

**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 March 29, 2003

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

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 April 28, 2003	17,676,290
Class B Stock Outstanding as of April 28, 2003	1,655,462

PART I. FINANCIAL INFORMATION

Item 1.	Financial Statements	2
	Condensed Consolidated Balance Sheets September 28, 2002 and March 29, 2003	2
	Condensed Consolidated Statements of Operations Three and Six Months Ended March 30, 2002 and March 29, 2003	3
	Condensed Consolidated Statements of Cash Flows Six Months Ended March 30, 2002 and March 29, 2003	4
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	15
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	20
Item 4.	Controls and Procedures	20

PART II. OTHER INFORMATION

Item 1.	Legal Proceedings	21
Item 2.	Changes in Securities and Use of Proceeds	21
Item 3.	Defaults Upon Senior Securities	21
Item 4.	Submission of Matter to a Vote of Securities Holders	21
Item 5.	Other Information	22
Item 6.	Exhibits and Reports on Form 8-K	22

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

28, 2002, and from time to time in our filings with the Securities and Exchange Commission. These risks and uncertainties include the resolution of the 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.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

**CENTRAL GARDEN & PET COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)
(unaudited)**

	September 28, 2002	March 29, 2003
ASSETS		
Current assets:		
Cash & cash equivalents	\$ 10,884	\$ 7,007
Accounts receivable (less allowance for doubtful accounts of \$7,597 and \$8,016)	130,984	200,954
Inventories	193,159	231,438
Prepaid expenses and other assets	26,096	13,926
Total current assets	361,123	453,325
Land, buildings, improvements and equipment—net	100,864	99,235
Goodwill	222,489	222,489
Deferred income taxes and other assets	47,481	50,447
Total	\$ 731,957	\$ 825,496
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	\$ 59,975	\$ 81,747
Accounts payable	96,796	129,848
Accrued expenses	42,742	48,220
Current portion of long-term debt	7,593	6,503
Total current liabilities	207,106	266,318
Long-term debt	145,331	160,922
Other long-term obligations	2,012	2,128
Shareholders' equity:		
Class B stock, \$.01 par value: 1,655,462 shares outstanding at September 28, 2002 and March 29, 2003	16	16
Common stock, \$.01 par value: 31,008,198 and 31,416,240 issued and 17,265,948 and 17,673,990 outstanding at September 28, 2002 and March 29, 2003	310	314
Additional paid-in capital	532,290	538,094
Retained earnings (deficit)	(10,281)	2,531
Treasury stock	(144,827)	(144,827)
Total shareholders' equity	377,508	396,128
Total	\$ 731,957	\$ 825,496

See notes to condensed consolidated financial statements.

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

	Three Months Ended		Six Months Ended	
	March 30, 2002	March 29, 2003	March 30, 2002	March 29, 2003
Net sales	\$ 290,693	\$ 330,509	\$ 501,352	\$ 542,445
Cost of goods sold and occupancy	199,793	231,419	348,950	382,137
Gross profit	90,900	99,090	152,402	160,308
Selling, general and administrative expenses	69,589	70,916	129,210	130,170
Income from operations	21,311	28,174	23,192	30,138
Interest expense	(3,682)	(6,341)	(7,620)	(9,184)
Interest income	14	44	41	70
Other income	892	671	364	330
Income before income taxes and cumulative effect of accounting change	18,535	22,548	15,977	21,354

Income taxes	7,599	9,019	6,550	8,542
Income before cumulative effect of accounting change	10,936	13,529	9,427	12,812
Cumulative effect of accounting change, net of tax (Note 7)	—	—	(112,237)	—
Net income (loss)	\$ 10,936	\$ 13,529	\$ (102,810)	\$ 12,812
Basic income (loss) per common share:				
Before cumulative effect of accounting change	\$ 0.59	\$ 0.70	\$ 0.51	\$ 0.67
Cumulative effect of accounting change	—	—	(6.08)	—
Basic income (loss) per common share	\$ 0.59	\$ 0.70	\$ (5.57)	\$ 0.67
Diluted income (loss) per common share:				
Before cumulative effect of accounting change	\$ 0.53	\$ 0.68	\$ 0.51	\$ 0.64
Cumulative effect of accounting change	—	—	(4.95)	—
Diluted income (loss) per common share	\$ 0.53	\$ 0.68	\$ (4.44)	\$ 0.64
Weighted average shares used in the computation of income (loss) per share:				
Basic	18,469	19,234	18,458	19,147
Diluted	22,734	20,009	22,661	19,900

See notes to condensed consolidated financial statements.

3

CENTRAL GARDEN & PET COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS]
(in thousands) (unaudited)

	Six Months Ended	
	March 30, 2002	March 29, 2003
Cash flows from operating activities:		
Net income (loss)	\$ (102,810)	\$ 12,812
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	8,547	8,824
Cumulative effect of accounting change	146,748	—
Deferred income taxes	(34,511)	—
Change in assets and liabilities:		
Receivables	(50,847)	(69,970)
Inventories	(391)	(38,279)
Prepaid expenses and other assets	13,998	16,309
Accounts payable	5,496	33,052
Accrued expenses	4,282	5,478
Other long-term obligations	(298)	116
Net cash used in operating activities	(9,786)	(31,658)
Cash flows from investing activities:		
Additions to land, buildings, improvements and equipment	(5,545)	(6,810)
Net cash used in investing activities	(5,545)	(6,810)
Cash flows from financing activities:		
Borrowings under lines of credit, net	14,837	21,772
Proceeds from issuance of long-term debt	1,300	150,000
Repayments of long-term debt	(826)	(135,499)
Deferred financing costs	—	(6,000)
Proceeds from issuance of common stock—net	91	4,318
Net cash provided by financing activities	15,402	34,591
Net increase (decrease) in cash and cash equivalents	71	(3,877)
Cash and cash equivalents at beginning of period	8,292	10,884
Cash and cash equivalents at end of period	\$ 8,363	\$ 7,007
Supplemental information:		
Cash paid for interest	\$ 7,866	\$ 7,546
Cash paid for taxes, net of refunds	\$ 2,539	\$ 1,905

See notes to condensed consolidated financial statements.

4

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Three and Six Months Ended March 29, 2003
(unaudited)

1. Basis of Presentation

The condensed consolidated balance sheet as of March 29, 2003, the condensed consolidated statements of operations for the three and six months ended March 30, 2002 and March 29, 2003 and the condensed consolidated statements of cash flows for the six months ended March 30, 2002 and March 29, 2003 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.

Due to the seasonal nature of the Company's business, the results of operations for the three and six months ended March 29, 2003 are not indicative of the operating results that may be expected for the year ending September 27, 2003. It is suggested that these interim financial statements be read in conjunction with the annual audited financial statements, accounting policies and financial notes thereto, included in the Company's 2002 Annual Report on Form 10-K which has previously been filed with the Securities and Exchange Commission.

2. New Accounting Pronouncements

In December 2002, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of Accounting Principles Board ("APB") Opinion No. 28, Interim Financial Reporting, to require proforma disclosure in interim financial statements by companies that elect to account for stock-based compensation using the intrinsic value method prescribed in APB Opinion No. 25. The Company continues to use the intrinsic value method of accounting for stock-based compensation. As a result, the transition provisions will not have an effect on the Company's consolidated financial statements. The Company's interim disclosures are presented in Note 3.

In November 2002, the FASB issued FASB Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others* (FIN No. 45). FIN No. 45 elaborates on the disclosures to be made by a guarantor and clarifies that a guarantor is required to recognize, at the inception of the guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The adoption of the disclosure and recognition and measurement provisions of FIN No. 45, effective beginning December 29, 2002, did not have a material impact on the Company's financial statements.

3. Stock Plan Information

The Company has various non-qualified stock-based compensation programs, which include stock options and restricted stock awards.

The Company has various stock option plans that provide for the granting of stock options to officers, key employees and directors. The Company accounts for stock-based compensation using the intrinsic value method prescribed in APB No. 25, "Accounting for Stock Issued to Employees," whereby the options are granted at market price, and therefore no compensation costs are recognized. The Company has elected to retain its current method of accounting as described above and has adopted the SFAS Nos. 123 and 148 disclosure requirements.

If compensation expense for the Company's various stock option plans had been determined based upon the projected fair values at the grant dates for awards under those plans in accordance with SFAS No. 123, the Company's pro-forma net earnings, basic and diluted earnings per common share would have been as follows:

5

	Three Months Ended		Six Months Ended	
	March 30, 2002	March 29, 2003	March 30, 2002	March 29, 2003
	(in thousands)			
Net income (loss), as reported	\$ 10,936	\$ 13,529	\$ (102,810)	\$ 12,812
Deduct: Total stock-based employee compensation expense determined under fair value based method for awards, net of related tax effects	(654)	(448)	(1,095)	(906)
Pro forma net income (loss)	\$ 10,282	\$ 13,081	\$ (103,905)	\$ 11,906
Net income (loss) per common equivalent share:				
Basic – as reported	\$ 0.59	\$ 0.70	\$ (5.57)	\$ 0.67
Basic – pro forma	\$ 0.56	\$ 0.68	\$ (5.63)	\$ 0.62
Diluted – as reported	\$ 0.53	\$ 0.68	\$ (4.44)	\$ 0.64
Diluted – pro forma	\$ 0.50	\$ 0.65	\$ (4.49)	\$ 0.60

4. Earnings Per Share

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

	Three Months Ended March 29, 2003			Six Months Ended March 30, 2003		
	Income	Shares	Per Share	Income	Shares	Per Share
	(in thousands, except per share amounts)					
Basic EPS:						
Net Income	\$13,529	19,234	\$ 0.70	\$12,812	19,147	\$ 0.67
Effect of dilutive securities:						
Options to purchase common stock		775	0.02		753	0.03
Diluted EPS:						
Net income attributable to common shareholders	\$13,529	20,009	\$ 0.68	\$12,812	19,900	\$ 0.64
	Three Months Ended March 29, 2002			Six Months Ended March 30, 2002		
	Income	Shares	Per Share	Income	Shares	Per Share
	(in thousands, except per share amounts)					
Basic EPS:						

Net Income (loss)	\$10,936	18,469	\$ 0.59	\$(102,810)	18,458	\$ (5.57)
Effect of dilutive securities:						
Options to purchase common stock		158	—		96	
Convertible notes	1,084	4,107	(0.06)	2,168	4,107	—
Diluted EPS:						
Net income (loss) attributable to common shareholders	\$12,020	22,734	\$ 0.53	\$(100,642)	22,661	\$ (4.44)

Shares of common stock from the assumed conversion of the Company's convertible securities totaling 4,107,143 were not included in the computation of diluted EPS for the three and six-month periods ended March 29, 2003, because the assumed conversion would have been anti-dilutive. Shares of common stock from the assumed

6

conversion of the Company's convertible securities totaling 4,107,143 were included in the computation of diluted EPS for the three and six-month periods ended March 30, 2002.

