products	27,486	32,872
Corporate	(20,947)	(22,751)
Total income from operations	29,769	49,456
Interest expense - net	(17,877)	(11,289)
Other income	1,064	4,771
Income taxes	(7,050)	(15,144)
Net income	\$ 5,906	\$ 27,794
Depreciation and amortization		
Garden Products	\$ 4,724	\$ 4,123
Pet Products	7,829	8,280
Corporate	8,850	425
Total depreciation and amortization	\$ 21,403	\$ 12,828
	September 29, 2001	June 29, 2002
	(in thousands)	
Assets		
Garden Products	\$ 289,701	\$ 276,222
Pet Products	221,977	199,423
Corporate	404,948	403,427
Total assets	\$ 916,626	\$ 879,072
Goodwill (included in corporate assets)		
Garden Products	\$ 157,325	\$ 157,325
Pet Products	211,912	211,912
Corporate	2,750	0
Total Goodwill	\$ 371,987	\$ 369,237

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6. Subsequent Event

In July 2002, the Company extended its primary credit facility with Congress Financial Corporation through July 2004. The extended credit facility provides the Company with an aggregate revolving loan commitment amount of up to \$125 million. Due to lower borrowing requirements, the Company reduced the size of the facility from \$200 million to \$125 million. Outstanding borrowings under the facility as of June 29, 2002 were \$60.8 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Central was incorporated in Delaware in June 1992 and is the successor to a California corporation which was incorporated in 1955. References to "we," "us," "Company," or "Central" mean Central Garden & Pet Company and its subsidiaries and divisions, and their predecessor companies and subsidiaries.

Recent developments:

In July 2002, the Company extended its primary credit facility with Congress Financial Corporation for two years through July 2004. The extended credit facility provides the Company with an aggregate revolving loan commitment amount of up to \$125 million. Due to lower borrowing requirements, the Company reduced the size of the facility from \$200 million to \$125 million. The terms of the extended facility also provide improvements in borrowing base availability and operational flexibility at comparable pricing. Outstanding borrowings under the facility as of June 29, 2002 were \$60.8 million.

In July 2002, Standard & Poor's revised its outlook on the Company to stable from negative citing the company's extension of its primary credit facility and its progress toward transitioning to higher-margin branded product sales from distribution sales.

As required by SFAS No. 142, the Company is performing its goodwill impairment assessment analysis. This analysis currently indicates that the Company will need to record an impairment of goodwill in its Garden Products and Pet Products segments in excess of \$150 million, resulting in a non-cash charge in excess of \$115 million on an after-tax basis. The Company will complete the analysis in the fourth fiscal quarter, and record the impairment charge as a cumulative effect of a change in accounting principle.

Developments affecting Garden Products:

Termination of our Distribution Relationship with Scotts

Effective September 30, 2000, Scotts discontinued its distribution relationship with Central. The affected products included Scotts(R), Ortho(R) and Miracle-Gro(R) products and consumer Roundup(R) products manufactured by Pharmacia for which Scotts acts as Pharmacia's exclusive sales agent.

Due to the termination of the Scotts distribution relationship and anticipated sales declines, we downsized our lawn and garden distribution operations during fiscal 2001 to reflect anticipated business levels.

The termination of the Scotts distribution relationship subjects our business to significant uncertainties. For more information, see "Legal Proceedings" below in Part II – Item 1.

Developments affecting Pet Products:

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Termination of our Distribution Relationship with Kal Kan

On October 19, 2001 Central commenced litigation against Kal Kan in the Superior Court for Contra Costa County, California, being Central Garden & Pet Company v. Kal Kan Foods, Inc., Action No. C01-04294. The litigation arose out of termination by Kal Kan of a Master Services Agreement dated May 10, 2000 granting Central national distribution and account servicing rights for certain pet food product lines. On November 16, 2001, Central and Kal Kan entered into a written mediation agreement and pursuant thereto, Central dismissed its Complaint without prejudice on November 21, 2001. Mediation resulted in a resolution of all claims between the parties as of April 1, 2002, in consideration of a payment to Central of \$975,000 and execution of mutual releases. However, Central did record an additional expense of \$1.5 million in the quarter ended March 30, 2002 related to legal expenses, on-going lease costs for closed facilities and settlement of all issues between Kal Kan and Central.

