

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 28, 2009

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: 001-33268

CENTRAL GARDEN & PET COMPANY

Delaware
(State or other jurisdiction
of incorporation or organization)

68-0275553
(I.R.S. Employer
Identification No.)

1340 Treat Blvd., Suite 600, Walnut Creek, California 94597
(Address of principle executive offices)

(925) 948-4000
(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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
 Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (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 30, 2009	19,684,899
Class A Common Stock Outstanding as of April 30, 2009	48,446,286
Class B Stock Outstanding as of April 30, 2009	1,652,262

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1.	Financial Statements	4
	Condensed Consolidated Balance Sheets as of March 29, 2008, March 28, 2009 and September 27, 2008	4
	Condensed Consolidated Statements of Operations Three and Six Months Ended March 29, 2008 and March 28, 2009	5
	Condensed Consolidated Statements of Cash Flows Six Months Ended March 29, 2008 and March 28, 2009	6
	Notes to Condensed Consolidated Financial Statements	7
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	18
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	26
Item 4.	Controls and Procedures	26

PART II. OTHER INFORMATION

Item 1.	Legal Proceedings	26
Item 1A.	Risk Factors	27
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	27
Item 3.	Defaults Upon Senior Securities	27
Item 4.	Submission of Matters to a Vote of Security Holders	27
Item 5.	Other Information	28
Item 6.	Exhibits	28

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

This Form 10-Q includes “forward-looking statements.” Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy and the trends we anticipate in the industries and economies in which we operate and other information that is not historical information. When used in this Form 10-Q, the words “estimates,” “expects,” “anticipates,” “projects,” “plans,” “intends,” “believes” and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements are based upon our current expectations and various assumptions. Our expectations, beliefs and projections are expressed in good faith, and we believe there is a reasonable basis for them, but we cannot assure you that our expectations, beliefs and projections will be realized.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this Form 10-Q. Important factors that could cause our actual results to differ materially from the forward-looking statements we make in this Form 10-Q are set forth in our Form 10-K for the fiscal year ended September 27, 2008 including the factors described in the section entitled “Risk Factors.” If any of these risks or uncertainties materialize, or if any of our underlying assumptions are incorrect, our actual results may differ significantly from the results that we express in or imply by any of our forward-looking statements. We do not undertake any obligation to revise these forward-looking statements to reflect future events or circumstances. Presently known risk factors include, but are not limited to, the following factors:

- seasonality and fluctuations in our operating results and cash flow;
- fluctuations in market prices for seeds and grains;
- declines in consumer spending during economic downturns;
- inflation and adverse macro-economic conditions;
- supply shortages in small animals and pet birds;
- adverse weather conditions;
- fluctuations in energy prices, fuel and related petrochemical costs;

Table of Contents

- inability to comply with the terms of our indebtedness;
- limitations in our debt capacity as a result of deterioration in operating results coupled with our current outstanding indebtedness and seasonal borrowing needs;
- impact of stock price decline on raising capital and dilution;
- access to additional capital;
- dependence on a few customers for a significant portion of our business;
- consolidation trends in the retail industry;
- uncertainty about new product innovations and marketing programs;
- competition in our industries;
- risks associated with our acquisition strategy;
- dependence upon our key executive officers;
- implementation of a new enterprise resource planning information technology system;
- potential environmental liabilities;
- risk associated with international sourcing;
- litigation and product liability claims;
- the voting power associated with our Class B stock; and
- potential dilution from issuance of authorized shares.

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		(See Note 1)
	March 29, 2008	March 28, 2009	September 27, 2008
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,577	\$ 8,545	\$ 26,929
Accounts receivable (less allowance for doubtful accounts of \$14,420, \$13,393 and \$15,181)	342,528	317,713	260,639
Inventories	416,848	380,156	349,499
Prepaid expenses and other	33,953	40,030	34,686
Total current assets	800,906	746,444	671,753
Land, buildings, improvements and equipment—net	196,204	168,536	174,013
Goodwill	204,562	207,173	201,499
Other intangible assets—net	98,797	105,520	107,404
Deferred income taxes and other assets	131,827	84,505	104,649
Total	<u>\$ 1,432,296</u>	<u>\$ 1,312,178</u>	<u>\$ 1,259,318</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 126,946	\$ 137,558	\$ 133,364
Accrued expenses	92,510	94,571	84,345
Current portion of long-term debt	3,350	3,322	3,340
Total current liabilities	222,806	235,451	221,049
Long-term debt	692,141	543,629	519,807
Other long-term obligations	4,740	6,379	7,037
Minority interest	2,297	1,003	2,667
Shareholders' equity:			
Common stock, \$.01 par value: 22,280,305, 19,683,660 and 21,008,384 shares outstanding at March 29, 2008, March 28, 2009 and September 27, 2008	221	197	210
Class A common stock, \$.01 par value: 48,221,552, 48,381,234 and 48,466,999 shares outstanding at March 29, 2008, March 28, 2009 and September 27, 2008	482	484	485
Class B stock, \$.01 par value: 1,652,262 shares outstanding	16	16	16
Additional paid-in capital	557,541	548,955	555,310
Accumulated deficit	(52,201)	(23,627)	(50,463)
Accumulated other comprehensive income (loss)	4,253	(309)	3,200
Total shareholders' equity	510,312	525,716	508,758
Total	<u>\$ 1,432,296</u>	<u>\$ 1,312,178</u>	<u>\$ 1,259,318</u>

See notes to condensed consolidated financial statements.

[Table of Contents](#)

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

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>March 29,</u> <u>2008</u>	<u>March 28,</u> <u>2009</u>	<u>March 29,</u> <u>2008</u>	<u>March 28,</u> <u>2009</u>
Net sales	\$ 484,688	\$ 476,425	\$ 798,473	\$ 768,967
Cost of goods sold and occupancy	<u>324,878</u>	<u>315,872</u>	<u>544,341</u>	<u>522,933</u>
Gross profit	159,810	160,553	254,132	246,034
Selling, general and administrative expenses	115,160	103,397	200,096	191,544
Goodwill and other impairments	<u>—</u>	<u>—</u>	<u>400,000</u>	<u>—</u>
Income (loss) from operations	44,650	57,156	(345,964)	54,490
Interest expense	(9,780)	(5,751)	(21,285)	(12,635)
Interest income	266	270	554	602
Other income (expense)	<u>1,191</u>	<u>(131)</u>	<u>1,674</u>	<u>(1,081)</u>
Income (loss) before income taxes (tax benefit) and minority interest	36,327	51,544	(365,021)	41,376
Income taxes (tax benefit)	15,403	17,980	(96,411)	14,127
Minority interest	471	544	463	413
Net income (loss)	<u>\$ 20,453</u>	<u>\$ 33,020</u>	<u>\$ (269,073)</u>	<u>\$ 26,836</u>
Net income (loss) per share:				
Basic	<u>\$ 0.29</u>	<u>\$ 0.48</u>	<u>\$ (3.77)</u>	<u>\$ 0.38</u>
Diluted	<u>\$ 0.28</u>	<u>\$ 0.47</u>	<u>\$ (3.77)</u>	<u>\$ 0.38</u>
Weighted average shares used in the computation of net income (loss) per share:				
Basic	71,427	69,122	71,295	70,122
Diluted	72,035	69,872	71,295	70,588

See notes to condensed consolidated financial statements.

[Table of Contents](#)