Options to purchase 2,555,121 and 3,329,829 shares of common stock at prices ranging from \$1.30 to \$30.00 per share were outstanding at March 29, 2003 and from \$1.30 to \$33.94 at March 30, 2002, respectively. For the three month periods ended March 29, 2003 and March 30, 2002, options to purchase 6,000 and 1,521,690 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 would be anti-dilutive. For the six month periods ended March 29, 2003 and March 30, 2002, options to purchase 120,620 and 1,522,690 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 would be anti-dilutive.

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		Six Months Ended	
	March 30, 2002	March 29, 2003	March 30, 2002	March 29, 2003
(in thousands)				
Net sales:				
Garden Products	\$ 173,053	\$ 201,894	\$ 266,917	\$ 295,142
Pet Products	117,640	128,615	234,435	247,303
Total net sales	\$ 290,693	\$ 330,509	\$ 501,352	\$ 542,445
Income (loss) from operations:				
Garden Products	\$ 21,256	\$ 23,887	\$ 19,722	\$ 20,666
Pet Products	10,460	13,043	18,257	22,916
Corporate	(10,405)	(8,756)	(14,787)	(13,444)
Total income from operations	21,311	28,174	23,192	30,138
Interest expense—net	(3,668)	(6,297)	(7,579)	(9,114)
Other income	892	671	364	330
Income taxes	7,599	9,019	6,550	8,542
Income before cumulative effect of accounting change	10,936	13,529	9,427	12,812
Cumulative effect of accounting change, net of tax	—	—	(112,237)	—
Net income (loss)	\$ 10,936	\$ 13,529	\$(102,810)	\$ 12,812
Depreciation and amortization:				
Garden Products	\$ 1,373	\$ 1,319	\$ 2,780	\$ 2,650
Pet Products	2,750	2,877	5,483	5,922
Corporate	140	127	284	252
Total depreciation and amortization	\$ 4,263	\$ 4,323	\$ 8,547	\$ 8,824

7

	September 28, 2002	March 29, 2003
	(in thousands)	
Assets:		
Garden Products	\$ 254,903	\$ 357,264
Pet Products	201,051	209,766
Corporate	276,003	258,466
Total assets	\$ 731,957	\$ 825,496
Goodwill (included in corporate assets):		
Garden Products	\$ 105,390	\$ 105,390
Pet Products	117,099	117,099
Total goodwill	\$ 222,489	\$ 222,489

6. Consolidating Condensed Financial Information of Guarantor Subsidiaries

Certain wholly-owned subsidiaries of the Company (as listed below, collectively the "Guarantor Subsidiaries") have guaranteed fully and unconditionally, on a joint and several basis, the obligation to pay principal and interest under the Company's \$150,000,000 9 1/8% Senior Subordinated Notes (the "Notes") issued on January 30, 2003. Certain subsidiaries and operating divisions are not guarantors of the Notes and have been included in the financial results of the Parent in the information below. Those subsidiaries that are guarantors of the Notes are as follows:

Four Paws Products Ltd.
 Grant Laboratories, Inc.
 Kaytee Products, Incorporated
 Matthews Redwood & Nursery Supply, Inc.
 Pennington Seed, Inc. (including Phaeton Corporation (dba Unicorn Labs), Seeds West, Inc., All-Glass Aquarium Co., Inc. (including Oceanic Systems, Inc.))
 T.F.H. Publications, Inc.
 Wellmark International
 Norcal Pottery Products, Inc.
 Pennington Seed, Inc. of Nebraska
 Gro Tec, Inc.

In lieu of providing separate unaudited financial statements for the Guarantor Subsidiaries, the Company has included the accompanying unaudited consolidating condensed financial statements based on the Company's understanding of the Securities and Exchange Commission's interpretation and application of Rule 3-10 of the Securities and Exchange Commission's Regulation S-X.

8

CONSOLIDATING CONDENSED STATEMENT OF OPERATIONS

	Three Months Ended March 29, 2003 (in thousands) (unaudited)			
	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$ 102,906	\$ 250,077	\$ (22,474)	\$ 330,509
Cost of products sold and occupancy	76,739	176,282	(21,602)	231,419
Gross profit	26,167	73,795	(872)	99,090
Selling, general and administrative expenses	26,330	44,586	—	70,916
Income (loss) from operations	(163)	29,209	(872)	28,174
Interest – net	(5,867)	(430)	—	(6,297)
Other income	458	213	—	671
Income (loss) before income taxes	(5,572)	28,992	(872)	22,548
Income taxes	2,229	(11,597)	349	(9,019)
Net income (loss)	(3,343)	17,395	(523)	13,529
Equity in undistributed income of guarantor subsidiaries	16,872	—	(16,872)	—
Net income (loss)	\$ 13,529	\$ 17,395	\$ (17,395)	\$ 13,529
	Three Months Ended March 30, 2002 (in thousands) (unaudited)			
	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$ 101,503	\$ 208,422	\$ (19,232)	\$ 290,693
Cost of products sold and occupancy	78,080	141,559	(19,846)	199,793
Gross profit	23,423	66,863	614	90,900
Selling, general and administrative expenses	30,503	39,086	—	69,589
Income (loss) from operations	(7,080)	27,777	614	21,311
Interest – net	(2,971)	(697)	—	(3,668)
Other income	749	143	—	892
Income (loss) before income taxes	(9,302)	27,223	614	18,535
Income taxes	3,536	(10,889)	(246)	(7,599)
Net income (loss)	(5,766)	16,334	368	10,936
Equity in undistributed income of guarantor subsidiaries	16,702	—	(16,702)	—
Net income (loss)	\$ 10,936	\$ 16,334	\$ (16,334)	\$ 10,936

9

CONSOLIDATING CONDENSED STATEMENT OF OPERATIONS

	Six Months Ended March 29, 2003 (in thousands) (unaudited)			
	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$ 174,457	\$ 403,735	\$ (35,747)	\$ 542,445
Cost of products sold and occupancy	129,190	288,070	(35,123)	382,137
Gross profit	45,267	115,665	(624)	160,308
Selling, general and administrative expenses	47,850	82,320	—	130,170
Income (loss) from operations	(2,583)	33,345	(624)	30,138
Interest – net	(8,292)	(822)	—	(9,114)
Other income	(180)	510	—	330
Income (loss) before income taxes	(11,055)	33,033	(624)	21,354
Income taxes	4,422	(13,214)	250	(8,542)
Net income (loss)	(6,633)	19,819	(374)	12,812
Equity in undistributed income of guarantor subsidiaries	19,445	—	(19,445)	—
Net income (loss)	\$ 12,812	\$ 19,819	\$ (19,819)	\$ 12,812

	Six Months Ended March 30, 2002 (in thousands) (unaudited)			
	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$ 176,515	\$ 356,903	\$ (32,066)	\$ 501,352
Cost of products sold and occupancy	134,097	246,788	(31,935)	348,950
Gross profit	42,418	110,115	(131)	152,402
Selling, general and administrative expenses	55,087	74,123	—	129,210
Income (loss) from operations	(12,669)	35,992	(131)	23,192
Interest – net	(6,211)	(1,368)	—	(7,579)
Other income	221	143	—	364
Income (loss) before income taxes and cumulative effect of accounting change	(18,659)	34,767	(131)	15,977
Income taxes	7,305	(13,907)	52	(6,550)
Income (loss) before cumulative effect of accounting change	(11,354)	20,860	(79)	9,427
Cumulative effect of accounting change, net of tax	(112,237)	—	—	(112,237)
Net income (loss)	(123,591)	20,860	(79)	(102,810)
Equity in undistributed income of guarantor subsidiaries	20,781	—	(20,781)	—
Net income (loss)	\$ (102,810)	\$ 20,860	\$ (20,860)	\$ (102,810)

CONSOLIDATING CONDENSED BALANCE SHEET

	March 29, 2003 (in thousands) (unaudited)			
	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS				
Cash and equivalents	\$ 2,976	\$ 4,031	\$ —	\$ 7,007
Accounts receivable	58,962	156,774	(14,782)	200,954
Inventories	68,218	163,220	—	231,438
Prepays and other assets	9,826	4,100	—	13,926
Total current assets	139,982	328,125	(14,782)	453,325
Land, buildings, improvements and equipment, net	11,076	88,159	—	99,235
Goodwill	222,489	—	—	222,489
Investment in Guarantors	316,946	—	(316,946)	—
Deferred income taxes and other assets	38,804	11,643	—	50,447
Total	\$ 729,297	\$ 27,927	\$ (331,728)	\$ 825,496

LIABILITIES				
Notes payable	\$ 81,747	\$ —	\$ —	\$ 81,747
Accounts payable	73,732	70,898	(14,782)	129,848
Accrued expenses and other liabilities	27,490	27,233	—	54,723
Total current liabilities	182,969	98,131	(14,782)	266,318
Long-term debt	150,200	10,722	—	160,922
Deferred income taxes and other long-term obligations	—	2,128	—	2,128
Equity	396,128	316,946	(316,946)	396,128
Total	\$ 729,297	\$ 427,927	\$ (331,728)	\$ 825,496