Three Months Ended June 29, 2002 Compared with Three Months Ended June 30, 2001

Net sales for the quarter ended June 29, 2002 decreased by 1.8% or \$6.2 million to \$335.6 million from \$341.8 million for the quarter ended June 30, 2001. The decrease in net sales relates to the Garden Products segment which decreased \$11.0 million due to reduced third party product sales. The decrease in net sales in the Garden Products segment was partially offset by an increase in the Pet Products segment of \$4.8 million due to increased sales of our pet proprietary branded products.

Gross profit increased by \$7.3 million, or 6.9%, from \$104.9 million during the quarter ended June 30, 2001 to \$112.2 million for the current quarter. Gross profit as a percentage of net sales increased from 30.7% for the fiscal year 2001 quarter to 33.4% for the current quarter. Both segments contributed equally to the increased gross profit. The gross margin percentage improvement was largely due to improved gross margins in Garden Products and, to a lesser degree, improved gross margins in Pet Products. The gross margin percentage in the Garden Products segment increased from 26.8% in the three month period ended June 30, 2001 to 30.1% in the three month period ended June 29, 2002. The gross margin percentage in the Pet Products segment increased from 38.7% in the three month period ended June 30, 2001 to 39.3% in the three month period ended June 29, 2002. As a result of the downsizing of the garden and pet sales and logistics groups, sales of our higher margin, proprietary brands have increased as a percentage of total sales and sales of third party products have decreased. Additionally, improved margins were achieved on garden and pet proprietary branded products.

Selling, general and administrative expenses increased 2.4% or \$2.0 million from \$83.9 million for the fiscal 2001 quarter to \$85.9 million for the comparable fiscal 2002 quarter. The increase was mainly in corporate level litigation costs with smaller increases in the Garden Products and Pet Products segments. Within these segments, increased warehouse and administrative expenses were partially offset by decreased selling and delivery expenses and facility expenses. As a percentage of net sales, selling, general and administrative expenses increased from 24.5% for the quarter ended June 30, 2001 to 25.6% for the quarter ended June 29, 2002.

Selling and delivery expenses decreased by \$3.3 million from \$37.9 million for the quarter ended June 30, 2001 to \$34.6 million for the current quarter. The Garden Products segment decreased approximately \$2.7 million, and the Pet Products segment decreased approximately \$0.6 million. The decreases were principally related to the reduced sales of third party products resulting from the previously announced downsizing of the garden and pet sales and logistics businesses.

Facilities expenses decreased \$0.2 million from \$2.9 million for the quarter ended June 30, 2000 to \$2.7 million for the current quarter. A decrease in the Garden Products segment of \$0.3 million, due to past closures of garden distribution centers, was offset by a minor increase in the Pet Products segment.

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Warehouse and administrative expenses increased \$5.5 million from \$43.1 million for the quarter ended June 30, 2001 to \$48.6 million for the comparable fiscal year 2002 quarter. The \$5.5 million increase was attributable to increases of \$3.2 million in Garden Products, \$1.0 million in Pet Products and \$1.3 million in corporate expenses. The increase in the Garden Products segment was due to more purchasing, merchandise handling and storage costs charged to warehouse and administration expense and not included as inventory costs due to significant decreases in inventory levels during the current year quarter, compared to the prior year quarter. This increase was partially offset by reduced shipping, accounting and information system expenditures resulting from the consolidation of the Garden Products sales and logistic functions. The increase in the Pet Products segment is due to increased warehouse and administrative overhead costs such as insurance. The increase in corporate expenses is due primarily to increased legal and insurance costs partially offset by the absence of goodwill amortization in the fiscal year 2002 quarter.