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

	Six Months Ended	
	March 29, 2008	March 28, 2009
Cash flows from operating activities:		
Net income (loss)	\$(269,073)	\$ 26,836
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	16,069	14,696
Stock-based compensation	6,767	6,383
Excess tax benefits from stock-based awards	(24)	(74)
Minority interest	463	413
Deferred income taxes	(113,419)	(682)
Gain on sales of property	(7,931)	—
Loss on sale of a business and equipment	1,592	435
Goodwill impairment	400,000	—
Other impairments	2,000	—
Proceeds from interest rate swap termination, net of amounts reclassified into earnings	—	2,186
Change in assets and liabilities (excluding businesses acquired):		
Accounts receivable	(94,975)	(58,301)
Inventories	(37,116)	(33,454)
Prepaid expenses and other assets	7,747	1,273
Accounts payable	(10,621)	3,607
Accrued expenses	11,192	10,526
Other long-term obligations	(1,248)	(658)
Net cash used in operating activities	<u>(88,577)</u>	<u>(26,814)</u>
Cash flows from investing activities:		
Additions to property and equipment	(13,132)	(7,110)
Proceeds from property sales, net of expenses	12,053	—
Businesses acquired, net of cash acquired	(4,998)	(4,799)
Restricted investments	(39)	—
Net cash used in investing activities	<u>(6,116)</u>	<u>(11,909)</u>
Cash flows from financing activities:		
Borrowings on revolving line of credit	385,000	374,000
Repayments of revolving line of credit	(302,000)	(315,000)
Repayments of long-term debt	(934)	(23,321)
Proceeds from issuance of common stock	61	109
Repurchase of common stock	(138)	(12,812)
Redemption of preferred stock	(750)	—
Distribution to minority interest	—	(2,082)
Excess tax benefits from stock-based awards	24	74
Payment of financing costs	(125)	(75)
Net cash provided by financing activities	<u>81,138</u>	<u>20,893</u>
Effect of exchange rate changes on cash and cash equivalents	<u>77</u>	<u>(554)</u>
Net decrease in cash and cash equivalents	(13,478)	(18,384)
Cash and equivalents at beginning of period	21,055	26,929
Cash and equivalents at end of period	<u>\$ 7,577</u>	<u>\$ 8,545</u>
Supplemental information:		
Cash paid for interest	<u>\$ 22,307</u>	<u>\$ 12,899</u>
Cash paid for income taxes – net of refunds	<u>\$ 77</u>	<u>\$ 423</u>
Non-cash investing activities:		
Liabilities assumed in connection with acquisitions	<u>\$ 1,396</u>	<u>\$ —</u>
Note receivable from sale of property	<u>\$ 3,850</u>	<u>\$ —</u>
Capital expenditures incurred but not paid	<u>\$ —</u>	<u>\$ 329</u>
Non-cash financing activities		
Offset of subordinated notes with escrow	<u>\$ —</u>	<u>\$ 12,825</u>
Restricted share stock bonus	<u>\$ 1,549</u>	<u>\$ 3,877</u>

See notes to condensed consolidated financial statements.

CENTRAL GARDEN & PET COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Three and Six Months Ended March 28, 2009
(unaudited)

1. Basis of Presentation

The condensed consolidated balance sheets of Central Garden & Pet Company and subsidiaries (the “Company” or “Central”) as of March 29, 2008 and March 28, 2009, the condensed consolidated statements of operations for the three and six months ended March 29, 2008 and March 28, 2009 and the condensed consolidated statements of cash flows for the six months ended March 29, 2008 and March 28, 2009 have been prepared by the Company, without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments, except as discussed in note 3) 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.

For the Company’s foreign business in the UK, the local currency is the functional currency. Assets and liabilities are translated using the exchange rate in effect at the balance sheet date. Income and expenses are translated at the average exchange rate for the period. For the six month period ended March 28, 2009, there was comprehensive income of \$23.3 million, which includes net income of \$26.8 million and foreign currency translation adjustments of \$3.5 million that are excluded from net earnings but reported in accumulated other comprehensive income, a separate component of shareholders’ equity. Deferred taxes are not provided on translation gains and losses, because the Company expects earnings of its foreign subsidiary to be permanently reinvested. Transaction gains and losses are included in results of operations.

Due to the seasonal nature of the Company’s garden business, the results of operations for the three and six month periods ended March 28, 2009 and March 29, 2008 are not indicative of the operating results that may be expected for the entire fiscal year. These interim financial statements should be read in conjunction with the annual audited financial statements, accounting policies and financial notes thereto, included in the Company’s 2008 Annual Report on Form 10-K, which has previously been filed with the Securities and Exchange Commission. The September 27, 2008 balance sheet presented herein was derived from the audited statements.

Minority Interest

Minority interest in the Company’s condensed consolidated financial statements represents the 20% interest not owned by Central in a consolidated subsidiary. Since the Company controls this subsidiary, its financial statements are fully consolidated with those of the Company, and the minority owner’s 20% share of the subsidiary’s net assets and results of operations is deducted and reported as minority interest.

Repurchase of Company Stock

During the quarter ended March 28, 2009, we repurchased 1,070,000 shares of our voting common stock at an aggregate cost of approximately \$7.1 million, or approximately \$6.66 per share, and 335,000 shares of our non-voting Class A common stock at an aggregate cost of approximately \$2.1 million, or approximately \$6.21 per share. During the six months ended March 28, 2009, we repurchased 1,291,925 shares of our voting common stock in the open market at an aggregate cost of approximately \$8.2 million, or approximately \$6.33 per share, and 847,168 shares of our non-voting Class A common stock in the open market at an aggregate cost of approximately \$4.4 million, or approximately \$5.27 per share.

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements.” SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard also establishes a framework for measuring fair value and provides for expanded disclosures about fair value measurements. In February 2008, the FASB issued FASB Staff Position (“FSP”) No. FAS 157-1, *Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13* and FSP No. FAS 157-2, *Effective Date of FASB Statement No. 157*. FSP 157-1 amends SFAS No. 157 to remove certain leasing transactions from its scope. FSP 157-2 delays the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008 for all non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually) and will be adopted by the Company beginning in the first quarter of fiscal 2010. In October 2008, the FASB issued FSP No. 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active*, to clarify the application of SFAS No. 157 in inactive markets for financial assets. FSP 157-3 became effective upon issuance and SFAS No. 157 is effective for fiscal years beginning after November 15, 2007.

Table of Contents

The Company elected to partially adopt SFAS No. 157 as of the beginning of fiscal 2009, as permitted by FSP 157-2 (see Note 2). The Company does not expect the adoption of the remaining provisions of SFAS No. 157 (delayed by FSP 157-2) to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities," which provides companies an option to report selected financial assets and liabilities at fair value. SFAS No. 159 requires companies to provide information to assist financial statement users to understand the effect of a company's choice to use fair value on its earnings, as well as to display on the face of the balance sheet the fair value of assets and liabilities chosen by the company for fair value accounting. Additionally, SFAS No. 159 establishes presentation and disclosure requirements designed to simplify comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. The Company adopted SFAS No. 159 as of the beginning of fiscal 2009 but elected not to record additional financial assets and liabilities at fair value. As a result, the adoption of SFAS No. 159 did not impact the Company's consolidated financial position, results of operations or cash flows.

In December 2007, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 141(R) "Business Combinations," which establishes accounting principles and disclosure requirements for all transactions in which a company obtains control over another business. This accounting pronouncement is effective prospectively for businesses acquired by the Company in its fiscal year beginning September 27, 2009. In April 2009, the FASB issued FSP No. 141(R)-1 ("FSP 141(R)-1"), "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination that Arise from Contingencies." FSP 141(R)-1 requires an acquirer to recognize at fair value an asset acquired or a liability assumed in a business combination that arises from a contingency if the acquisition-date fair value of an asset or liability can be determined during the measurement period. If the acquisition-date fair value cannot be determined, then the acquirer follows the recognition criteria in FASB Statement No. 5, "Accounting for Contingencies" and FASB Interpretation No. 14, "Reasonable Estimation of the Amount of a Loss – an interpretation of FASB Statement No. 5" to determine whether the contingency should be recognized as of the acquisition date or after it. This FSP is effective prospectively for businesses acquired by the Company in its fiscal year beginning September 27, 2009.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment to ARB No. 51." This standard prescribes the accounting by a parent company for minority interests held by other parties in a subsidiary of the parent company. SFAS No. 160 is effective for the Company in its fiscal year beginning September 27, 2009. The Company is currently evaluating the impact of SFAS No. 160 on its consolidated financial statements.

In March 2008, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 161, "Disclosures about Derivative Instruments and Hedging Activities – an Amendment of FASB Statement 133." SFAS No. 161 enhances required disclosures regarding derivatives and hedging activities, including enhanced disclosures regarding how: (a) an entity uses derivative instruments; (b) derivative instruments and related hedged items are accounted for under SFAS No. 133, "Accounting for Derivatives and Hedging Activities;" and (c) derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. SFAS No. 161 is effective for the Company in its fiscal year beginning September 27, 2009. The Company is currently evaluating the impact of SFAS No. 161 on its consolidated financial statements.

In April 2008, the FASB issued FSP No. 142-3 ("FSP 142-3") "Determination of the Useful Life of Intangible Assets." FSP 142-3 amends the factors an entity should consider in developing renewal or extension assumptions used in determining the useful life of recognized intangible assets under FASB Statement No. 142, "Goodwill and Other Intangible Assets." This new guidance applies prospectively to intangible assets that are acquired individually or with a group of other assets in business combinations and asset acquisitions. FSP 142-3 is effective for the Company in its fiscal year beginning September 27, 2009. Early adoption is prohibited. Since this guidance will be applied prospectively, on adoption, there will be no impact to our current consolidated financial statements.

2. Fair Value Measurements

SFAS No. 157 establishes a single authoritative definition of fair value, a framework for measuring fair value and expands disclosure of fair value measurements. SFAS No. 157 requires financial assets and liabilities to be categorized based on the inputs used to calculate their fair values as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability, which reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

Table of Contents

In February 2009, the Company's \$75 million pay-floating interest rate swap was terminated prior to its maturity by the counterparty in accordance with the terms of the interest rate swap agreement. As a result of this swap termination, the Company received cash proceeds and realized a settlement gain of \$2.3 million that was recorded as an adjustment to the carrying amount of the related debt. The settlement gain is being amortized as an offset to interest expense over the remaining term of the debt, which expires February 2013.