11

CONSOLIDATING CONDENSED BALANCE SHEET

	September 28, 2002 (in thousands) (unaudited)			
	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS				
Cash and equivalents	\$ 10,080	\$ 804	\$ —	\$ 10,884
Accounts receivable	41,002	103,087	(13,105)	130,984
Inventories	52,417	140,742	—	193,159
Prepays and other assets	21,046	5,050	—	26,096
Total current assets	124,545	249,683	(13,105)	361,123
Land, buildings, improvements and equipment, net	12,191	88,673	—	100,864
Goodwill	222,489	—	—	222,489
Investment in Guarantors	212,738	—	(212,738)	—
Deferred income taxes and other assets	35,070	14,347	(1,936)	47,481
Total	\$ 607,033	\$ 352,703	\$ (227,779)	\$ 731,957
LIABILITIES				
Notes payable	\$ 33,992	\$ 25,983	\$ —	\$ 59,975
Accounts payable	52,606	57,295	(13,105)	96,796
Accrued expenses and other liabilities	22,437	27,898	—	50,335
Total current liabilities	109,035	111,176	(13,105)	207,106
Long-term debt	120,387	24,944	—	145,331
Deferred income taxes and other long-term obligations	103	3,845	(1,936)	2,012
Equity	377,508	212,738	(212,738)	377,508
Total	\$ 607,033	\$ 352,703	\$ (227,779)	\$ 731,957

12

CONSOLIDATING CONDENSED STATEMENT OF CASH FLOWS

	Six Months Ended March 29, 2003 (in thousands) (unaudited)			
	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided (used) by operating activities	\$ 4,015	\$ (33,559)	\$ (2,114)	\$ (31,658)
Expenditures for land, buildings, improvements and equipment	(841)	(5,969)	—	(6,810)
Investment in guarantor	(86,503)	84,389	2,114	—
Net cash provided (used) by investing activities	(87,344)	78,420	2,114	(6,810)
Borrowings (repayments) under lines of credit, net	47,755	(25,983)	—	21,772
Proceeds from issuance of long-term debt	150,000	—	—	150,000
Payments on long-term debt	(119,848)	(15,651)	—	(135,499)
Deferred financing costs	(6,000)	—	—	(6,000)
Proceeds from issuance of stock	4,318	—	—	4,318
Net cash provided (used) by financing activities	76,225	(41,634)	—	34,591
Net increase (decrease) in cash and cash equivalents	(7,104)	3,227	—	(3,877)
Cash and cash equivalents at beginning of period	10,080	804	—	10,884
Cash and cash equivalents at end of period	\$ 2,976	\$ 4,031	\$ —	\$ 7,007

Six Months Ended March 30, 2002
(in thousands)
(unaudited)

	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided (used) by operating activities	\$ 11,306	\$ (21,007)	\$ (85)	\$ (9,786)
Expenditures for land, buildings, improvements and equipment	(775)	(4,770)	—	(5,545)
Investment in guarantor	(14,002)	13,917	85	—
Net cash provided (used) by investing activities	(14,777)	9,147	85	(5,545)
Borrowings under lines of credit, net	2,474	12,363	—	14,837
Proceeds from issuance of long-term debt	—	1,300	—	1,300
Payments on long-term debt	—	(826)	—	(826)
Proceeds from issuance of stock	91	—	—	91
Net cash provided by financing activities	2,565	12,837	—	15,402
Net increase (decrease) in cash and cash equivalents	(906)	977	—	71
Cash and cash equivalents at beginning of period	7,153	1,139	—	8,292
Cash and cash equivalents at end of period	\$ 6,247	\$ 2,116	\$ —	\$ 8,363

13

7. Cumulative Effect of Accounting Change – Adoption of SFAS No. 142

During fiscal 2002, management completed its measurement of the goodwill impairment resulting from the adoption of SFAS No. 142, “Goodwill and Other Intangible Assets.” The amount of goodwill impairment upon adoption is reflected as the cumulative effect of an accounting change as of September 30, 2001 in the accompanying condensed consolidated financial statements.

Goodwill balances within the Pet Products and Garden Products segments were tested for impairment as of September 30, 2001. Based on the analysis performed, the Company recorded a non-cash charge to write down goodwill in its Pet Products segment by \$94.8 million (\$70.1 million after tax) and in its Garden Products segment by \$51.9 million (\$42.1 million after tax).

8. Contingencies

TFH Litigation. In December 1997, Central acquired all of the stock of TFH Publications, Inc. (“TFH”). In connection with the transaction, Central made a \$10 million loan to the sellers, which was evidenced by a Promissory Note. In September 1998, the prior owners of TFH brought suit against Central and certain executives of Central for damages and relief from their obligations under the Promissory Note, alleging, among other things, that Central’s failure to properly supervise the TFH management team had jeopardized their prospects of achieving certain earnouts. Central believes that these allegations are without merit. Central 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*; *Glenn 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 scheduled for trial in the Spring of 2003.

During the course of discovery in this action, Central has become aware of certain information which shows that prior to the acquisition of TFH by Central, certain records of TFH were prepared in an inaccurate manner which, among other things, 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 Central, there is a possibility that TFH could be liable for penalties for events which occurred under prior management. Central believes that TFH has strong defenses available to the assertion of any penalties against TFH. Central cannot predict whether TFH will be required to pay any such penalties. In the event that TFH were required to pay penalties, Central would seek compensation from the prior owners.

Central 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 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. See *The Scotts Company v. Central Garden & Pet Company*, Docket No. C2 00-755 (U.S. Dist Ct. N.D. Ohio). Central filed its answer and a counter complaint asserting various claims for breaches of contracts.

In April 2002, trial occurred on the claims and counterclaims of the parties (excluding one oral contract claim made by Central recently added to the case). 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. Scotts and Central filed post-trial motions. In a March 20, 2003 order, the district court denied Scotts’ motion for attorneys’ fees, granted Scotts’ motion to set aside \$750,000 of the jury amount awarded to Central, denied Central’s motion for a new trial, granted Central’s motion for prejudgment interest, and granted in part and denied in part Scotts’ motion for prejudgment interest. The court directed each party to re-determine the amount of their respective interest claims in light of the Court’s ruling and to submit their respective determinations by May 12, 2003. Trial on Central’s remaining claim is scheduled for October 6, 2003.

14

On July 7, 2000, Central filed suit against Scotts and Pharmacia Corporation (formerly know as Monsanto Company) seeking damages and injunctive relief for, among other things, violations of the antitrust laws. See *Central Garden & Pet Company, v. The Scotts Company, and Pharmacia Corporation, formerly known as Monsanto Company*, Docket No. C 00 2465, (U.S. Dist Ct. N.D. Cal.). Pursuant to a settlement reached with Pharmacia, Central and Pharmacia agreed that all antitrust claims against Pharmacia and Monsanto would be resolved, and the federal action has been dismissed as to Pharmacia and Monsanto. In May 2002, Scotts filed a motion for summary judgment in the federal action based on res judicata. The court granted the res judicata motion, but did not rule on the antitrust motions. Central is appealing the judgment entered pursuant to the court’s order.

Central does not believe that the outcome of the above remaining matters will have a material adverse impact on its operations, financial position, or cash flows.

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. On July 31, 2001, the adjoining warehouse tenant filed a lawsuit against Central and other parties in the Superior Court of Arizona, Maricopa County, seeking to recover \$47 million for property damage from the fire. See *Cardinal Health Inc., et al. v. Central Garden & Pet Company, et al*, Civil Case No. CV2001-013152. 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 several nearby businesses have also

now filed lawsuits for property damage and business interruption, which we expect to be consolidated with the tenant and local resident lawsuits. Each of these lawsuits is currently pending in the Superior Court of Arizona, Maricopa County. 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 EPA requested information relating to the fire. On July 17, 2002, the EPA informed Central that it intended to file a civil administrative complaint seeking penalties of up to \$350,000 for certain alleged post-fire reporting violations. Central and the EPA have recently settled those allegations for \$65,000. 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.

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

Overview

Central Garden & Pet Company is a leading marketer and producer of quality branded products for the pet and lawn and garden supplies markets. We are one of the largest companies in the fragmented, \$5.1 billion U.S. pet supplies industry and one of the largest companies in the \$52.5 billion U.S. lawn and garden supplies industry. Our pet products include pet bird and small animal food, wild bird seed, aquarium products, flea, tick, mosquito and other insect control products, edible bones, cages, carriers, pet books, and other dog, cat, reptile and small animal products. These products are sold under a number of brand names, including Kaytee, All-Glass Aquarium, Zodiac, Nylabone, TFH and Four Paws. Our lawn and garden products include grass seed, wild bird seed, weed and insect control products, decorative outdoor patio products and ant control products. These products are sold under a number of brand names, including Pennington, Norcal Pottery, Matthews Four Seasons, AMDRO and Grant's. In fiscal 2002, our consolidated net sales were \$1.1 billion, of which our pet products segment, or Pet Products, accounted for \$471.1 million and our lawn and garden products segment, or Garden Products, accounted for

15

\$606.7 million. Our income from operations was \$52.8 million, of which Pet Products accounted for \$43.4 million and Garden Products accounted for \$37.3 million, before corporate expenses and eliminations of \$27.9 million.

Background

During the past several years, we have transitioned to a leading marketer and producer of branded products from a traditional pet and lawn and garden supplies distributor. We undertook this transition because we recognized the opportunity to build a portfolio of leading brands and improve profitability by capitalizing on our knowledge of the pet and lawn and garden supplies sectors, our strong relationships with retailers and our nationwide sales and logistics network. Our goal was to diversify our business and improve operating margins by establishing a portfolio of leading brands. Since 1997, we have acquired numerous branded products companies and product lines, including Wellmark and Four Paws in fiscal 1997; Kaytee Products, TFH and Pennington Seed in fiscal 1998; Norcal Pottery in fiscal 1999; and AMDRO and All-Glass Aquarium in fiscal 2000.

While expanding our branded products business, we experienced adverse events in our distribution business. From 1995 to 1999, we were the master distributor of Round Up and Ortho products. In January 1999, The Scotts Company, one of our largest distribution suppliers at the time, acquired Ortho and became the marketing agent for Round Up. In July 2000, Scotts terminated its relationship with us. Due to these events, we significantly downsized our garden distribution operations and closed a total of 25 facilities from fiscal 1999 to fiscal 2001. We have incurred significant legal expenses associated with lawsuits with Scotts and others. In fiscal 2001, we integrated our sales and logistics networks into our pet and lawn and garden products businesses to allow us to focus resources and provide strategic sales support for our brands.