Net interest expense for the quarter ended June 29, 2002 decreased by \$1.9 million to \$3.7 million from \$5.6 million for the quarter ended June 30, 2001. The decrease is attributable to both lower average short-term borrowings and lower average interest rates for the current quarter as compared with the prior year quarter. Average short-term borrowings for the quarter ended June 29, 2002 were approximately \$121.6 million compared with \$180.2 million for the quarter ended June 30, 2001. The average short-term interest rates for the quarter ended June 29, 2002 and June 30, 2001 were approximately 4.7% and 6.6%, respectively.

Other income increased \$3.9 million from \$0.5 million to \$4.4 million for the quarter ended June 29, 2002 compared to the quarter ended June 30, 2001. The increase was due primarily to \$6 million of life insurance proceeds owed to the Company. The benefit of these proceeds was partially offset by \$2.8 million in charges related to the write-off of goodwill associated with an equity method investment. Earnings from equity method investments were \$1.2 million for the quarter ended June 29, 2002 compared to \$0.5 million in the comparable prior year quarter.

The Company's effective income tax rate for the third quarter of fiscal 2002 was 32.0% compared with 52.0% for the prior year quarter. The decrease in the effective tax rate results principally from the elimination of non-deductible goodwill amortization and non-taxable insurance proceeds recorded in the quarter ended June 29, 2002.

Nine Months Ended June 29, 2002 Compared with Nine Months Ended June 30, 2001

Net sales for the nine months ended June 29, 2002 decreased by 4.5%, or \$39.6 million, to \$837.0 million from \$876.6 million for the nine months ended June 30, 2001. The majority of the decrease was in the Garden Products segment which decreased \$36.6 million while the Pet Products segment decreased \$3.0 million for the nine month period ended June 29, 2002 as compared to the prior year nine month period. The decrease in both segments resulted primarily from lower sales of third party products offset by increased sales of Pet proprietary branded products.

Gross profit increased \$13.9 million, from \$270.6 million to \$284.5 million, for the nine month periods ended June 30, 2001 and June 29, 2002, respectively. Both segments contributed to the increased gross profit. Gross profit as a percentage of net sales increased 10.0%, from 30.9% for the nine months ended June 30, 2001 to 34.0% for the comparable fiscal 2002 period. The increase in gross profit as a percentage of net sales related principally to increased sales of higher margin proprietary branded products in both segments coupled with a reduction of lower margin third party product sales. The gross margin percentage in the Garden Products segment increased from 27.6% in the nine month period ended June 30, 2001 to 31.6% in the nine month period ended June 29, 2002. The gross margin percentage in the Pet Products segment increased from 35.7% in the nine month period ended June 30, 2001 to 37.0% in the nine month period ended June 29, 2002.

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Selling, general and administrative expenses decreased 2.4%, or \$5.8 million, from \$240.8 million for the nine month period ended June 30, 2001 to \$235.0 million for the period ended June 29, 2002. As a percentage of net sales, selling, general and administrative expenses increased from 27.5% for the nine months ended June 30, 2001 to 28.1% for the similar 2002 period. Selling and delivery expenses decreased by \$7.5 million from \$100.4 million for the nine months ended June 30, 2001 to \$92.9 million for the comparable fiscal 2002 period. Facilities expenses decreased \$0.1 million from \$8.6 million for the nine months ended June 30, 2001 to \$8.5 million for the comparable fiscal 2002 period. Warehouse and administrative expenses increased \$1.8 million, from \$131.8 million to \$133.6 million for the nine month period ended June 30, 2001 and June 29, 2002, respectively.

Of the \$7.5 million decrease in selling & delivery expenses, \$4.8 million was in Garden Products and \$2.7 million in Pet Products. The decreases are due to delivery and common carrier cost reductions due to lower volumes of third party product sales resulting from the consolidation of the Company's sales and logistics functions.