3. Goodwill

The Company accounts for goodwill in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," and tests goodwill for impairment annually, or whenever events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. This assessment involves the use of significant accounting judgments and estimates as to future operating results and discount rates. Changes in estimates or use of different assumptions could produce significantly different results. An impairment loss is generally recognized when the carrying amount of the reporting unit's net assets exceeds the estimated fair value of the reporting unit. The Company uses discounted cash flow analysis to estimate the fair value of our reporting units. The Company's goodwill impairment analysis also includes a comparison of the aggregate estimated fair value of all four reporting units to the Company's total market capitalization.

In the first fiscal quarter of fiscal 2008, the Company recorded a non-cash charge of \$400 million to recognize the impairment of goodwill and other intangible assets, comprised of \$202 million relating to its Garden Products segment and \$198 million relating to its Pet Products segment. This non-cash charge of \$400 million reduced net earnings for the six months ended March 29, 2008 by \$290.4 million net of taxes.

In connection with the Company's purchase of an additional 60% equity interest in Tech Pac L.L.C. in March 2006, it deposited approximately \$15.5 million into an escrow account for possible contingent performance-based payments. In fiscal 2009, a net amount of \$4.8 million in cash was paid in performance-based payments which the Company recognized as additional goodwill.

4. Long-Term Debt

As of March 28, 2009, the Company had \$650 million in senior secured credit facilities, consisting of a \$350 million revolving credit facility maturing in February 2011 and a \$300 million term loan maturing in September 2012. Interest on the revolving credit facility is based on a rate equal to prime plus a margin, which fluctuates from 0% to 0.375%, or LIBOR plus a margin, which fluctuates from 0.75% to 1.50%, determined quarterly based on consolidated total debt to consolidated EBITDA for the most recent trailing 12-month period. As of March 28, 2009, the applicable interest rate on the revolving credit facility related to base rate borrowings was 3.38%, and the applicable interest rate related to LIBOR rate borrowings was 1.78%. Interest on the term loan is based on a rate equal to LIBOR plus a margin, which fluctuates from 1.50% to 1.75%, or the prime rate plus a margin, which fluctuates from 0.50% to 0.75%, at the Company's option. As of March 28, 2009, the applicable interest rate on the term loan related to base rate borrowings was 3.75%, and the applicable interest rate related to LIBOR rate borrowings was 2.03%. The term loan is payable in quarterly installments of \$750,000 with the balance payable in September 2012.

These facilities are secured by substantially all of the Company's assets and contain certain financial covenants which require the Company to maintain minimum levels of interest coverage and maximum levels of total debt to EBITDA and that restrict the Company's ability to repurchase its stock, make investments in or acquisitions of other businesses and pay dividends above certain levels over the life of the facilities. Under the terms of the Company's senior secured credit facilities, it may make restricted payments, including cash dividends, in an aggregate amount not to exceed \$75,000,000 over the life of the facilities; if the total leverage ratio for the fiscal quarter most recently ended is less than 3.00 to 1.00, the maximum restricted payment amount will be increased to \$100,000,000 over the life of the facilities. Apart from the covenants limiting restricted payments and capital expenditures, the facilities do not restrict the use of retained earnings or net income.

The Company was in compliance with all financial covenants as of March 28, 2009. There was a \$137.0 million outstanding balance at March 28, 2009 under the \$350 million revolving credit facility plus \$15.8 million of outstanding letters of credit. After giving effect to the financial covenants in the credit agreement, the remaining borrowing capacity was \$170 million.

The Company's credit facility contains mandatory prepayment provisions when the Company has excess cash flow, as defined in the credit agreement, during the fiscal year. Accordingly, in December 2008, the Company repaid \$21.6 million of the term loan per this provision.

Table of Contents

The Company also has outstanding \$150 million of 9-1/8% senior subordinated notes due 2013 (“senior subordinated notes”). In October 2003, the Company entered into a \$75 million pay-floating interest rate swap effectively converting half of its \$150 million fixed rate 9-1/8 % senior subordinated notes to a floating rate of LIBOR + 4.04%. In February 2009, the swap was terminated prior to its maturity by the counterparty in accordance with the terms of the interest rate swap agreement. As a result of this swap termination, the Company received cash proceeds and realized a settlement gain of \$2.3 million that was recorded as an adjustment to the carrying amount of the related debt. The settlement gain is being amortized as an offset to interest expense over the remaining term of the debt, which expires in February 2013.

In connection with Gulfstream’s purchase of an additional 60% equity interest in Tech Pac L.L.C. in March 2006, the Company deposited approximately \$15.5 million into an escrow for possible contingent performance-based payments. In March 2009, a net amount of \$4.8 million in cash was paid in performance-based payments, which the Company recognized as additional goodwill. There are no remaining contingent performance-based payments due to the seller. As part of the resolution of the contingent payments, the Company became the beneficiary of the remaining funds in the escrow, which are comprised primarily of \$12.8 million of aggregate principal amount of the senior subordinated notes. Under the requirements of SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, the senior subordinated notes contained within the escrow accounts have been recorded as a reduction of debt for accounting purposes against our outstanding senior subordinated notes balance as of March 28, 2009. The senior subordinated notes continue to be held in the escrow and have not been retired.

5. Stock-Based Compensation

The Company has various non-qualified stock-based compensation programs, which provide for stock option grants and restricted stock awards. The grant date fair values of stock options and restricted stock awards are amortized over the vesting period. Stock options may be granted to officers, key employees and directors. The Company accounts for stock-based awards in accordance with SFAS No. 123(R), “Share-Based Payment.” Stock compensation expense is recognized over the requisite service period using the straight-line attribution method for non-performance based options.

Stock options are generally granted with 30 month cliff vesting and 42 month expiration, but are also granted with graded vesting increments of 20% or 25% per year and expiring up to eight years from the date of grant. In fiscal 2008, 3.7 million performance options were granted that vest based on pre-determined Company goals for each of the next five years and expire at the end of the sixth year. Of the options granted in fiscal 2008, approximately 216,000 options scheduled to possibly vest in each of fiscal year 2009 and 2010 were amended and are now only subject to service vesting conditions. We currently estimate the performance-based options are probable of achievement and are recording the related expense over the estimated service period using the accelerated method. In fiscal 2009, approximately 78% of the performance options granted in fiscal 2008 that were eligible to vest in 2009, vested. To the extent Company goals are not achieved, the amount of stock-based compensation recognized in the future will be adjusted.

The Company recognized share-based compensation expense of \$5.3 million and \$5.8 million for the three month periods ended March 28, 2009 and March 29, 2008, respectively, and \$6.4 million and \$6.8 million for the six month periods ended March 28, 2009 and March 29, 2008, respectively, as a component of selling, general and administrative expenses.

The following table summarizes option activity for the six months ended March 28, 2009:

	Number of Shares (in thousands)
Outstanding at September 27, 2008	7,599
Granted	213
Exercised	(46)
Cancelled or Expired	(374)
Outstanding at March 28, 2009	<u>7,392</u>
Exercisable at March 28, 2009	<u>2,194</u>

As of March 28, 2009, there was approximately \$5.1 million of total unrecognized compensation cost related to non-vested stock options, which is expected to be recognized over a remaining weighted-average vesting period of four years.

Table of Contents

Restricted Stock Awards: As of March 28, 2009, there were 0.4 million shares of restricted stock awards outstanding. The awards generally vest in 20% or 25% annual increments beginning two or three years from the date of grant.

The following table summarizes restricted stock award activity during the six months ended March 28, 2009:

	Number of Shares (in thousands)
Nonvested at September 27, 2008	563
Granted	737
Vested	(729)
Forfeited	(172)
Nonvested at March 28, 2009	<u>399</u>

The weighted average per share grant-date fair value of restricted stock awards granted during the first six months of fiscal 2009 and fiscal 2008 was \$6.18 and \$4.29, respectively.

During the six months ended March 28, 2009, the Company awarded approximately 621,000 shares, or \$6.2 million, of its non-voting common stock as bonus compensation in lieu of cash payment. The shares granted during the period as bonus compensation vested immediately.

As of March 28, 2009, there was approximately \$3.1 million of unrecognized compensation cost related to nonvested restricted stock awards, which is expected to be recognized over a remaining weighted-average period of two years.