Virtually all of our sales before fiscal 1997 were from distributing other manufacturers' products. Since then, our branded product sales have grown to approximately \$800 million, or approximately 75% of total sales, in fiscal 2002. During this same period, sales of other manufacturers' products have declined to approximately \$250 million, or approximately 25% of total sales, and our gross profit margins improved from 13.6% in fiscal 1996 to 29.7% in fiscal 2002.

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," "our," or "Central" mean Central Garden & Pet Company and its subsidiaries and divisions, and their predecessor companies and subsidiaries.

Recent Developments

In January 2003 we issued \$150 million of 9 1/8% senior subordinated notes due 2013. The net proceeds of approximately \$144 million were used to redeem \$115 million of 6% subordinated convertible notes due November 2003. We used the balance of the net proceeds, combined with additional borrowings under the our line of credit with Congress Financial Corporation (Western), to repay the outstanding borrowings under our Pennington credit facility and two senior secured term loans of All-Glass. In conjunction with these repayments, we terminated the Pennington and All-Glass credit facilities.

We are currently negotiating to replace our existing \$175 million asset based credit facility with a new \$200 million senior secured credit facility. We anticipate that this facility will consist of a five-year \$100 million revolving credit facility and a six-year \$100 million term loan and will result in slightly higher annual interest expense. We are refinancing to eliminate the restrictions of asset-based financing and to significantly increase our financial flexibility. We believe this increased financial flexibility will allow us to more effectively pursue growth opportunities and potential acquisitions. We expect the new facility to close in May.

Three Months Ended March 29, 2003 Compared with Three Months Ended March 30, 2002

Results for the second quarter of fiscal 2003 continued to reflect our transition to a leading marketer and producer of branded products from a distributor of other manufacturers' products. Net sales for the three months ended March 29, 2003 increased \$39.8 million, or 13.7%, to \$330.5 million from \$290.7 million for the three months ended March 30, 2002. The increase in net sales was comprised of an \$11.0 million, or 9.3%, increase in

16

Pet Products and a \$28.8 million, or 16.7%, increase in Garden Products. The increase in Pet Products was due primarily to increased sales of our bird seed branded products. The increase in Garden Products was due to increased grass seed, bird seed and chemical branded product sales. Grass seed sales were positively impacted by approximately \$6.0 million of shipments in the current quarter that were originally expected in the first quarter.

Gross profit for the three months ended March 29, 2003 increased \$8.2 million, or 9.0%, to \$99.1 million from \$90.9 million during the quarter ended March 30, 2002. Gross profit increased in both Garden Products and Pet Products as a result of the quarter's increased sales. Gross profit as a percentage of net sales decreased from 31.3% the quarter ended March 30, 2002 to 30.0% for the same quarter in 2003, primarily due to higher than normal grain prices caused by the drought in the Plains states last year. These higher expenses were only partially recovered through price increases for our wild and pet bird feed products, which were not fully implemented until March. We do not anticipate any substantial adverse impact from higher grain prices in the foreseeable future.

Selling, general and administrative expenses increased \$1.3 million, or 1.9%, from \$69.6 million for the quarter ended March 30, 2002 to \$70.9 million in the current quarter. As a percentage of net sales, selling, general and administrative expenses decreased from 23.9% for the quarter ended March 30, 2002 to 21.5% for the quarter ended March 29, 2003. The decrease in selling, general and administrative expenses as a percentage of net sales was due to decreases in facilities and warehouse and administrative

expenses partially offset by the increases in selling and delivery expenses attributable to the increased revenues.

Selling and delivery expenses increased by \$3.8 million, or 12.4%, from \$30.7 million for the quarter ended March 30, 2002 to \$34.5 million for the current quarter. Increased revenues in both the Garden Product and Pet Product segments increased selling and delivery expenses, which approximated the revenue percentage increases.

Facilities expense decreased by \$0.3 million, or 10.3%, from \$2.9 million for the quarter ended March 30, 2002 to \$2.6 million for the current quarter. The decrease was related to facility shutdown costs in Pet Products incurred in the prior year quarter.

Warehouse and administrative expenses decreased \$2.2 million, or 6.1%, from \$36.0 million for the quarter ended March 30, 2002 to \$33.8 million for the quarter ended March 29, 2003. Warehouse and administrative expenses decreased \$1.0 million in Pet Products and \$1.7 million at Corporate and were partially offset by a \$0.5 million increase in Garden Products. The decrease was due primarily to reduced legal and litigation expenses in the current year quarter and increased purchasing, merchandise handling and storage costs included as inventory costs as a result of the increase in both sales and inventory levels. These decreases were partially offset by increased insurance costs.

Net interest expense for the quarter ended March 29, 2003 increased by \$2.6 million, or 70.3%, to \$6.3 million from \$3.7 million for the quarter ended March 30, 2002. The increase is due to the higher interest expense associated with our \$150 million senior subordinated notes offering in January 2003 and the redemption of our \$115 million convertible subordinated notes due 2003. In connection with this refinancing, \$1.4 million of nonrecurring additional interest was expensed in the second quarter of 2003. The higher interest expenses were partially offset by lower average short-term borrowings and lower average interest rates related to our lines of credit.

Other income decreased \$0.2 million from \$0.9 million for the quarter ended March 30, 2002 to \$0.7 million for the quarter ended March 29, 2003, representing earnings from our equity method investments.

Our effective income tax rate for the quarter ended March 30, 2002 was 41.0% compared with 40.0% for the quarter ended March 29, 2003.

Six Months Ended March 29, 2003 Compared with Six Months Ended March 30, 2002

Net sales for the six months ended March 29, 2003 increased by \$41.0 million, or 8.2%, to \$542.4 million from \$501.4 million for the six months ended March 30, 2002. The increase in net sales was comprised of a \$12.9 million, or 5.5%, increase in Pet Products and a \$28.2 million, or 10.6%, increase in Garden Products. The increase

17

in Pet Products was due primarily to increased sales of bird seed branded products. The increase in Garden Products was due to increased grass seed, bird seed and chemical branded product sales.

Gross profit for the six months ended March 29, 2003 increased \$7.9 million, or 5.2%, to \$160.3 million from \$152.4 million for the six months ended March 30, 2002. Gross profit increased in both Garden Products and Pet Products as a result of the increased sales in the second quarter of fiscal 2003. Gross profit as a percentage of net sales decreased from 30.4% for the comparable 2002 quarter to 29.6% for the current 2003 quarter, due to higher than normal grain prices caused by the drought in the Plains states last year. These higher expenses were only partially recovered through price increases for our wild and pet bird feed products, which were not fully implemented until March. We do not anticipate any substantial adverse impact from higher grain prices in the foreseeable future.

Selling, general and administrative expenses increased \$1.0 million, or 0.7%, from \$129.2 million for the six months ended March 30, 2002 to \$130.2 million for the six months ended March 30, 2003. As a percentage of net sales, selling, general and administrative expenses decreased from 25.8% for the six months ended March 30, 2002 to 24.0% for the six months ended March 29, 2003. The decrease in selling, general and administrative expenses as a percentage of net sales was due to decreases in facilities and warehouse and administrative expenses partially offset by the increases in selling and delivery expenses attributable to the increased revenues.

Selling and delivery expenses increased by \$4.2 million, or 7.2%, from \$58.3 million for the six months ended March 30, 2002 to \$62.5 million for the six months ended March 29, 2003. The increase in revenues in both Garden Products and Pet Products led to increased selling and delivery expenses, which approximated their revenue percentage increases.

Facilities expense decreased by \$0.5 million, or 8.8%, from \$5.7 million for the six months ended March 30, 2002 to \$5.2 million for the six months ended March 29, 2003. The decrease was primarily related to facility shutdown costs in Pet Products incurred in the prior year period.

Warehouse and administrative expenses decreased \$2.7 million, or 4.1%, from \$65.2 million for the six months ended March 30, 2002 to \$62.5 million for the six months ended March 29, 2003. Warehouse and administrative expenses decreased \$1.7 million in Pet Products and \$1.3 million at Corporate, partially offset by a \$0.3 million increase in Garden Products. The decrease in Pet Products was primarily due to the non-recurrence of litigation expenses incurred in the prior year. The decrease at Corporate was due to reduced legal and litigation expenses during the period partially offset by increased insurance costs and professional and consulting fees.

Net interest expense for the six months ended March 29, 2003 increased \$1.5 million, or 20.3%, to \$9.1 million from \$7.6 million for the six months ended March 30, 2002. The increase is due to the higher interest expense associated with our \$150 million senior subordinated notes offering in January 2003 and the redemption of our convertible subordinated notes. In connection with this refinancing, \$1.4 million of nonrecurring additional interest was expensed in the second quarter of 2003. The higher interest expense due to our new capital structure and the one-time charge were partially offset by both lower average short-term borrowings and lower average interest rates related to our lines of credit in the first six months of fiscal 2003 as compared to the first six months of fiscal 2002.

Other income decreased \$0.1 million from \$0.4 million for the six months ended March 30, 2002 to \$0.3 million for the six months ended March 29, 2003. Both amounts represented earnings from equity method investments.

Our effective income tax rate before the cumulative effect of accounting change for the six months ended March 30, 2002 was 41.0% compared with 40.0% for the six months ended March 29, 2003.

We recorded net income for the six months ended March 29, 2003 of \$12.8 million compared with \$9.4 million, before the effect of adopting SFAS No. 142, in the prior year six month period. Substantially all of Garden Products' operating income is typically generated in our second and third fiscal quarters. As a result, the loss reported in the first quarter of fiscal year 2003 is generally more than offset by the results of the second quarter.

In the first quarter of fiscal 2002, we reported a cumulative effect of accounting change charge in the amount of \$112.2 million. 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

18

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 we adopted for the fiscal year beginning September 30, 2001. As required by SFAS No. 142, we performed our goodwill impairment analysis and recorded a non-cash charge to write down goodwill in our Garden Products segment by \$51.9 million (\$42.1 million after tax) and in our Pet Products segment by \$94.8 million (\$70.1 million after tax) in the quarter ended December 29, 2001.

Liquidity and Capital Resources

We have financed our growth through a combination of bank borrowings, supplier credit, internally generated funds and sales of equity and debt securities to the public.