The increase of \$1.8 million in warehouse and administrative expenses was comprised of a \$0.5 million increase in Pet Products, a \$2.8 million increase in corporate expenses partially offset by a \$1.5 million decrease in Garden Products. The decrease in the Garden Products segment was due to reduced shipping, accounting and information system expenditures resulting from the consolidation of the Garden Products sales and logistic functions. This decrease was partially offset by increases from purchasing, merchandise handling and storage costs charged to warehouse and administration expense and not included as inventory costs due to significant decreases in inventory levels during the current year quarter, compared to the prior year quarter. The increase in corporate expenses was the result of increased legal costs partially offset by the absence of goodwill amortization in fiscal year 2002.

Net interest expense for the nine months ended June 29, 2002 decreased \$6.6 million to \$11.3 million from \$17.9 million for the comparable period ended June 30, 2001. The decrease is attributable to both lower average short-term borrowings and lower average interest rates for the nine month period as compared with the prior year period. Average short-term borrowings for the nine months ended June 29, 2002 were approximately \$121.4 million compared with \$167.5 million for the nine months ended June 30, 2001. The average short-term interest rates for the nine months ended June 29, 2002 and June 30, 2001 were approximately 4.5% and 7.7%, respectively.

Other income increased \$3.7 million from \$1.1 million to \$4.8 million for the nine months ended June 29, 2002 compared to the nine months ended June 30, 2001. The increase was due primarily to \$6 million of life insurance proceeds owed to the Company. The benefit of these proceeds was partially offset by \$2.8 million in charges related to the write-off of goodwill associated with an equity method investment. Earnings from equity method investments were \$1.6 million for the nine months June 29, 2002 compared with \$1.1 million for the nine months ended June 30, 2001.

The Company's effective income tax rate for the nine months ended June 29, 2002 was 35.3% compared with 54.4% for the nine months ended June 30, 2001. The decrease in the effective tax rate results principally from the elimination of non-deductible goodwill amortization beginning in fiscal year 2002 that was included in the comparable fiscal year 2001 period and non-taxable insurance proceeds recorded in fiscal year 2002.

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

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notes generating approximately \$112 million net of underwriting commissions.

Historically, the Company's business has been highly seasonal and its working capital requirements and capital resources tracked 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, 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. As a result of the termination of the Solaris agreement effective September 30, 1999, the ending of the Company's distribution relationship with the Scotts Company effective September 30, 2000, and the associated reduction in Garden Products sales as a percentage of overall sales, this seasonal pattern has been and is expected to continue to be less significant.

The Company's businesses service two broad markets: lawn and garden and pet supplies. Pet Products primarily deals with products that have a year round selling cycle with very little change quarter to quarter. As a result, it is not necessary to carry large quantities of inventory to meet peak demands. Additionally, this level sales cycle eliminates the need for manufacturers to give extended credit terms to either distributors or retailers. On the other hand, Garden Products is highly seasonal with approximately two-thirds of its sales occurring during the fiscal second and third quarters. For many manufacturers of Garden Products this seasonality requires them to move large quantities of their products well ahead of the peak selling period. To encourage distributors to carry large amounts of inventory, industry practice has been for manufacturers to give extended credit terms and/or promotional discounts.

Cash provided by operating activities was \$48.7 million for the nine months ended June 29, 2002, an increase of \$31.9 million from the \$16.8 million provided by operating activities for the comparable fiscal 2001 period. The increase is primarily attributable to the income generated in the current fiscal year as a result of higher gross profit margins combined with the effects of significant inventory reductions and income tax refunds received in the current year. These changes were partially offset by the effects of increased accounts receivable and decreased accounts payable levels.

Cash used in investing activities of \$7.2 million for the nine months ended June 29, 2002 and \$9.9 million for the nine months ended June 30, 2001 were for the purchase of additional machinery, office and warehouse equipment. For the nine months ended June 30, 2001, cash used in investing activities also included \$18.3 million related to the payment for the acquisitions of All-Glass Aquarium and the Lofts and Rebel lines of products by the Company's Pennington subsidiary.

Cash used in financing activities for the nine months ended June 29, 2002 was \$40.5 million compared to the cash generated from financing activities in June 30, 2001 of \$12.9 million, a decrease of \$53.4 million. The decrease is primarily attributed to lower short-term borrowings in the fiscal 2002 period as compared to fiscal 2001 as a result of the Company's improved operating performance.