6. 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 28, 2009			Six Months Ended March 28, 2009		
	Income	Shares	Per Share	Income	Shares	Per Share
	(in thousands, except per share amounts)					
Basic EPS:						
Net income available to common shareholders	\$33,020	69,122	\$ 0.48	\$26,836	70,122	\$ 0.38
Effect of dilutive securities:						
Options to purchase common stock		335	—		41	—
Restricted shares		415	(0.01)		425	—
Diluted EPS:						
Net income available to common shareholders	<u>\$33,020</u>	<u>69,872</u>	<u>\$ 0.47</u>	<u>\$26,836</u>	<u>70,588</u>	<u>\$ 0.38</u>

[Table of Contents](#)

	Three Months Ended March 29, 2008			Six Months Ended March 29, 2008		
	Income	Shares	Per Share	Income (Loss)	Shares	Per Share
(in thousands, except per share amounts)						
Basic EPS:						
Net income (loss) available to common shareholders	\$20,453	71,427	\$ 0.29	\$ (269,073)	71,295	\$ (3.77)
Effect of dilutive securities:						
Options to purchase common stock		18	—		—	—
Restricted shares		582	(0.01)		—	—
Convertible preferred stock		8	—		—	—
Diluted EPS:						
Net income (loss) available to common shareholders	<u>\$20,453</u>	<u>72,035</u>	<u>\$ 0.28</u>	<u>\$ (269,073)</u>	<u>71,295</u>	<u>\$ (3.77)</u>

Options to purchase 7.4 million shares of common stock at prices ranging from \$4.26 to \$17.99 per share were outstanding at March 28, 2009 and options to purchase 6.4 million shares of common stock at prices ranging from \$4.26 to \$17.99 per share were outstanding at March 29, 2008.

For the three month periods ended March 28, 2009 and March 29, 2008, options to purchase 4.8 and 3.8 million shares of common stock, respectively, 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. Shares of common stock from the assumed conversion of the Company's convertible preferred stock, issued in February 2004, were included in the computation of diluted EPS for the three month period ended March 29, 2008.

For the six month period ended March 28, 2009, options to purchase 4.9 million 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. The potential effects of stock awards and the assumed conversion of the Company's convertible preferred stock were excluded from the diluted earnings per share calculation for the six month period ended March 29, 2008, because their inclusion in a net loss period would be anti-dilutive to the earnings per share calculation.

Table of Contents

7. Segment Information

Management has determined that the Company has two operating segments which are also reportable segments based on the level at which the Chief Executive Officer reviews the results of operations to make decisions regarding performance assessment and resource allocation. These operating segments are Pet Products and Garden Products and are presented in the table below (in thousands).

	Three Months Ended		Six Months Ended	
	March 29, 2008	March 28, 2009	March 29, 2008	March 28, 2009
Net sales:				
Pet Products	\$ 230,914	\$ 228,840	\$ 432,537	\$414,515
Garden Products	253,774	247,585	365,936	354,452
Total net sales	\$ 484,688	\$ 476,425	\$ 798,473	\$768,967
Income (loss) from operations:				
Pet Products	\$ 28,195	\$ 31,897	\$(152,571) ⁽¹⁾	\$ 44,772
Garden Products	26,111	36,721	(179,947) ⁽²⁾	28,965
Corporate	(9,656)	(11,462)	(13,446)	(19,247)
Total income (loss) from operations	44,650	57,156	(345,964)	54,490
Interest expense – net	(9,514)	(5,481)	(20,731)	(12,033)
Other income (expense)	1,191	(131)	1,674	(1,081)
Income taxes (tax benefit)	15,403	17,980	(96,411)	14,127
Minority interest	471	544	463	413
Net income (loss)	\$ 20,453	\$ 33,020	\$(269,073)	\$ 26,836
Depreciation and amortization:				
Pet Products	\$ 4,234	\$ 3,943	\$ 8,603	\$ 8,030
Garden Products	2,155	1,618	4,325	3,337
Corporate	1,690	1,661	3,141	3,329
Total depreciation and amortization	\$ 8,079	\$ 7,222	\$ 16,069	\$ 14,696
Assets:				
Pet Products	\$ 472,415	\$ 462,356		
Garden Products	409,646	509,884		
Corporate	377,257	339,938		
Total assets	\$ 1,259,318	\$ 1,312,178		
Goodwill (included in corporate assets above):				
Pet Products	\$ 201,499	\$ 202,374		
Garden Products	—	4,799		
Total goodwill	\$ 201,499	\$ 207,173		

(1) Includes goodwill impairment of \$197,755

(2) Includes goodwill and other intangible assets impairment of \$202,245

[Table of Contents](#)

8. Consolidating Condensed Financial Information of Guarantor Subsidiaries

Certain 100% 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 on 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. These Non-Guarantor entities are not material to the Parent. Those subsidiaries that are guarantors and co-obligors of the Notes are as follows:

Farnam Companies, Inc. (including Thompson’s Veterinary Supply, Inc.)
 Four Paws Products Ltd.
 Grant Laboratories, Inc.
 Gulfstream Home & Garden, Inc.
 Interpet USA, LLC
 Kaytee Products, Inc.
 Matthews Redwood & Nursery Supply, Inc.
 Matson, LLC
 New England Pottery, LLC
 Norcal Pottery Products, Inc.
 Pennington Seed, Inc. (including Phaeton Corporation (dba Unicorn Labs), Pennington Seed, Inc. of Nebraska, Gro Tec, Inc., Seeds West, Inc., All-Glass Aquarium Co., Inc. (including Oceanic Systems, Inc.) and Cedar Works, LLC.)
 Pets International, Ltd.
 T.F.H. Publications, Inc.
 Wellmark International (including B2E Corporation and B2E Biotech LLC)

In lieu of providing separate audited financial statements for the Guarantor Subsidiaries, the Company has included the accompanying 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.

For the three months and six months ended March 28, 2009, goodwill and other intangible assets have been reported in the Guarantor Subsidiaries consolidating condensed financial statements below. In prior periods, such amounts were reported in the Parent consolidating condensed financial statements. The consolidating condensed financial statements for the three and six months ended March 29, 2008 have been restated to conform with the fiscal 2009 presentation.

CONSOLIDATING CONDENSED STATEMENT OF OPERATIONS				
Three Months Ended March 28, 2009				
(in thousands)				
(unaudited)				
	<u>Parent</u>	<u>Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Net sales	\$ 142,028	\$ 381,009	\$ (46,612)	\$ 476,425
Cost of products sold and occupancy	<u>103,478</u>	<u>259,006</u>	<u>(46,612)</u>	<u>315,872</u>
Gross profit	38,550	122,003	—	160,553
Selling, general and administrative expenses	<u>30,901</u>	<u>72,496</u>	<u>—</u>	<u>103,397</u>
Income from operations	7,649	49,507	—	57,156
Interest – net	(5,619)	138	—	(5,481)
Other income (loss)	<u>(2,177)</u>	<u>2,046</u>	<u>—</u>	<u>(131)</u>
Income (loss) before income taxes and minority interest	(147)	51,691	—	51,544
Income taxes	233	17,747	—	17,980
Minority interest	<u>544</u>	<u>—</u>	<u>—</u>	<u>544</u>
Income (loss) before equity in undistributed income of guarantor subsidiaries	(924)	33,944	—	33,020
Equity in undistributed income of guarantor subsidiaries	<u>33,944</u>	<u>—</u>	<u>(33,944)</u>	<u>—</u>
Net income	<u>\$ 33,020</u>	<u>\$ 33,944</u>	<u>\$ (33,944)</u>	<u>\$ 33,020</u>

[Table of Contents](#)

CONSOLIDATING CONDENSED STATEMENT OF OPERATIONS
Three Months Ended March 29, 2008
(in thousands)
(unaudited)

	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$ 134,783	\$ 383,470	\$ (33,565)	\$ 484,688
Cost of products sold and occupancy	94,023	264,420	(33,565)	324,878
Gross profit	40,760	119,050	—	159,810
Selling, general and administrative expenses	30,151	85,009	—	115,160
Income from operations	10,609	34,041	—	44,650
Interest – net	(9,667)	153	—	(9,514)
Other income (expense)	(839)	2,030	—	1,191
Income before income taxes and minority interest	103	36,224	—	36,327
Income tax expense (tax benefit)	(80,514)	95,917	—	15,403
Minority interest	471	—	—	471
Net income (loss) before equity in undistributed income (loss) of guarantor subsidiaries	80,146	(59,693)	—	20,453
Equity in undistributed income (loss) of guarantor subsidiaries	(59,693)	—	59,693	—
Net income (loss)	<u>\$ 20,453</u>	<u>\$ (59,693)</u>	<u>\$ 59,693</u>	<u>\$ 20,453</u>

CONSOLIDATING CONDENSED STATEMENT OF OPERATIONS
Six Months Ended March 28, 2009
(in thousands)
(unaudited)