Historically, our business has been seasonal and our 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 our 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, our 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 lawn and garden 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 reduction in sales of products manufactured by other parties as a percentage of overall sales, this seasonal pattern has become somewhat less significant.

We service two broad markets: pet supplies and lawn and garden supplies. Our pet supplies businesses involve 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, our lawn and garden businesses are highly seasonal with approximately 64% of Garden Products' aggregate sales occurring during the second and third fiscal quarters in fiscal year 2002. For many manufacturers of garden products, this seasonality requires them to move large quantities of their product well ahead of the peak selling periods. 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 used in operating activities increased \$21.9 million from \$9.8 million for the six months March 30, 2002 compared with \$31.7 million for the six months ended March 29, 2003. The increase is primarily attributable to increased inventory and accounts receivable levels partially offset by increased accounts payable resulting from the costs to support the increased revenues in the second quarter of fiscal 2003 and expected revenues in the third quarter. Net cash used in investing activities increased \$1.3 million primarily as a result of capital expenditures associated with the construction of a manufacturing facility. Net cash provided by financing activities increased \$19.2 million due to our recent senior subordinated notes offering of \$150 million, increased short-term borrowings and proceeds from employee stock option exercises, partially offset by the retirement of our \$115 million convertible subordinated notes, the repayment of the outstanding borrowings under our Pennington credit facility and two senior secured term loans.

At March 29, 2003, our total debt was \$249.2 million versus \$293.4 million at March 30, 2002.

In January 2003, we issued \$150 million of 9 1/8% senior subordinated notes due 2013. The net proceeds of approximately \$144 million were used to redeem \$115 million of 6% subordinated convertible notes due November 2003. We used the balance of the net proceeds, combined with additional borrowings under the our line of credit with Congress Financial Corporation (Western), to repay the outstanding borrowings under our Pennington credit facility and two senior secured term loans of All-Glass. In conjunction with these repayments, we terminated the Pennington and All-Glass credit facilities. As a result of our private placement of \$150 million of 9 1/8% senior subordinated notes due 2013, we estimate that our interest expense will increase approximately \$6 million per year.

19

At March 29, 2003, we had a \$175.0 million line of credit with Congress Financial Corporation (Western), which expires on July 12, 2004. The available amount under the line of credit fluctuates based upon the value of assets eligible for inclusion in the borrowing base. The line of credit bears interest at a rate either equal to LIBOR plus 1.75% or the prime rate, at our option, and is secured by a significant amount of our assets. At March 29, 2003, we had \$81.7 million of outstanding borrowings and \$42.0 million of available borrowing capacity under this line. This line of credit contains certain financial covenants, such as minimum tangible net worth, EBITDA and minimum working capital requirements. The line also requires the lender's prior written consent to any acquisition of a business. We terminated our Pennington and All-Glass Aquarium subsidiary credit facilities in the second quarter of fiscal 2003. As of March 29, 2003, we had not contributed the Pennington and All-Glass assets, which are substantive, to the Congress line.

We are currently in the market for a new \$200 million senior secured credit facility to replace our existing \$175 million asset based credit facility. We anticipate that this facility will consist of a five-year \$100 million revolving credit facility and six-year \$100 million term B loan and will result in slightly higher annual interest expense. We are undertaking this refinancing to eliminate the restrictions of our asset-based facility and significantly increase our financial flexibility by putting in place a layer of permanent capital and increasing our access to additional pools of investor capital. We believe that this increased financial flexibility will allow us to more effectively pursue growth opportunities and potential acquisitions.

We believe that cash flows from operating activities, funds available under our credit facility, and arrangements with suppliers will be adequate to fund our presently anticipated working capital requirements for the foreseeable future. We anticipate that our capital expenditures will not exceed \$20.0 million for the next 12 months, including approximately \$8.0 million for the construction of a manufacturing facility scheduled for completion in the fall of 2003.

As part of our growth strategy, we have engaged in acquisition discussions with a number of companies in the past, and we anticipate that we 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, we may require additional external capital. In addition, such acquisitions would subject us 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, Garden Products' business has been highly seasonal. In fiscal 2002, 64% of Garden Products net sales and 58% of our total net sales occurred in the Company's second and third fiscal quarters. Substantially all of Garden Products' operating income is typically generated in this period, which has historically offset the operating loss incurred during the first fiscal quarter of the year.

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 2002 Annual Report filed on Form 10-K.

Item 4. Controls and Procedures

(a) *Evaluation of disclosure controls and procedures.* Our chief executive officer and our chief financial officer, after evaluating the effectiveness of our "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 Rules 13a-14(c) and 15-d-14(c)) as of a date within 90 days before the filing date of this quarterly report (the "Evaluation Date"), have concluded that as of the Evaluation Date, our disclosure controls and procedures were adequate and designed to ensure that material information relating to us and our consolidated subsidiaries would be made known to them by others within those entities.

(b) *Changes in internal controls.* There were no significant changes in our internal controls or to our knowledge, in other factors that could significantly affect our disclosure controls and procedures subsequent to the Evaluation Date

20

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For information on our material legal proceedings, you should read note 8 "Contingencies" to the unaudited financial statements in Part I – Item 1 of this report.

Item 2. Changes in Securities and Use of Proceeds

In January 2003, we issued \$150 million of 9 1/8% senior subordinated notes due 2013, in a private placement pursuant to Rule 144A and Regulation S of the Securities Act of 1933. The net proceeds of \$144 million were used to redeem \$115 million of 6% subordinated convertible notes which were due in November 2003. The balance of the net proceeds, combined with additional borrowings under the our line of credit with Congress Financial Corporation (Western), were used to repay the outstanding borrowings under the Pennington credit facility and two senior secured term loans of All-Glass.

Item 3. Defaults Upon Senior Securities

Not Applicable

Item 4. Submission of Matter to a Vote of Securities Holders

(a) The annual meeting of shareholders was held on February 10, 2003.

(b) The following directors were elected at the meeting

William E. Brown
 Glenn W. Novotny
 Brooks M. Pennington III
 John B. Balousek
 David N. Chichester
 Daniel P. Hogan, Jr.
 Bruce A. Westphal

21

Set forth below is the tabulation with respect to the matter voted on at the meeting:

	For	Against or Withheld
William E. Brown		
Common	13,356,100	2,305,555
Class B	1,649,207	0
Glenn W. Novotny		
Common	13,356,081	2,305,574
Class B	1,649,207	0
Brooks M. Pennington III		
Common	13,356,232	2,305,423
Class B	1,649,207	0
John B. Balousek		
Common	15,335,922	325,733
Class B	1,649,207	0
David N. Chichester		
Common	15,335,922	325,733
Class B	1,649,207	0
Daniel P. Hogan, Jr.		
Common	15,335,522	326,133
Class B	1,649,207	0
Bruce A. Westphal		
Common	15,335,922	325,733
Class B	1,649,207	0

(c) At the annual meeting, the shareholders voted to approve the adoption of our 2003 Omnibus Equity Incentive Plan pursuant to which an aggregate of 2,500,000 shares were authorized for issuance thereunder.

Set forth below is the tabulation with respect to the amendment voted on at the meeting:

	For	Against or Withheld
Common	4,584,928	7,331,832
Class B (weighted)	13,920,326	0

Item 5. Other Information

Not Applicable

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- 10.8 2003 Omnibus Equity Incentive Plan
- 10.9 Indenture dated January 30, 2003 between Central Garden & Pet Company, Wells Fargo and the subsidiary guarantors named therein (incorporated by reference from exhibit 4.1 to the Registration Statement on Form S-4, File No. 333-103835).
- 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.

22

(b) The following current reports on Form 8-K were filed during the quarter ended March 29, 2003:

Form 8-K filed January 14, 2003 relating to our proposal to offer in a private placement \$150,000,000 aggregate principal amount of senior subordinated notes.

Form 8-K filed January 31, 2003 relating to the closing of our private placement of \$150,000,000 aggregate principal amount of 9-1/8% senior subordinated notes due 2013.

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.

Dated: May 6, 2003

CENTRAL GARDEN & PET COMPANY
Registrant

/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

24

I, William E. Brown, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Central Garden & Pet Company;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weakness in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 6, 2003

/s/ WILLIAM E. BROWN

William E. Brown
Chief Executive Officer
(Principal Executive Officer)

25

I, Stuart W. Booth, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Central Garden & Pet Company;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weakness in internal controls; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 6, 2003

/s/ STUART W. BOOTH

Stuart W. Booth
Chief Financial Officer
(Principal Financial Officer)

CENTRAL GARDEN & PET COMPANY
 2003 OMNIBUS EQUITY INCENTIVE PLAN

TABLE OF CONTENTS

<TABLE>		Page
<CAPTION>		<C>
<S>		<C>
SECTION 1	1
1.1	Background and Effective Date	1
1.2	Purpose of the Plan	1
1.3	Duration of the Plan	1
SECTION 2	DEFINITIONS	1
2.1	"1934 Act"	1
2.2	"Affiliate"	1
2.3	"Affiliated SAR"	2
2.4	"Award"	2
2.5	"Award Agreement"	2
2.6	"Board" or "Board of Directors"	2
2.7	"Code"	2
2.8	"Committee"	2
2.9	"Company"	2
2.10	"Consultant"	2
2.11	"Director"	2
2.12	"Disability"	2
2.13	"Employee"	2
2.14	"ERISA"	2
2.15	"Fair Market Value"	2
2.16	"Freestanding SAR"	3
2.17	"Incentive Stock Option" or "ISO"	3
2.18	"Nonqualified Stock Option"	3
2.19	"Option"	3
2.20	"Option Price"	3
2.21	"Participant"	3
2.22	"Performance Unit"	3
2.23	"Performance Share"	3
2.24	"Period of Restriction"	3
2.25	"Plan"	3
2.26	"Restricted Stock"	3
2.27	"Retirement"	3
2.28	"Rule 16b-3"	3
2.29	"Section 16 Person"	3
2.30	"Shares"	3
2.31	"Stock Appreciation Right" or "SAR"	4
2.32	"Subsidiary"	4
2.33	"Tandem SAR"	4
2.34	"Termination of Employment"	4
2.35	"Window Period"	4
SECTION 3	ADMINISTRATION	4
3.1	The Committee	4

-i-

TABLE OF CONTENTS
 (continued)