As of June 29, 2002, the Company had a \$200 million line of credit 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 either equal to the prime rate or LIBOR plus 2% at the Company's option, and is secured by substantially all of the Company's assets. At June 29, 2002, the Company had \$60.8 million of outstanding borrowings, and had \$48.5 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

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consent to any acquisition of a business.

In July 2002, the Company extended its credit facility for two years through July 2004 and reduced the size of the credit facility from \$200 million to \$125 million. The terms of the extended facility also provide improvements in borrowing base availability and operational flexibility at comparable pricing.

The Company's Pennington subsidiary also has an \$95.0 million line of credit. At June 29, 2002, there were \$19.3 million of outstanding borrowings and \$60.1 million of available borrowing capacity under this line. Interest related to this line is based on a rate either equal to the prime rate or LIBOR plus 1.375% at the Company's option. The Company's All-Glass Aquarium subsidiary also has a \$10.0 million line of credit. As of June 29, 2002, there were \$0.1 million of borrowings and \$9.5 million of available borrowing capacity under this line. Interest related to this line is based on a rate equal to the prime rate less 0.5%.

The Company believes that cash flows from operating activities, funds available under its lines of credit, and arrangements with suppliers will be adequate to fund its presently anticipated working capital requirements for the foreseeable future. The Company anticipates that its capital expenditures will not exceed \$20.0 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. Additionally, the Company's business has been highly seasonal. In fiscal 2001, approximately 59% of the Company's sales occurred in the first six months of the calendar year, the Company's second and third fiscal quarters. Substantially all of the Company's operating income has been typically generated in this period which has historically offset the operating losses incurred during the first fiscal quarter of the year. As a result of the termination of the distribution relationship with Scotts in September 2000, and the associated reduction in Garden Products sales as a percentage of overall sales, this seasonal pattern has become, and is expected in the future to be, less significant.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company believes there has been no material change in its exposure to market risk from that discussed in the Company's fiscal 2001 Annual Report filed on Form 10-K.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

TFH Litigation. In December 1997, the Company acquired all of the stock of TFH Publications, Inc. In connection with the transaction, the Company made a \$10

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million loan to the sellers, which was evidenced by a Promissory Note. In September 1998, the prior owners of TFH brought suit against the Company and certain executives of the Company for damages and relief from their obligations under the Promissory Note, alleging, among other things, that the Company's failure to properly supervise the TFH management team had jeopardized their prospects of achieving certain earnouts. The Company believes that these allegations are without merit. The Company counterclaimed against the prior owners for enforcement of the Promissory Note, rescission and/or damages and other relief, alleging, among other things, fraud, misrepresentation and breach of fiduciary duty by the prior owners of TFH. These actions, *Herbert R. Axelrod and Evelyn Axelrod v. Central Garden & Pet Company*; *Glen S. Axelrod*; *Gary Hersch*; *William E. Brown*; *Robert B. Jones*; *Glen Novotny*; and *Neill Hines*, Docket No. MON-L-5100-99, and *TFH Publications, Inc. v. Herbert Axelrod et al.*, Docket No. L-2127-99 (consolidated cases), are in the New Jersey Superior Court. The case is currently in pretrial discovery and is scheduled for trial in March 2003.

During the course of discovery in this action, the Company has become aware of certain information which suggests that prior to the acquisition of TFH by the Company, certain records of TFH were prepared in an inaccurate manner which resulted in underpayment of taxes by certain individuals. Those individuals could be liable for back taxes, interest, and penalties. In addition, even though all of the events occurred prior to the acquisition of TFH by the Company, there is a possibility that TFH could be liable for penalties for events which occurred under prior management. The Company believes that TFH has strong defenses available to the assertion of any penalties against TFH. The Company cannot predict whether TFH will be required to pay any such penalties. In the event that TFH were required to pay penalties, the Company would seek compensation from the prior owners.