	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$ 234,740	\$ 615,238	\$ (81,011)	\$ 768,967
Cost of products sold and occupancy	172,657	431,287	(81,011)	522,933
Gross profit	62,083	183,951	—	246,034
Selling, general and administrative expenses	56,535	135,009	—	191,544
Income from operations	5,548	48,942	—	54,490
Interest – net	(12,355)	322	—	(12,033)
Other income (expense)	(1,653)	572	—	(1,081)
Income (loss) before income taxes (tax benefit) and minority interest	(8,460)	49,836	—	41,376
Income taxes (tax benefit)	(3,033)	17,160	—	14,127
Minority interest	413	—	—	413
Net income (loss) before equity in undistributed income of guarantor subsidiaries	(5,840)	32,676	—	26,836
Equity in undistributed income of guarantor subsidiaries	32,676	—	(32,676)	—
Net income	<u>\$ 26,836</u>	<u>\$ 32,676</u>	<u>\$ (32,676)</u>	<u>\$ 26,836</u>

[Table of Contents](#)

CONSOLIDATING CONDENSED STATEMENT OF OPERATIONS
Six Months Ended March 29, 2008
(in thousands)
(unaudited)

	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$ 230,369	\$ 627,159	\$ (59,055)	\$ 798,473
Cost of products sold and occupancy	<u>163,592</u>	<u>439,804</u>	<u>(59,055)</u>	<u>544,341</u>
Gross profit	66,777	187,355	—	254,132
Selling, general and administrative expenses	56,420	143,676	—	200,096
Goodwill and other impairments	<u>91,482</u>	<u>308,518</u>	<u>—</u>	<u>400,000</u>
Loss from operations	(81,125)	(264,839)	—	(345,964)
Interest – net	(21,015)	284	—	(20,731)
Other income (expense)	<u>(802)</u>	<u>2,476</u>	<u>—</u>	<u>1,674</u>
Loss before income taxes and minority interest	(102,942)	(262,079)	—	(365,021)
Income tax expense (tax benefit)	(109,211)	12,800	—	(96,411)
Minority interest	<u>463</u>	<u>—</u>	<u>—</u>	<u>463</u>
Net income (loss) before equity in undistributed income (loss) of guarantor subsidiaries	5,806	(274,879)	—	(269,073)
Equity in undistributed income (loss) of guarantor subsidiaries	<u>(274,879)</u>	<u>—</u>	<u>274,879</u>	<u>—</u>
Net loss	<u>\$ (269,073)</u>	<u>\$ (274,879)</u>	<u>\$ 274,879</u>	<u>\$ (269,073)</u>

CONSOLIDATING CONDENSED BALANCE SHEET
March 28, 2009
(in thousands)
(unaudited)

	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	\$ 6,810	\$ 1,735	\$ —	\$ 8,545
Accounts receivable, net	82,513	252,016	(16,816)	317,713
Inventories	119,238	260,918	—	380,156
Prepaid expenses and other assets	<u>18,818</u>	<u>21,212</u>	<u>—</u>	<u>40,030</u>
Total current assets	227,379	535,881	(16,816)	746,444
Land, buildings, improvements and equipment, net	55,878	112,658	—	168,536
Goodwill	—	207,173	—	207,173
Investment in guarantors	777,112	—	(777,112)	—
Deferred income taxes and other assets	<u>127,613</u>	<u>103,968</u>	<u>(41,556)</u>	<u>190,025</u>
Total	<u>\$ 1,187,982</u>	<u>\$ 959,680</u>	<u>\$ (835,484)</u>	<u>\$ 1,312,178</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
Accounts payable	\$ 62,137	\$ 92,237	\$ (16,816)	\$ 137,558
Accrued expenses and other current liabilities	<u>51,719</u>	<u>46,174</u>	<u>—</u>	<u>97,893</u>
Total current liabilities	113,856	138,411	(16,816)	235,451
Long-term debt	543,493	136	—	543,629
Other long-term obligations	3,914	44,021	(41,556)	6,379
Minority interest	1,003	—	—	1,003
Shareholders' equity	<u>525,716</u>	<u>777,112</u>	<u>(777,112)</u>	<u>525,716</u>
Total	<u>\$ 1,187,982</u>	<u>\$ 959,680</u>	<u>\$ (835,484)</u>	<u>\$ 1,312,178</u>

[Table of Contents](#)

CONSOLIDATING CONDENSED BALANCE SHEET
September 27, 2008
(in thousands)
(unaudited)

	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	\$ 22,866	\$ 4,063	\$ —	\$ 26,929
Accounts receivable, net	55,325	215,832	(10,518)	260,639
Inventories	93,366	256,133	—	349,499
Prepaid expenses and other assets	17,929	16,757	—	34,686
Total current assets	189,486	492,785	(10,518)	671,753
Land, buildings, improvements and equipment, net	56,693	117,320	—	174,013
Goodwill	—	201,499	—	201,499
Investment in guarantors	724,868	—	(724,868)	—
Other assets	145,977	107,632	(41,556)	212,053
Total	<u>\$ 1,117,024</u>	<u>\$ 919,236</u>	<u>\$ (776,942)</u>	<u>\$ 1,259,318</u>
LIABILITIES				
Accounts payable	\$ 42,954	\$ 100,928	\$ (10,518)	\$ 133,364
Accrued expenses and other liabilities	38,924	48,761	—	87,685
Total current liabilities	81,878	149,689	(10,518)	221,049
Long-term debt	519,583	224	—	519,807
Other long-term obligations	4,138	44,455	(41,556)	7,037
Minority interest	2,667	—	—	2,667
Total shareholders' equity	508,758	724,868	(724,868)	508,758
Total	<u>\$ 1,117,024</u>	<u>\$ 919,236</u>	<u>\$ (776,942)</u>	<u>\$ 1,259,318</u>

CONSOLIDATING CONDENSED STATEMENT OF CASH FLOWS
Six Months Ended March 28, 2009
(in thousands)
(unaudited)

	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided (used) by operating activities	\$ 22,082	\$ (16,220)	\$ (32,676)	\$ (26,814)
Additions to property and equipment	(3,384)	(3,726)	—	(7,110)
Businesses acquired, net of cash	—	(4,799)	—	(4,799)
Investment in guarantor subsidiaries	(55,753)	23,077	32,676	—
Net cash provided (used) by investing activities	(59,137)	14,552	32,676	(11,909)
Repayments on revolving line of credit	(315,000)	—	—	(315,000)
Borrowings on revolving line of credit	374,000	—	—	374,000
Repayments of long-term debt	(23,215)	(106)	—	(23,321)
Repurchase of common stock	(12,812)	—	—	(12,812)
Proceeds from issuance of stock	109	—	—	109
Deferred financing costs	(75)	—	—	(75)
Excess tax benefits from stock-based awards	74	—	—	74
Distribution to minority interest	(2,082)	—	—	(2,082)
Net cash provided (used) by financing activities	20,999	(106)	—	20,893
Effect of exchange rate changes on cash	—	(554)	—	(554)
Net decrease in cash and cash equivalents	(16,056)	(2,328)	—	(18,384)
Cash and cash equivalents at beginning of period	22,866	4,063	—	26,929
Cash and cash equivalents at end of period	<u>\$ 6,810</u>	<u>\$ 1,735</u>	<u>\$ —</u>	<u>\$ 8,545</u>

[Table of Contents](#)

CONSOLIDATING CONDENSED STATEMENT OF CASH FLOWS
Six Months Ended March 29, 2008
(in thousands)
(unaudited)

	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided (used) by operating activities	\$ (237,517)	\$ (125,939)	\$ 274,879	\$ (88,577)
Additions to property	(6,040)	(7,092)	—	(13,132)
Proceeds from property sales, net of expenses	—	12,053	—	12,053
Businesses acquired, net of cash	(4,998)	—	—	(4,998)
Restricted investments	(39)	—	—	(39)
Investment in guarantor subsidiaries	158,932	115,947	(274,879)	—
Net cash provided (used) by investing activities	147,855	120,908	(274,879)	(6,116)
Repayments on revolving line of credit	(302,000)	—	—	(302,000)
Borrowings on revolving line of credit	385,000	—	—	385,000
Repayments of long-term debt	(829)	(105)	—	(934)
Repurchase of common stock	(138)	—	—	(138)
Proceeds from issuance of stock	61	—	—	61
Redemption of preferred stock	(750)	—	—	(750)
Deferred financing costs	(125)	—	—	(125)
Excess tax benefits from stock-based awards	24	—	—	24
Net cash provided by (used by) financing activities	81,243	(105)	—	81,138
Effect of exchange rate changes on cash	—	77	—	77
Net decrease in cash and cash equivalents	(8,419)	(5,059)	—	(13,478)
Cash and cash equivalents at beginning of period	14,048	7,007	—	21,055
Cash and cash equivalents at end of period	<u>\$ 5,629</u>	<u>\$ 1,948</u>	<u>\$ —</u>	<u>\$ 7,577</u>

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

Overview

Central Garden & Pet Company is a leading innovator, marketer and producer of quality branded products. We are one of the largest suppliers in the pet and lawn and garden supplies industries in the United States. The total pet industry is estimated to be approximately \$36 billion in annual retail sales. We estimate the annual retail sales of the pet supplies and ultra-premium pet food markets in the categories in which we participate to be approximately \$15 billion. The total lawn and garden industry in the United States is estimated to be approximately \$95 billion in annual retail sales. We estimate the annual retail sales of the lawn and garden supplies markets in the categories in which we participate to be approximately \$7 billion.