<TABLE>		Page
<CAPTION>		<C>
<S>		<C>
3.2	Authority of the Committee	4
3.3	Decisions Binding	4
SECTION 4	SHARES SUBJECT TO THE PLAN	5
4.1	Number of Shares	5
4.2	Lapsed Awards	6
4.3	Adjustments in Authorized Shares	6
SECTION 5	STOCK OPTIONS	6
5.1	Grant of Options	6
5.2	Award Agreement	6
5.3	Option Price	6
5.3.1	Nonqualified Stock Options	7
5.3.2	Incentive Stock Options	7
5.3.3	Substitute Options	7
5.4	Expiration of Options	7
5.4.1	Expiration Dates	7
5.4.2	Committee Discretion	8
5.5	Exercise of Options	8
5.6	Payment	8
5.7	Restrictions on Share Transferability	8

5.8	Certain Additional Provisions for Incentive Stock Options	8
5.8.1	Exercisability	8
5.8.2	Termination of Employment	8
5.8.3	Company and Subsidiaries Only	9
5.8.4	Expiration	9
5.9	Nontransferability of Options	9
SECTION 6	STOCK APPRECIATION RIGHTS	9
6.1	Grant of SARs	9
6.2	Exercise of Tandem SARs	9
6.2.1	ISOs	9
6.3	Exercise of Affiliated SARs	10
6.4	Exercise of Freestanding SARs	10
6.5	SAR Agreement	10
6.6	Expiration of SARs	10
6.7	Payment of SAR Amount	10
6.8	Nontransferability of SARs	10
SECTION 7	RESTRICTED STOCK	10
7.1	Grant of Restricted Stock	10
7.2	Restricted Stock Agreement	10
7.3	Transferability	11
7.4	Other Restrictions	11
7.5	Removal of Restrictions	11
7.6	Voting Rights	11

</TABLE>

-ii-

TABLE OF CONTENTS
(continued)

<TABLE>
<CAPTION>

	Page
<S>	<C>
7.7	11
7.8	11
SECTION 8	12
8.1	12
8.2	12
8.3	12
8.4	12
8.5	12
8.6	12
SECTION 9	13
SECTION 10	13
SECTION 11	13
11.1	13
11.2	13
SECTION 12	13
12.1	13
SECTION 13	13
13.1	13
13.2	14
SECTION 14	14
SECTION 15	14
SECTION 16	14
16.1	14
16.2	14
16.3	15
16.4	15
16.5	15
16.6	15

</TABLE>

-iii-

CENTRAL GARDEN & PET COMPANY
2003 OMNIBUS EQUITY INCENTIVE PLAN

CENTRAL GARDEN & PET COMPANY, hereby adopts the Central Garden & Pet Company 2003 Omnibus Equity Incentive Plan, effective as of December 4, 2002, as follows:

SECTION 1
BACKGROUND, PURPOSE AND DURATION

1.1 Background and Effective Date. The Plan provides for the granting of Nonqualified Stock Options, Incentive Stock Options, SARs, Restricted Stock, Performance Units, and Performance Shares. The Plan is effective as of December 4, 2002, subject to ratification by an affirmative vote of the holders of a majority of Shares. Awards may be granted prior to the receipt of such vote, but such grants shall be null and void if such vote is not in fact received.

1.2 Purpose of the Plan. The purpose of the Plan is to promote the success, and enhance the value, of the Company by aligning the interests of Participants with those of the Company's shareholders, and by providing Participants with an incentive for outstanding performance.

The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of outstanding individuals, upon whose judgment, interest, and special effort the success of the Company largely is dependent.

1.3 Duration of the Plan. The Plan shall commence on the date specified in Section 1.1, and subject to Section 12 (concerning the Board's right to amend or terminate the Plan), shall remain in effect thereafter. However, without further stockholder approval, no Incentive Stock Option may be granted under the Plan on or after December 3, 2012.

SECTION 2 DEFINITIONS

The following words and phrases shall have the following meanings unless a different meaning is plainly required by the context:

2.1 "1934 Act" means the Securities Exchange Act of 1934, as amended. Reference to a specific section of the Exchange Act or regulation thereunder shall include such section or regulation, any valid regulation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

2.2 "Affiliate" means any corporation or any other entity (including, but not limited to, partnerships and joint ventures) controlling, controlled by, or under common control with the Company.

2.3 "Affiliated SAR" means an SAR that is granted in connection with a related Option, and which automatically will be deemed to be exercised at the same time that the related Option is exercised.

2.4 "Award" means, individually or collectively, a grant under the Plan of Nonqualified Stock Options, Incentive Stock Options, SARs, Restricted Stock, Performance Units, or Performance Shares.

2.5 "Award Agreement" means the written agreement setting forth the terms and provisions applicable to each Award granted under the Plan.

2.6 "Board" or "Board of Directors" means the Board of Directors of the Company.

2.7 "Code" means the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or regulation thereunder shall include such section or regulation, any valid regulation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

2.8 "Committee" means the committee appointed by the Board (pursuant to Section 3.1) to administer the Plan.

2.9 "Company" means Central Garden & Pet Company, a Delaware corporation, or any successor thereto.

2.10 "Consultant" means an individual who provides significant services to the Company and/or an Affiliate, including a Director who is not an Employee.

2.11 "Director" means any individual who is a member of the Board of Directors of the Company.

2.12 "Disability" means a permanent and total disability within the meaning of Code Section 22(e)(3).

2.13 "Employee" means an employee of the Company or of an Affiliate, whether such employee is so employed at the time the Plan is adopted or becomes so employed subsequent to the adoption of the Plan.

2.14 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended. Reference to a specific section of ERISA shall include such section, any valid regulation promulgated thereunder, and any comparable provision of any future legislation amending, supplementing or superseding such section.

2.15 "Fair Market Value" means the average of the highest and lowest quoted selling prices for Shares on the relevant date, or if there were no sales on such date, the arithmetic mean of the highest and lowest quoted selling prices on the nearest day before and the nearest day after the relevant date, as determined by the Committee.

2.16 "Freestanding SAR" means a SAR that is granted independently of any Option.

2.17 "Incentive Stock Option" or "ISO" means an option to purchase Shares, which is designated as an Incentive Stock Option and is intended to meet the requirements of Section 422 of the Code.

2.18 "Nonqualified Stock Option" means an option to purchase Shares which is not intended to be an Incentive Stock Option.

2.19 "Option" means an Incentive Stock Option or a Nonqualified Stock Option.

2.20 "Option Price" means the price at which a Share may be purchased pursuant to an Option.

2.21 "Participant" means an Employee or Consultant who has an outstanding Award.

2.22 "Performance Unit" means an Award granted to an Employee pursuant to Section 8.

2.23 "Performance Share" means an Award granted to an Employee pursuant to Section 8.

2.24 "Period of Restriction" means the period during which the transfer of Shares of Restricted Stock are subject to restrictions.

2.25 "Plan" means the Central Garden & Pet Company 2003 Omnibus Equity Incentive Plan, as set forth in this instrument and as hereafter amended from time to time.

2.26 "Restricted Stock" means an Award granted to a Participant pursuant to Section 7.

2.27 "Retirement" means, in the case of an Employee, a Termination of Employment by reason of the Employee's retirement at or after age 62.

2.28 "Rule 16b-3" means Rule 16b-3 promulgated under the 1934 Act, and any future regulation amending, supplementing or superseding such regulation.

2.29 "Section 16 Person" means a person who, with respect to the Shares, is subject to Section 16 of the 1934 Act.

2.30 "Shares" means the shares of common stock, \$0.01 par value, of the Company.

2.31 "Stock Appreciation Right" or "SAR" means an Award, granted alone or in connection with a related Option, that pursuant to the terms of Section 7 is designated as an SAR.

2.32 "Subsidiary" means any "subsidiary corporation" (other than the Company) as defined in Code Section 424(f).

2.33 "Tandem SAR" means an SAR that is granted in connection with a related Option, the exercise of which shall require forfeiture of the right to purchase an equal number of Shares under the related Option (and when a Share is purchased under the Option, the SAR shall be canceled to the same extent).

2.34 "Termination of Employment" means a cessation of the employee-employer or director or other service arrangement relationship between an Employee, Consultant or Director and the Company or an Affiliate for any reason, including, but not by way of limitation, a termination by resignation, discharge, death, Disability, Retirement, or the disaffiliation of an Affiliate, but excluding any such termination where there is a simultaneous reemployment or re-engagement by the Company or an Affiliate.

2.35 "Window Period" means the period beginning on the third business day following the date of public release of the Company's quarterly sales and earnings information, and ending on the twelfth business day following such date.

SECTION 3 ADMINISTRATION

3.1 The Committee. The Plan shall be administered by the Committee. The Committee shall consist of not less than two (2) Directors. The members of

the Committee shall be appointed from time to time by, and shall serve at the pleasure of, the Board of Directors. The Committee shall be comprised solely of Directors who are "outside directors" under Rule 16b-3.

3.2 Authority of the Committee. The Committee shall have all powers and discretion necessary or appropriate to administer the Plan and to control its operation, including, but not limited to, the power (a) to determine which Employees and Consultants shall be granted Awards, (b) to prescribe the terms and conditions of such Awards, (c) to interpret the Plan and the Awards, (d) to adopt rules for the administration, interpretation and application of the Plan as are consistent therewith, and (e) to interpret, amend or revoke any such rules.

The Committee, in its sole discretion and on such terms and conditions as it may provide, may delegate all or any part of its authority and powers under the Plan to one or more directors and/or officers of the Company; provided, however, that the Committee may not delegate its authority and powers with respect to Section 16 Persons.

3.3 Decisions Binding. All determinations and decisions made by the Committee shall be final, conclusive, and binding on all persons, and shall be given the maximum deference permitted by law.

4

SECTION 4 SHARES SUBJECT TO THE PLAN

4.1 Number of Shares. Subject to adjustment as provided in Section 4.3, the total number of Shares available for grant under the Plan may not exceed 2,500,000. Such Shares may be authorized but unissued Shares or Treasury Shares. No Participant may receive Options or SARs for more than 500,000 shares under the Plan in a calendar year.