In March 2001, the prior owners of TFH also brought a separate action in federal court seeking to enforce what they alleged was an "arbitration award" made by an accountant concerning the closing balance sheet of TFH. The prior owners contended that the decisions by the accountant concerning the closing balance sheet entitled them to additional monies under the purchase price provisions of the Stock Purchase Agreement. The federal court held that the accountant did not make any monetary award. The federal court entered a judgment enforcing the decisions made by the accountant concerning the closing balance sheet of TFH, but the court did not, and refused to, enter a monetary award. See *Evelyn M. Axelrod, et al. v. Central Garden & Pet Company*, Civil Action No. 01-1262 (MLC) U.S.D.C. of New Jersey. The prior owners have argued in the consolidated civil actions pending in the New Jersey Superior Court that the judgment by the federal court entitles them to additional monies under the purchase price provision of the Stock Purchase Agreement. The New Jersey Superior Court has stated that it will not, at this time, enter a monetary award, but that it, like the federal court, will confirm the decisions made by the accountant concerning the closing balance sheet of TFH. The Company believes that it has defenses to the claims by the prior owner for additional monies under the purchase price provisions of the Stock Purchase Agreement, and that the prior owners' claims are subject to or will be offset by the Company's claims against the prior owners.

The Company, based on consultation with legal counsel, does not believe that the outcome of the above matters will have a material adverse impact on its operations, financial position, or cash flows.

Scotts and Pharmacia Litigation. On June 30, 2000, The Scotts Company filed suit against Central to collect the purchase price of certain lawn and garden products previously sold to Central. Scotts filed an amended complaint seeking \$23 million for such products. Central has withheld payments to Scotts on the basis of claims it has against Scotts—including amounts due for services and goods previously supplied by Central and not yet paid for by Scotts. This action, *The Scotts Company v. Central Garden & Pet Company*, Docket No. C2 00-755, is in the United States District Court for the Southern District of Ohio, Eastern Division. On June 30, 2000, Pharmacia Corporation (formerly known as Monsanto Company) filed suit against Central seeking an accounting and unspecified amounts allegedly due Pharmacia under the four-year alliance agreement between Central and Pharmacia which expired in September 1999, as well as damages for breach of contract. This action, *Pharmacia Corporation v. Central Garden & Pet Company*, Docket No. 00CC-002253 Q CV, is in the Circuit Court of St. Louis County, Missouri. Central filed motions in both

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the Scotts and Pharmacia actions to have those cases dismissed or stayed. Central's motion in the Scotts' action has been denied. In the Scotts action, Central filed its answer and a counter complaint asserting various claims for breaches of contracts. Scotts filed a motion to dismiss certain of Central's claims. On January 11, 2002, the court granted Scotts' motion as to Central's claim for breach of oral contract and promissory estoppel and denied the motion as to Central's claim for fraud. Scotts subsequently filed a motion for summary adjudication of Central's fraud claim. The court granted Scotts' motion.

In early April 2002, the court granted Central's motion for leave to file a further amended counter-complaint asserting an additional claim for breach of oral contract arising from certain credits promised by Scotts in the amount of approximately \$4.0 million owed by subagents. This claim was severed from the rest of the case. In April 2002, trial occurred on the claims and counterclaims of the parties (excluding the oral contract claim recently added to the case). The jury found in favor of Scotts on its breach of contract claim and in favor of Central on its breach of contract counterclaims for non-payment of fees and shipments of product. The net verdict was in favor of Scotts in the amount of \$10.425 million which had previously been recorded as an obligation by the Company. Prior to the jury verdict, the district court had dismissed Scotts' claim for breach of fiduciary duty and a portion of Central's claim for breach of contract. On May 30, 2002, Scotts filed a motion seeking \$7.9 million in prejudgment interest and \$1.7 million in attorneys' fees as well as recovery of unspecified costs. Scotts also asked the Court to set aside \$750,000 of the jury verdict amount awarded to Central. Central has filed a motion seeking a new trial on inventory return claims involving approximately \$10 million that the Court had decided against Central as a matter of law during the trial. Central has opposed Scotts' motion and seeks an offset amount of prejudgment interest on its claims such that the net prejudgment interest owed to Scotts would be approximately \$500,000. No hearing date has been set for these motions. No trial has been scheduled on Central's remaining claim for breach of oral contract regarding subagents.