Our pet supplies products include products for dogs and cats, including edible bones, premium healthy edible and non-edible chews, ultra-premium dog and cat food and treats, leashes, collars, toys, pet carriers, grooming supplies and other accessories; products for birds, small animals and specialty pets, including food, cages and habitats, toys, chews and related accessories; animal and household health and insect control products; products for fish, reptiles and other aquarium-based pets, including aquariums, furniture and lighting fixtures, pumps, filters, water conditioners, food and supplements, and information and knowledge resources; and products for horses and livestock. These products are sold under a number of brand names including Adams™, All-Glass Aquarium®, Altosid, Aqueon™, BioSpot®, Breeder's Choice®, Coralife®, Farnam®, Four Paws®, Interpet, Kaytee®, Kent Marine®, Nylabone®, Pet Select®, Pre Strike®, Oceanic Systems®, Super Pet®, TFH™, Zilla™ and Zodiac®.

Our lawn and garden supplies products include proprietary and non-proprietary grass seed; wild bird feed, bird feeders, bird houses and other birding accessories; weed, grass, ant and other herbicide, insecticide and pesticide products; and decorative outdoor lifestyle and lighting products including pottery, trellises and other wood products and holiday lighting. These products are sold under a number of brand names including: AMDRO®, GKI/Bethlehem Lighting, Grant's, Ironite®, Lilly Miller®, Matthews Four Seasons™, New England Pottery®, Norcal Pottery®, Pennington®, Over'n Out®, Sevin®, The Rebels® and Smart Seed™.

Table of Contents

In fiscal 2008, our consolidated net sales were \$1.7 billion, of which our lawn and garden segment, or Garden Products, accounted for approximately \$807.6 million and our pet segment, or Pet Products, accounted for approximately \$897.8 million. In fiscal 2008, our loss from operations was \$324.4 million, of which Garden Products accounted for \$198.2 million and Pet Products accounted for \$88.2 million, before corporate expenses and eliminations of \$38.0 million.

Background

We have transitioned our company to a leading marketer and producer of branded products from a traditional pet and lawn and garden supplies distributor. We made 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, strong relationships with retailers and 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 product 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; AMDRO and All-Glass Aquarium in fiscal 2000; Lilly Miller in fiscal 2001; Alaska Fish Fertilizer in fiscal 2002; Kent Marine, New England Pottery, Interpet, KRB Seed Company, (dba Budd's Seed), and Energy Savers Unlimited in fiscal 2004; Pets International and Gulfstream Home & Garden in fiscal 2005; Farnam, Breeder's Choice, Tech Pac, Ironite and Shirlo in fiscal 2006 and B2E Corporation, B2E Biotech LLC and DLF Trifolium Oregon (dba "ASP Research") in fiscal 2007.

Virtually all of our sales before fiscal 1997 were derived from distributing other manufacturers' products. Since then, our branded product sales have grown to approximately \$1.4 billion, or approximately 85% of total sales, in fiscal 2008. During this same period, our sales of other manufacturers' products have declined to approximately 15% of total sales, and our gross profit margins have improved from 13.6% in fiscal 1996 to 30.6% in fiscal 2008.

Recent Developments

Swap Agreement Termination

In February 2009, our \$75 million pay-floating interest rate swap was terminated prior to its maturity by the counterparty in accordance with the terms of the interest rate swap agreement. As a result of this swap termination, we received cash proceeds and realized a settlement gain of \$2.3 million that was recorded as an adjustment to the carrying amount of the related debt. The settlement gain is being amortized as an offset to interest expense over the remaining term of the debt, which expires February 2013.

Repurchase of Company Stock

During the quarter ended March 28, 2009, we repurchased 1,070,000 shares of our voting common stock at an aggregate cost of approximately \$7.1 million, or approximately \$6.66 per share, and 335,000 shares of our non-voting Class A common stock at an aggregate cost of approximately \$2.1 million, or approximately \$6.21 per share. During the six months ended March 28, 2009, we repurchased 1,291,925 shares of our voting common stock in the open market at an aggregate cost of approximately \$8.2 million, or approximately \$6.33 per share, and 847,168 shares of our non-voting Class A common stock in the open market at an aggregate cost of approximately \$4.4 million, or approximately \$5.27 per share.

Significant Prior Year Events

Goodwill

We account for goodwill in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," and test goodwill for impairment annually, or whenever events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. This assessment involves the use of significant accounting judgments and estimates as to future operating results and discount rates. Changes in estimates or use of different assumptions could produce significantly different results. An impairment loss is generally recognized when the carrying amount of the reporting unit's net assets exceeds the estimated fair value of the reporting unit. We use discounted cash flow analysis to estimate the fair value of our reporting units. Our goodwill impairment analysis also includes a comparison of the aggregate estimated fair value of all four reporting units to our total market capitalization.

Table of Contents

In the first fiscal quarter of fiscal 2008, we recorded a non-cash charge of \$400 million to recognize the impairment of goodwill and other intangible assets, comprised of \$202 million relating to our Garden segment and \$198 million relating to our Pet segment. This non-cash charge of \$400 million reduced our net earnings for the six months ended March 29, 2008 by \$290.4 million net of taxes.

Gain on Sale of Properties and Legal Settlement Proceeds

The following transactions are included in selling, general and administrative expenses in the first six months of fiscal 2008:

- In October 2007, we sold a facility for approximately \$7.9 million in cash. In connection with the sale, we are leasing back the property from the purchaser for a period of approximately two years. We are accounting for the leaseback as an operating lease. We recognized a gain of approximately \$3.1 million in the Pet Products segment in the first six months of fiscal 2008 and deferred approximately \$1.5 million to be recognized ratably over the term of the lease.
- In December 2007, we sold a facility for approximately \$5.1 million. Proceeds were comprised of cash of \$1.3 million and a \$3.8 million recourse note payable to us. We are leasing back the property from the purchaser and are accounting for the leaseback as an operating lease. We recognized a gain of approximately \$4.6 million from this sale in the Garden Products segment in the first six months of fiscal 2008.
- In December 2007, we received approximately \$5.0 million in cash related to the settlement of a legal matter that is included in Corporate.
- In December 2007, we sold the net assets of our live bird business for approximately \$1.2 million in cash and recognized a loss of approximately \$1.6 million in the Pet Products segment.

New Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard also establishes a framework for measuring fair value and provides for expanded disclosures about fair value measurements. In February 2008, the FASB issued FASB Staff Position ("FSP") No. FAS 157-1, *Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13* and FSP No. FAS 157-2, *Effective Date of FASB Statement No. 157*. FSP 157-1 amends SFAS No. 157 to remove certain leasing transactions from its scope. FSP 157-2 delays the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008 for all non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually) and will be adopted by the Company beginning in the first quarter of fiscal 2010. In October 2008, the FASB issued FSP No. 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active*, to clarify the application of SFAS No. 157 in inactive markets for financial assets. FSP 157-3 became effective upon issuance and SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The Company elected to partially adopt SFAS No. 157 as of the beginning of fiscal 2009, as permitted by FSP 157-2 (see Note 2 to the condensed consolidated financial statements). The Company does not expect the adoption of the remaining provisions of SFAS No. 157 (delayed by FSP 157-2) to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities," which provides companies an option to report selected financial assets and liabilities at fair value. SFAS No. 159 requires companies to provide information to assist financial statement users to understand the effect of a company's choice to use fair value on its earnings, as well as to display on the face of the balance sheet the fair value of assets and liabilities chosen by the company for fair value accounting. Additionally, SFAS No. 159 establishes presentation and disclosure requirements designed to simplify comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. The Company adopted SFAS No. 159 as of the beginning of fiscal 2009 but elected not to record additional financial assets and liabilities at fair value. As a result, the adoption of SFAS No. 159 did not impact the Company's consolidated financial position, results of operations or cash flows.