The following rules will apply for purposes of the determination of the number of Shares available for grant under the Plan:

- (a) While an Award is outstanding, it shall be counted against the authorized pool of Shares, regardless of its vested status.
- (b) The grant of an Option or Restricted Stock shall reduce the Shares available for grant under the Plan by the number of Shares subject to such Award.
- (c) The grant of a Tandem SAR shall reduce the number of Shares available for grant by the number of Shares subject to the related Option (i.e., there is no double counting of Options and their related Tandem SARs); provided, however, that, upon the exercise of such Tandem SAR, the authorized Share pool shall be credited with the appropriate number of Shares representing the number of shares reserved for such Tandem SAR less the number of Shares actually delivered upon exercise thereof or the number of Shares having a Fair Market Value equal to the cash payment made upon such exercise.
- (d) The grant of an Affiliated SAR shall reduce the number of Shares available for grant by the number of Shares subject to the SAR, in addition to the number of Shares subject to the related Option; provided, however, that, upon the exercise of such Affiliated SAR, the authorized Share pool shall be credited with the appropriate number of Shares representing the number of shares reserved for such Affiliated SAR less the number of Shares actually delivered upon exercise thereof or the number of Shares having a Fair Market Value equal to the cash payment made upon such exercise.
- (e) The grant of a Freestanding SAR shall reduce the number of Shares available for grant by the number of Freestanding SARs granted; provided, however, that, upon the exercise of such Freestanding SAR, the authorized Share pool shall be credited with the appropriate number of Shares representing the number of shares reserved for such Freestanding SAR less the number of Shares actually delivered upon exercise thereof or the number of

5

Shares having a Fair Market Value equal to the cash payment made upon such exercise.

- (f) The Committee shall in each case determine the appropriate number of Shares to deduct from the authorized pool in connection with the grant of Performance Units and/or Performance Shares.
- (g) To the extent that an Award is settled in cash rather than in Shares, the authorized Share pool shall be credited with the appropriate number of Shares having a Fair Market Value equal to the cash settlement of the Award.

4.2 Lapsed Awards. If an Award is cancelled, terminates, expires, or lapses for any reason (with the exception of the termination of a Tandem SAR upon exercise of the related Option, or the termination of a related Option upon exercise of the corresponding Tandem SAR), any Shares subject to such Award again shall be available to be the subject of an Award.

4.3 Adjustments in Authorized Shares. In the event of any merger, reorganization, consolidation, recapitalization, separation, liquidation, stock dividend, split-up, Share combination, or other change in the corporate structure of the Company affecting the Shares, such adjustment shall be made in the number and class of Shares which may be delivered under the Plan, and in the number and class of and/or price of Shares subject to outstanding Options, SARs, and Restricted Stock granted under the Plan, as the Committee, in its sole discretion, shall determine to be appropriate to prevent the dilution or diminishment of Awards. Notwithstanding the preceding sentence, the number of Shares subject to any Award always shall be a whole number.

SECTION 5 STOCK OPTIONS

5.1 Grant of Options. Options may be granted to Employees and Consultants at any time and from time to time, as determined by the Committee in its sole discretion. The Committee, in its sole discretion, shall determine the number of Shares subject to Options granted to each Participant. The Committee may grant ISOs, NQSOs, or a combination thereof.

5.2 Award Agreement. Each Option shall be evidenced by an Award Agreement that shall specify the Option Price, the expiration date of the Option, the number of Shares to which the Option pertains, any conditions to exercise of the Option, and such other terms and conditions as the Committee, in its discretion, shall determine. The Award Agreement also shall specify whether the Option is intended to be an ISO or a NQSO.

5.3 Option Price. Subject to the provisions of this Section 5.3, the Option Price for each Option shall be determined by the Committee in its sole discretion.

5.3.1 Nonqualified Stock Options. In the case of a Nonqualified Stock Option, the Option Price shall be not less than one hundred percent (100%) of the Fair Market Value of a Share on the date that the Option is granted.

6

5.3.2 Incentive Stock Options. In the case of an Incentive Stock Option, the Option Price shall be not less than one hundred percent (100%) of the Fair Market Value of a Share on the date that the Option is granted; provided, however, that if at the time that the Option is granted, the Employee (together with persons whose stock ownership is attributed to the Employee pursuant to Section 424(d) of the Code) owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any of its Subsidiaries, the Option Price shall be not less than one hundred and ten percent (110%) of the Fair Market Value of a Share on the date that the Option is granted.

5.3.3 Substitute Options. Notwithstanding the provisions of Sections 5.3.1 and 5.3.2, in the event that the Company or an Affiliate consummates a transaction described in Section 424(a) of the Code (e.g., the acquisition of property or stock from an unrelated corporation), persons who become Employees or Consultants on account of such transaction may be granted Options in substitution for options granted by their former employer. If such substitute Options are granted, the Committee, in its sole discretion, may determine that such substitute Options shall have an exercise price less than 100% of the Fair Market Value of the Shares on the date the Option is granted.

5.4 Expiration of Options. Unless the applicable stock option agreement provides otherwise, each Option shall terminate upon the first to occur of the events listed in Section 5.4.1, subject to Section 5.4.2.

5.4.1 Expiration Dates.

- (a) The date for termination of the Option set forth in the written stock option agreement;
- (b) The expiration of ten years from the date the Option was

granted, subject to the provisions of clause (f), below;
or

- (c) The expiration of one year from the date of the Optionee's Termination of Employment for a reason other than the Optionee's death, Disability or Retirement, subject to the provisions of clause (f) below; or
- (d) The expiration of three years from the date of the Optionee's Termination of Employment by reason of Disability, subject to the provisions of clause (f) below; or
- (e) The expiration of three years from the date of the Optionee's Retirement; provided that no Incentive Stock Option may be exercised after the expiration of three months from the date of the Optionee's Retirement, subject in each case to the provisions of clause (f) below; or
- (f) The expiration of one year from the date of the Optionee's death, if such death occurs while the Optionee is in the employ or service of

7

the Company or an Affiliate or within the one-year or three-year periods referred to in (c), (d) or (e) above, whichever is applicable.

5.4.2 Committee Discretion. Subject to the provisions of this Section 5.4, the Committee shall provide, in the terms of each individual Option, when such Option expires and becomes unexercisable. After the Option is granted, the Committee, in its sole discretion and subject to Section 5.8.4 and this Section 5.4, may extend the maximum term of such Option.

5.5 Exercise of Options. Options granted under the Plan shall be exercisable at such times, and subject to such restrictions and conditions, as the Committee shall determine in its sole discretion. After an Option is granted, the Committee, in its sole discretion, may accelerate the exercisability of the Option.

5.6 Payment. Options shall be exercised by the Participant's delivery of a written notice of exercise to the Secretary of the Company, setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment for the Shares.

The Option Price upon exercise of any Option shall be payable to the Company in full in cash. The Committee, in its sole discretion, also may permit exercise (a) by tendering previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the total Option Price (provided that the Shares which are tendered must have been held by the Participant for at least six (6) months prior to their tender to satisfy the Option Price), or (b) by any other means which the Committee, in its sole discretion, determines to both provide legal consideration for the Shares, and to be consistent with the purposes of the Plan.

As soon as practicable after receipt of a written notification of exercise and full payment for the Shares purchased, the Company shall deliver to the Participant Share certificates (in the Participant's name) representing such Shares.

5.7 Restrictions on Share Transferability. The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option, as it may deem advisable, including, but not limited to, restrictions related to Federal securities laws, the requirements of any national securities exchange or system upon which such Shares are then listed and/or traded, and/or any blue sky or state securities laws.

5.8 Certain Additional Provisions for Incentive Stock Options.

5.8.1 Exercisability. The aggregate Fair Market Value (determined at the time the Option is granted) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by any Employee during any calendar year (under all plans of the Company and its Subsidiaries) shall not exceed \$100,000.

5.8.2 Termination of Employment. No Incentive Stock Option may be exercised more than three months after the Participant's termination of employment for any reason other than Disability or death, unless (a) the Participant dies during such three-month period, and (b) the Award Agreement and/or the Committee permits later exercise. No Incentive Stock Option may be exercised more than one year after the Participant's termination of

employment on account of Disability, unless (a) the Participant dies during such one-year period, and (b) the Award Agreement and/or the Committee permit later exercise.

5.8.3 Company and Subsidiaries Only. Incentive Stock Options may be granted only to persons who are employees of the Company and/or a Subsidiary at the time of grant.

5.8.4 Expiration. No Incentive Stock Option may be exercised after the expiration of 10 years from the date such Option was granted; provided, however, that if the Option is granted to an Employee who, together with persons whose stock ownership is attributed to the Employee pursuant to Section 424(d) of the Code, owns stock possessing more than 10% of the total combined voting power of all classes of the stock of the Company or any of its Subsidiaries, the Option may not be exercised after the expiration of 5 years from the date that it was granted.

5.9 Nontransferability of Options. No Option granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will, the laws of descent and distribution, or as provided under Section 9. All Options granted to a Participant under the Plan shall be exercisable during his or her lifetime only by such Participant.

SECTION 6 STOCK APPRECIATION RIGHTS

6.1 Grant of SARs. An SAR may be granted to an Employee or Consultant at any time and from time to time as determined by the Committee, in its sole discretion. The Committee may grant Affiliated SARs, Freestanding SARs, Tandem SARs, or any combination thereof.

The Committee shall have complete discretion to determine the number of SARs granted to any Participant, and consistent with the provisions of the Plan, the terms and conditions pertaining to such SARs. However, the grant price of a Freestanding SAR shall be at least equal to the Fair Market Value of a Share on the date of grant. The grant price of Tandem or Affiliated SARs shall equal the Option Price of the related Option.

6.2 Exercise of Tandem SARs. Tandem SARs may be exercised for all or part of the Shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option. A Tandem SAR may be exercised only with respect to the Shares for which its related Option is then exercisable.

6.2.1 ISOs. Notwithstanding any contrary provision of the Plan, with respect to a Tandem SAR granted in connection with an ISO: (i) the Tandem SAR shall expire no later than the expiration of the underlying ISO; (ii) the value of the payout with respect to the Tandem SAR shall be for no more than one hundred percent (100%) of the difference between the Option Price of the underlying ISO and the Fair Market Value of the Shares subject to the underlying ISO at the time the Tandem SAR is exercised; and (iii) the Tandem SAR shall be exercisable only when the Fair Market Value of the Shares subject to the ISO exceeds the Option Price of the ISO.