In the Pharmacia action, the court denied Central's motion to stay but granted Central's request that Scotts be joined as a party. On January 18, 2001, Pharmacia Corporation filed an Amended Petition adding Scotts to the Pharmacia action. On January 29, 2001, Central filed its Answer, including affirmative defenses, to the Amended Petition as well as Counter/Cross claims against Pharmacia and Scotts. Pharmacia and Scotts filed responses to Central's counter and cross-claims. In addition, they filed a motion to stay claims other than claims arising under the alliance agreement between Central and Pharmacia. The Court granted this motion, thereby requiring that claims against Scotts or Pharmacia arising from non-alliance matters be litigated in the Ohio and California's federal actions, as appropriate. On January 22, 2002, Central reached agreement with Pharmacia and Monsanto to settle all claims and disputes arising from the alliance agreements. Under the settlement agreement, Central has paid \$5.5 million which had previously been recorded as an obligation by the Company. The court vacated the trial, and Central and Scotts have dismissed all remaining claims against one another without prejudice.

Central believes that the reconciliation of all accounts and claims in the above cases and in the action described below will in the aggregate, not result in additional charges to Central. Further, Central believes it continues to have claims and rights of offset against Scotts and intends to continue to vigorously pursue its claims, including pursuit of post-trial remedies in connection with the suit filed by Scotts. However, Central cannot assure you that the resolution of this litigation will not have a material adverse effect on its results of operations, financial position and/or cash flows.

On July 7, 2000, Central filed suit against Scotts and Pharmacia seeking damages and injunctive relief as well as restitution for, among other things, breach of contract and violations of the antitrust laws. This action, Central Garden & Pet Company, a Delaware Corporation v. The Scotts Company, an Ohio corporation; and Pharmacia Corporation, formerly known as Monsanto Company, a Delaware corporation, Docket No. C 00 2465, is in the United States District Court for the Northern District of California. On October 26, 2000, the federal district court issued an order denying, for the most part, Pharmacia's motion to dismiss Central's federal antitrust claims. Central was given leave to file an amended federal complaint to

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clarify certain of its allegations. Central filed a first amended complaint on November 14, 2000. The federal district court's October 26 order also ruled that it did not have jurisdiction over Central's state law claims and that such claims should be adjudicated in a state court. On October 31, 2000, Central filed an action entitled Central Garden & Pet Company v. The Scotts Company and Pharmacia Corporation, Docket No. C00-04586 in Contra Costa Superior Court asserting various state law claims, including the claims previously asserted in the federal action. On December 4, 2000, Pharmacia and Scotts filed a joint Motion to Stay. The state court has stayed the California action while the contract claims between and among the parties are litigated in the Ohio and Missouri actions and the antitrust claims are litigated in the California federal action. Pursuant to the settlement reached in connection with the Pharmacia action, the parties agreed that all antitrust claims against Pharmacia and Monsanto will be resolved as well, and the federal action has been dismissed as to Pharmacia and Monsanto. In April 2002, Scotts and Central filed cross-motions in the federal action for summary judgment on the antitrust claims. In May 2002, Scotts also filed a motion for summary judgment in the federal action based on res judicata. The court granted the res judicata motion, did not rule on the antitrust motions, and vacated the trial date. Central is appealing the court's order.