In December 2007, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 141(R) "Business Combinations," which establishes accounting principles and disclosure requirements for all transactions in which a company obtains control over another business. This accounting pronouncement is effective prospectively for businesses acquired by the Company in its fiscal year beginning September 27, 2009. In April 2009, the FASB issued FSP No. 141(R)-1 ("FSP 141(R)-1"), "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination that Arise from Contingencies." FSP 141(R)-1 requires an acquirer to

Table of Contents

recognize at fair value an asset acquired or a liability assumed in a business combination that arises from a contingency if the acquisition-date fair value of an asset or liability can be determined during the measurement period. If the acquisition-date fair value cannot be determined, then the acquirer follows the recognition criteria in FASB Statement No. 5, "Accounting for Contingencies" and FASB Interpretation No. 14, "Reasonable Estimation of the Amount of a Loss – an interpretation of FASB Statement No. 5" to determine whether the contingency should be recognized as of the acquisition date or after it. This FSP is effective prospectively for businesses acquired by the Company in its fiscal year beginning September 27, 2009.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment to ARB No. 51." This standard prescribes the accounting by a parent company for minority interests held by other parties in a subsidiary of the parent company. SFAS No. 160 is effective for the Company in its fiscal year beginning September 27, 2009. The Company is currently evaluating the impact of SFAS No. 160 on its consolidated financial statements.

In March 2008, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 161, "Disclosures about Derivative Instruments and Hedging Activities – an Amendment of FASB Statement 133." SFAS No. 161 enhances required disclosures regarding derivatives and hedging activities, including enhanced disclosures regarding how: (a) an entity uses derivative instruments; (b) derivative instruments and related hedged items are accounted for under SFAS No. 133, "Accounting for Derivatives and Hedging Activities;" and (c) derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. SFAS No. 161 is effective for the Company in its fiscal year beginning September 27, 2009. The Company is currently evaluating the impact of SFAS No. 161 on its consolidated financial statements.

In April 2008, the FASB issued FSP No. 142-3 ("FSP 142-3") "Determination of the Useful Life of Intangible Assets." FSP 142-3 amends the factors an entity should consider in developing renewal or extension assumptions used in determining the useful life of recognized intangible assets under FASB Statement No. 142, "Goodwill and Other Intangible Assets." This new guidance applies prospectively to intangible assets that are acquired individually or with a group of other assets in business combinations and asset acquisitions. FSP 142-3 is effective for the Company in its fiscal year beginning September 27, 2009. Early adoption is prohibited. Since this guidance will be applied prospectively, on adoption, there will be no impact to our current consolidated financial statements.

Critical Accounting Policies, Estimates and Judgments

There have been no material changes to our critical accounting policies, estimates and assumptions or the judgments affecting the application of those accounting policies since our Annual Report on Form 10-K for the fiscal year ended September 27, 2008.

Results of Operations

**Three Months Ended March 28, 2009
Compared with Three Months Ended March 29, 2008**

Net Sales

Net sales for the three months ended March 28, 2009 decreased \$8.3 million, or 1.7%, to \$476.4 million from \$484.7 million for the three months ended March 29, 2008 due primarily to an overall softer retail market and continued inventory level reductions by retailers. Our branded product sales decreased \$5.0 million and sales of other manufacturers' products decreased \$3.3 million. Pet Products' net sales declined \$2.1 million, or 0.9%, to \$228.8 million for the three months ended March 28, 2009 from \$230.9 million in the comparable fiscal 2008 period. Pet branded product sales decreased \$2.8 million and sales of other manufacturers' products increased \$0.7 million from the prior year due primarily to continued softness in the aquatics category and the change in the foreign currency exchange rates for sales from our international subsidiary. Garden Products' net sales decreased \$6.2 million, or 2.4%, to \$247.6 million for the three months ended March 28, 2009 from \$253.8 million in the comparable fiscal 2008 period. The decreased garden sales were due primarily to lower grass seed sales, in what we believe was a later start to the garden season as a result of weather conditions, as compared to the prior year quarter, partially offset by increased sales of garden chemical and control products. Garden branded product sales decreased \$2.1 million and sales of other manufacturers' products decreased \$4.1 million.

Gross Profit

Gross profit for the three months ended March 28, 2009 increased \$0.7 million, or 0.5%, to \$160.5 million from \$159.8 million for the three months ended March 29, 2008. Gross profit as a percentage of net sales increased from 33.0% for the three months ended March 29, 2008 to 33.7% for the three months ended March 28, 2009. Gross profit decreased \$4.2 million in Pet Products due primarily to adverse changes in product mix and, secondarily, to the segment's sales decrease. Gross profit increased \$4.9 million in Garden Products due primarily to margin increases in garden chemicals and control products and wild bird feed products.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased \$11.8 million, or 10.2%, to \$103.4 million for the three months ended March 28, 2009 from \$115.2 million for the three months ended March 29, 2008. As a percentage of net sales, selling, general and administrative expenses decreased to 21.7% for the three months ended March 28, 2009, compared to 23.8% in the comparable prior year quarter. The change in selling, general and administrative expenses is discussed further below.

Selling and delivery expense decreased \$5.2 million, or 9.1%, from \$57.3 million for the three months ended March 29, 2008 to \$52.1 million for the three months ended March 28, 2009. The decreased expense was due primarily to lower fuel costs, lower employee related costs, and consolidation within our west coast distribution operations. As a percentage of net sales, selling and delivery expense decreased to 10.9% for the current quarter from 11.8% for the prior year quarter.

Facilities expense decreased \$1.0 million to \$2.8 million in the quarter ended March 28, 2009 from \$3.8 million for the quarter ended March 29, 2008. The decrease was due primarily to cost savings from consolidation of our west coast facilities.

Warehouse and administrative expense decreased \$5.6 million to \$48.5 million for the quarter ended March 28, 2009 from \$54.1 million in the quarter ended March 29, 2008. The decrease was due primarily to a non-cash impairment charge of \$2.0 million taken against trade credits in the prior year quarter and reduced employee related costs in the current year quarter.

Net Interest Expense

Net interest expense for the three months ended March 28, 2009 decreased \$4.0 million or 42.4%, to \$5.5 million from \$9.5 million for the three months ended March 29, 2008. The decrease was due primarily to lower average borrowings and secondarily to lower interest rates on our floating rate debt. Our borrowing rate for the quarter was approximately 3.9% compared to 5.6% for the prior year quarter.

Other Income

Other income decreased \$1.3 million from earnings of \$1.2 million for the quarter ended March 29, 2008, to \$0.1 million loss for the quarter ended March 28, 2009. The decrease was due primarily to income recorded in the prior year quarter for an investment no longer accounted for under the equity method of accounting.

Table of Contents

Income Taxes

Our effective income tax rate was 34.9% for the quarter ended March 28, 2009 and 42.4% for the quarter ended March 29, 2008. The 2009 tax expense rate is lower than the statutory rate primarily as a result of a \$1.1 million reduction in state valuation allowances. The 2008 tax expense rate is higher than the statutory rate primarily due to a \$1.7 million increase in state valuation allowances.

Six Months Ended March 28, 2009 Compared with Six Months Ended March 29, 2008

Net Sales

Net sales for the six months ended March 28, 2009 decreased \$29.5 million, or 3.7%, to \$769.0 million from \$798.5 million for the six months ended March 29, 2008. Pet Products' net sales decreased \$18.0 million, or 4.2%, to \$414.6 million for the six months ended March 28, 2009 from \$432.6 million in the comparable fiscal 2008 period. Garden Products' net sales decreased \$11.5 million, or 3.1%, to \$354.4 million for the six months ended March 28, 2009 from \$365.9 million in the comparable fiscal 2008 period. Our branded product sales decreased \$24.1 million and sales of other manufacturers' products decreased \$5.4 million. The sales decrease was primarily in our grass seed category, in what we believe to be a late start to the garden season, and in our aquatic products due to softness in the category.

Gross Profit

Gross profit for the six months ended March 28, 2009 decreased \$8.1 million, or 3.2%, to \$246.0 million from \$254.1 million for the six months ended March 29, 2008. Pet Products' gross profit decreased \$10.8 million and Garden Products' gross profit increased \$2.7 million. Gross profit as a percentage of net sales increased from 31.8% for the six months ended March 29, 2008 to 32.0% for the six months ended March 28, 2009. The margin increase was due primarily to reduced input costs as the prior year period was one of continued rising grain input costs. This increase was partially offset by a decrease in pet product margin due primarily to decreased sales.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased \$8.6 million, or 4.3%, to \$191.5 million for the six months ended March 28, 2009 from \$200.1 million for the six months ended March 29, 2008. As a percentage of net sales, selling, general and administrative expenses decreased from 25.1% for the six months ended March 29, 2008 to 24.9% for the six months ended March 28, 2009. The decrease in selling, general and administrative expenses is discussed below.

Selling and delivery expense decreased \$9.0 million, or 8.6%, from \$105.1 million for the six months ended March 29, 2008 to \$96.1 million for the six months ended March 28, 2009. As a percentage of net sales, selling and delivery expense decreased to 12.5% from 13.2% of net sales due primarily to lower employee related, freight and fuel related costs.