9

6.3 Exercise of Affiliated SARs. An Affiliated SAR shall be deemed to be exercised upon the exercise of the related Option. The deemed exercise of an Affiliated SAR shall not necessitate a reduction in the number of Shares subject to the related Option.

6.4 Exercise of Freestanding SARs. Freestanding SARs shall be exercisable on such terms and conditions as the Committee, in its sole discretion, shall determine.

6.5 SAR Agreement. Each SAR shall be evidenced by an Award Agreement that shall specify the grant price, the term of the SAR, the conditions of exercise, and such other terms and conditions as the Committee, in its sole discretion, shall determine.

6.6 Expiration of SARs. An SAR granted under the Plan shall expire upon the date determined by the Committee, in its sole discretion, and set forth in the Award Agreement. Notwithstanding the foregoing, the rules of Section 5.4 (pertaining to Options) also shall apply to SARs.

6.7 Payment of SAR Amount. Upon exercise of an SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying:

- (a) The difference between the Fair Market Value of a Share on the date of exercise over the grant price; times

- (b) The number of Shares with respect to which the SAR is exercised.

At the discretion of the Committee, the payment upon SAR exercise may be in cash, in Shares of equivalent value, or in some combination thereof.

6.8 Nontransferability of SARs. No SAR granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will, the laws of descent and distribution, or as permitted under Section 9. An SAR granted to a Participant shall be exercisable during the Participant's lifetime only by such Participant.

SECTION 7 RESTRICTED STOCK

7.1 Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Shares of Restricted Stock to Employees and Consultants in such amounts as the Committee, in its sole discretion, shall determine.

7.2 Restricted Stock Agreement. Each Award of Restricted Stock shall be evidenced by an Award Agreement that shall specify the Period of Restriction, the number of Shares granted, and such other terms and conditions as the Committee, in its sole discretion, shall determine. Unless the Committee determines otherwise, shares of Restricted Stock shall be held by the Company as escrow agent until the restrictions on such shares have lapsed.

7.3 Transferability. Except as provided in this Section 7, Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated

10

until the end of the applicable Period of Restriction. All rights with respect to the Restricted Stock granted to a Participant under the Plan shall be available during his or her lifetime only to such Participant.

7.4 Other Restrictions. The Committee, in its sole discretion, may impose such other restrictions on any Shares of Restricted Stock as it may deem advisable including, without limitation, restrictions based upon the achievement of specific performance goals (Company-wide, divisional, and/or individual), and/or restrictions under applicable Federal or state securities laws; and may legend the certificates representing Restricted Stock to give appropriate notice of such restrictions. For example, the Committee may determine that some or all certificates representing Shares of Restricted Stock shall bear the following legend:

"The sale or other transfer of the shares of stock represented by this certificate, whether voluntary, involuntary, or by operation of law, is subject to certain restrictions on transfer as set forth in the Central Garden & Pet Company 2003 Omnibus Equity Incentive Plan, and in a Restricted Stock Agreement. A copy of the Plan and such Restricted Stock Agreement may be obtained from the Secretary of Central Garden & Pet Company."

7.5 Removal of Restrictions. Except as otherwise provided in this Section 7, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan shall be released from escrow as soon as practicable after the last day of the Period of Restriction. The Committee, in its discretion, may accelerate the time at which any restrictions shall lapse, and/or remove any restrictions. After the restrictions have lapsed, the Participant shall be entitled to have any legend or legends under Section 7.4 removed from his or her Share certificate, and the Shares shall be freely transferable by the Participant.

7.6 Voting Rights. During the Period of Restriction, Participants holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless the Committee determines otherwise.

7.7 Dividends and Other Distributions. During the Period of Restriction, Participants holding Shares of Restricted Stock shall be entitled to receive all dividends and other distributions paid with respect to such Shares, unless otherwise provided in the Award Agreement. If any such dividends or distributions are paid in Shares, the Shares shall be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid.

7.8 Return of Restricted Stock to Company. Subject to the applicable Award Agreement and Section 7.5, upon the earlier of (a) the Participant's termination of employment, or (b) the date set forth in the Award Agreement, the Restricted Stock for which restrictions have not lapsed shall revert to the Company and, subject to Section 4.2, again shall become available for grant under the Plan.

SECTION 8
PERFORMANCE UNITS AND PERFORMANCE SHARES

8.1 Grant of Performance Units/Shares. Performance Units and Performance Shares may be granted to Employees and Consultants at any time and from time to time, as shall be determined by the Committee, in its sole discretion. The Committee shall have complete discretion in determining the number of Performance Units and Performance Shares granted to each Participant.

8.2 Value of Performance Units/Shares. Each Performance Unit shall have an initial value that is established by the Committee at the time of grant. Each Performance Share shall have an initial value equal to the Fair Market Value of a Share on the date of grant. The Committee shall set performance goals in its discretion which, depending on the extent to which they are met, will determine the number and/or value of Performance Units/Shares that will be paid out to the Participants. The time period during which the performance goals must be met shall be called the "Performance Period".

8.3 Earning of Performance Units/Shares. After the applicable Performance Period has ended, the holder of Performance Units/Shares shall be entitled to receive a payout of the number of Performance Units/Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance goals have been achieved. After the grant of a Performance Unit/Share, the Committee, in its sole discretion, may adjust and/or waive the achievement of any performance goals for such Performance Unit/Share.

8.4 Form and Timing of Payment of Performance Units/Shares. Payment of earned Performance Units/Shares shall be made as soon as practicable after the expiration of the applicable Performance Period. The Committee, in its sole discretion, may pay earned Performance Units/Shares in the form of cash, in Shares (which have an aggregate Fair Market Value equal to the value of the earned Performance Units/Shares at the close of the applicable Performance Period) or in a combination thereof.

8.5 Cancellation of Performance Units/Shares. Subject to the applicable Award Agreement, upon the earlier of (a) the Participant's termination of employment, or (b) the date set forth in the Award Agreement, all remaining Performance Units/Shares shall be forfeited by the Participant to the Company, and subject to Section 4.2, the Shares subject thereto shall again be available for grant under the Plan.

8.6 Nontransferability. Performance Units/Shares may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will, the laws of descent and distribution, or as permitted under Section 9. A Participant's rights under the Plan shall be exercisable during the Participant's lifetime only by the Participant or the Participant's legal representative.

SECTION 9
BENEFICIARY DESIGNATION

If permitted by the Committee, a Participant may name a beneficiary or beneficiaries to whom any unpaid vested Award shall be paid in event of the Participant's death. Each such designation shall revoke all prior designations by the same Participant and shall be effective only if given in a form and manner acceptable to the Committee. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate and, subject to the terms of the Plan, any unexercised vested Award may be exercised by the administrator or executor of the Participant's estate.

SECTION 10
DEFERRALS

The Committee, in its sole discretion, may permit a Participant to defer receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant under an Award. Any such deferral elections shall be subject to such rules and procedures as shall be determined by the Committee in its sole discretion.

SECTION 11
RIGHTS OF EMPLOYEES AND CONSULTANTS

11.1 No Effect on Employment or Service. Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate any Participant's employment or service at any time, with or without cause.

11.2 Participation. No Employee or Consultant shall have the right to

be selected to receive an Award under this Plan, or, having been so selected, to be selected to receive a future Award.

SECTION 12
AMENDMENT, SUSPENSION, OR TERMINATION

12.1 Amendment, Suspension, or Termination. The Board, in its sole discretion, may alter, amend or terminate the Plan, or any part thereof, at any time and for any reason. However, as required by applicable law, no alteration or amendment shall be effective without further stockholder approval. Neither the amendment, suspension, nor termination of the Plan shall, without the consent of the Participant, alter or impair any rights or obligations under any Award theretofore granted. No Award may be granted during any period of suspension nor after termination of the Plan.

SECTION 13
TAX WITHHOLDING

13.1 Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award, the Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy Federal, state, and local taxes required to be withheld with respect to such Award.

13

13.2 Shares Withholding. The Committee, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant to satisfy the minimum statutory tax withholding obligation, in whole or in part, by electing to have the Company withhold Shares having a value equal to the amount required to be withheld or by delivering to the Company already-owned shares to satisfy the withholding requirement. The value of the Shares to be withheld or delivered will be based on their Fair Market Value on the date that the taxes are required to be withheld.

SECTION 14
INDEMNIFICATION

Each person who is or shall have been a member of the Committee, or of the Board, shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, notion, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan or any Award Agreement and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

SECTION 15
SUCCESSORS

All obligations of the Company under the Plan, with respect to Awards granted hereunder, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

SECTION 16
LEGAL CONSTRUCTION

16.1 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural.

16.2 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

14

16.3 Requirements of Law. The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

16.4 Securities Law Compliance. With respect to Section 16 Persons, transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3. To the extent any provision of the Plan, Award Agreement or action by the Committee fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Committee.

16.5 Governing Law. The Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the State of California.

16.6 Captions. Captions are provided herein for convenience only, and shall not serve as a basis for interpretation or construction of the Plan.

15

EXECUTION

IN WITNESS WHEREOF, the Company, by its duly authorized officer, has executed the Plan on the date indicated below.

CENTRAL GARDEN & PET COMPANY

Dated: _____

By _____
Title

16

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

In connection with the accompanying quarterly report on Form 10-Q of Central Garden & Pet Company for the quarter ended December 28, 2002 (the "Report"), I, William E. Brown, Chief Executive Officer of Central Garden & Pet Company, hereby certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) such Report 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 Report presents, in all material respects, the financial condition and results of operations of Central Garden & Pet Company.

May 6, 2003

/s/ WILLIAM E. BROWN

William E. Brown
Chief Executive Officer

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

In connection with the accompanying quarterly report on Form 10-Q of Central Garden & Pet Company for the quarter ended December 28, 2002 (the "Report"), I, Stuart W. Booth, Chief Financial Officer of Central Garden & Pet Company, hereby certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) such Report 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 Report presents, in all material respects, the financial condition and results of operations of Central Garden & Pet Company.

May 6, 2003

/s/ STUART W. BOOTH

Stuart W. Booth
Chief Financial Officer