Phoenix Fire. On August 2, 2000, a fire destroyed Central's leased warehouse space in Phoenix, Arizona, and an adjoining warehouse space leased by a third party. The adjoining warehouse tenant has filed a lawsuit seeking to recover for property damage from the fire. Local residents have also filed a purported class action lawsuit alleging claims for bodily injury and property damage as a result of the fire. The building owner and nearby businesses have also presented claims for property damage and business interruption. Several of these businesses have now filed lawsuits, which we expect to be consolidated with the tenant and local resident lawsuits. The Arizona Department of Environmental Quality, after monitoring the cleanup operations and asking Central, the building owner and the adjoining warehouse tenant to assess whether the fire and fire suppression efforts may have caused environmental impacts to soil, groundwater and/or surface water, has now issued a letter stating that Central need take no further action at the site with respect to environmental issues. In early 2001, the United States Environmental Protection Agency requested information relating to the fire. On July 17, 2002, the EPA informed Central that it intended to file a civil administrative complaint seeking unspecified penalties for certain alleged post-fire reporting violations. Central is in the process of responding to those allegations. The overall amount of the damages to all parties caused by the fire, and the overall amount of damages which Central may sustain as a result of the fire, have not been quantified. At the time of the fire, Central maintained property insurance covering losses to the leased premises, Central's inventory and equipment, and loss of business income. Central also maintained insurance providing \$51 million of coverage (with no deductible) against third party liability. Central believes that this insurance coverage will be available with respect to third party claims against Central if parties other than Central are not found responsible. The precise amount of the damages sustained in the fire, the ultimate determination of the parties responsible and the availability of insurance coverage are likely to depend on the outcome of complex litigation, involving numerous claimants, defendants and insurance companies.

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- Item 2. Changes in Securities and Use of Proceeds
Not Applicable
- Item 3. Defaults Upon Senior Securities
Not Applicable
- Item 4. Submission of Matter to a Vote of Securities Holders
Not Applicable
- Item 5. Other Information
Not Applicable
- Item 6. Exhibits and Reports on Form 8-K
- (a) Exhibits -
- 99.1 Certification of Principal Executive Officer Pursuant to 18 U.S.C. section 1350.
- 99.2 Certification of Principal Financial Officer Pursuant to 18 U.S.C. section 1350.
- (b) The following current reports on Form 8-K were filed during the quarter ended June 29, 2002.
- Form 8-K file April 30, 2002 relating to a verdict in the Company's litigation with The Scotts Company.
- Form 8-K filed June 28, 2002 relating to the summary judgment motion granted in the Company's litigation with The Scotts Company.
- The following current report on Form 8-K was filed subsequent to the quarter ended June 29, 2002.
- Form 8-K filed July 12, 2002 relating to the extension of the Company's primary credit facility through July 2004.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunder duly authorized.

CENTRAL GARDEN & PET COMPANY

Registrant

Dated: August 12, 2002

/s/ William E. Brown

William E. Brown, Chairman of the Board and
Chief Executive Officer

/s/ Stuart W. Booth

Stuart W. Booth, Vice President and
Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying Form 10-Q of Central Garden & Pet Company for the quarterly period ended June 29, 2002, I, William E. Brown, Chairman of the Board and Chief Executive Officer of Central Garden & Pet Company, hereby certify pursuant to 18 U.S.C. (S)1350, as adopted pursuant to (S)906 of the Sarbanes-Oxley Act of 2002, that:

(1) such Form 10-Q for the quarterly period ended June 29, 2002, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in such Form 10-Q for the quarterly period ended June 29, 2002, fairly presents, in all material respects, the financial condition and results of operations of Central Garden & Pet Company.

August 12, 2002
- -----
Date

William E. Brown

Chairman of the Board and
Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying Form 10-Q of Central Garden & Pet Company for the quarterly period ended June 29, 2002, I, Stuart W. Booth, Vice President and Chief Financial Officer of Central Garden & Pet Company, hereby certify pursuant to 18 U.S.C. (S)1350, as adopted pursuant to (S)906 of the Sarbanes-Oxley Act of 2002, that:

(1) such Form 10-Q for the quarterly period ended June 29, 2002, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in such Form 10-Q for the quarterly period ended June 29, 2002, fairly presents, in all material respects, the financial condition and results of operations of Central Garden & Pet Company.

August 12, 2002
- -----
Date

Stuart W. Booth

Vice President and
Chief Financial Officer