Facilities decreased \$1.9 million, or 25.3%, from \$7.5 million for the six months ended March 29, 2008 to \$5.6 million for the six months ended March 28, 2009 due primarily to cost savings from the consolidation of our west coast distribution facilities.

Warehouse and administrative expense increased \$2.3 million to \$89.8 million in the six month period ended March 28, 2009. The increase was due to net gains of \$9.0 million from the sale of assets and a legal settlement partially offset by a non-cash impairment charge taken against trade credits in the six month period ended March 29, 2008. Absent the net gains in the prior year period, expenses decreased due primarily to lower employee related costs.

Goodwill Impairment

We updated our analysis and evaluation of goodwill for possible impairment as of December 29, 2007. Applicable accounting standards require a comparison of the sum of the fair values of the reporting units to the current market capitalization when assessing goodwill for possible impairment. As a result, we recorded an impairment charge related to goodwill of approximately \$400 million, comprised of \$202 million in the Garden Products segment and \$198 million in the Pet Products segment, in the first quarter of fiscal 2008.

Net Interest Expense

Net interest expense for the six months ended March 28, 2009 decreased \$8.7 million, or 42.0%, to \$12.0 million from \$20.7 million for the six months ended March 29, 2008. The decrease was due primarily to lower interest rates on our floating rate debt and decreased average borrowings. Our borrowing rate for the six months ended March 28, 2009 was approximately 4.5% compared to 6.3% a year ago.

Table of Contents

Other Income (Expense)

Other expense was \$1.1 million for the six months ended March 28, 2009 compared to other income of \$1.7 million for the six months ended March 29, 2008. The decrease was due primarily to income recorded in the prior year quarter for an investment no longer accounted for under the equity method of accounting.

Income Taxes

Our effective income tax rate was 34.1% for the six months ended March 28, 2009 compared to 26.4% for the six months ended March 29, 2008. The 2009 tax expense rate is lower than the statutory rate primarily as the result of a \$1.1 million reduction in state valuation allowances. The 2008 tax benefit rate was lower than the statutory rate due primarily to the nondeductible portion of the non-cash goodwill impairment charge.

Inflation

The results of operations and financial condition are presented based upon historical cost. While it is difficult to accurately measure the impact of inflation, we believe that the effects of inflation on our operations could be significant.

Weather and Seasonality

Historically, our sales of lawn and garden products have been influenced by weather and climate conditions in the different markets we serve. Additionally, Garden Products' business has historically been highly seasonal. In fiscal 2008, approximately 63% of Garden Products' net sales and 57% of our total net sales occurred in the 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.

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. During the second fiscal quarter, receivables, accounts payable and short-term borrowings 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.

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 a slight degree of seasonality. As a result, it is not necessary to maintain large quantities of inventory to meet peak demands. On the other hand, our lawn and garden businesses are highly seasonal with approximately 63% of Garden Products' net sales occurring during the second and third fiscal quarters. For many manufacturers of garden products, this seasonality requires them to ship large quantities of their product well ahead of the peak consumer buying periods. To encourage distributors to stock large quantities of inventory, industry practice has been for manufacturers to give extended credit terms and/or promotional discounts.

Net cash used by operating activities decreased \$61.8 million from \$88.6 million for the six months ended March 29, 2008 to \$26.8 million for the six months ended March 28, 2009. The decrease was due to improved working capital management.

Net cash used in investing activities increased \$5.8 million from the six months ended March 29, 2008 to approximately \$11.9 million during the six months ended March 28, 2009. The increase was due primarily to \$12.0 million of proceeds received from the sales of facilities in the prior year period, which partially offset higher prior year capital spending.

Net cash provided by financing activities decreased \$60.2 million, from \$81.1 million, for the six months ended March 29, 2008, to \$20.9 million for the six months ended March 28, 2009. The decrease was due primarily to payments made to reduce the balance of our revolving line of credit and the repayment of \$21.6 million of our term loan under the mandatory prepayment provisions in our credit facility. Additionally, we repurchased 1,291,925 shares of our voting common stock in the open market at an aggregate cost of approximately \$8.2 million, or approximately \$6.33 per share, and 847,168 shares of our non-voting Class A common stock in the open market at an aggregate cost of approximately \$4.4 million, or approximately \$5.27 per share.

Table of Contents

As of March 28, 2009, the Company has \$650 million in senior secured credit facilities, consisting of a \$350 million revolving credit facility maturing in February 2011 and a \$300 million term loan maturing in September 2012. Interest on the revolving credit facility is based on a rate equal to prime plus a margin, which fluctuates from 0% to 0.375%, or LIBOR plus a margin, which fluctuates from 0.75% to 1.50%, determined quarterly based on consolidated total debt to consolidated EBITDA for the most recent trailing 12-month period. As of March 28, 2009, the applicable interest rate on the revolving credit facility related to base rate borrowings was 3.38%, and the applicable interest rate related to LIBOR rate borrowings was 1.78%. Interest on the term loan is based on a rate equal to LIBOR plus a margin, which fluctuates from 1.50% to 1.75%, or the prime rate plus a margin, which fluctuates from 0.50% to 0.75%, at the Company's option. As of March 28, 2009, the applicable interest rate on the term loan related to base rate borrowings was 3.75%, and the applicable interest rate related to LIBOR rate borrowings was 2.03%. The term loan is payable in quarterly installments of \$750,000, and contains mandatory prepayment provisions when we have excess cash flow, with the balance payable in September 2012.

These facilities are secured by substantially all of our assets and contain certain financial covenants which require us to maintain minimum levels of interest coverage and maximum levels of total debt to EBITDA and that restrict our ability to repurchase our stock, make investments in or acquisitions of other businesses and pay dividends above certain levels over the life of the facilities. Under the terms of our senior secured credit facilities, we may make restricted payments, including cash dividends, in an aggregate amount not to exceed \$75,000,000 over the life of the facilities; if the total leverage ratio for the fiscal quarter most recently ended is less than 3.00 to 1.00, the maximum restricted payment amount will be increased to \$100,000,000 over the life of the facilities. Apart from the covenants limiting restricted payments and capital expenditures, the facilities do not restrict the use of retained earnings or net income.

We were in compliance with all financial covenants as of March 28, 2009. There was a \$137.0 million outstanding balance at March 28, 2009 under the \$350 million revolving credit facility plus \$15.8 million of outstanding letters of credit. After giving effect to the financial covenants in our credit agreement, our remaining borrowing capacity was approximately \$170 million. See "Risk Factors."

Our credit facility contains mandatory prepayment provisions when we have excess cash flow, as defined in our credit agreement, during our fiscal year. Accordingly, in December 2008, we repaid \$21.6 million of our term loan per this provision by drawing down our revolving credit facility.

At March 28, 2009, our total debt outstanding was \$547.0 million versus \$695.5 million at March 29, 2008.

In October 2003, we entered into a \$75 million pay-floating interest rate swap effectively converting half of our \$150 million fixed rate 9-1/8% senior subordinated notes ("senior subordinated notes") to a floating rate of LIBOR + 4.04%. In February 2009, the swap was terminated prior to its maturity by the counterparty in accordance with the terms of the interest rate swap agreement. As a result of this swap termination, we received cash proceeds and realized a settlement gain of \$2.3 million that was recorded as an adjustment to the carrying amount of the related debt. The settlement gain is being amortized as an offset to interest expense over the remaining term of the debt, which expires in February 2013.

In connection with our purchase of an additional 60% equity interest in Tech Pac L.L.C. in March 2006, we deposited approximately \$15.5 million into an escrow for possible contingent performance-based payments. In fiscal 2009, a net amount of \$4.8 million in cash was paid in performance-based payments, which was recognized as additional goodwill. There are no remaining contingent performance-based payments due to the seller. As part of the resolution of the contingent payments, we became the beneficiary of the remaining funds in the escrow, which are comprised primarily of \$12.8 million of aggregate principal amount of our senior subordinated notes. Under the requirements of SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, the senior subordinated notes contained within the escrow have been recorded as a reduction of debt for accounting purposes against our outstanding senior subordinated notes balance as of March 28, 2009. The senior subordinated notes continue to be held in the escrow and have not been retired.

During the six months ended March 29, 2008, we repurchased 1,291,925 shares of our voting common stock in the open market at an aggregate cost of approximately \$8.2 million, or approximately \$6.33 per share, and 847,168 shares of our non-voting Class A common stock in the open market at an aggregate cost of approximately \$4.4 million, or approximately \$5.27 per share. Our Board of Directors has authorized the repurchase of up to a total of \$100 million of our common stock, of which approximately \$28.6 million has been repurchased to date. We expect to continue our repurchases from time to time depending on market conditions and subject to the ability to effect repurchases under our credit facility.

We believe that cash flows from operating activities, funds available under our revolving 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 \$30 million for fiscal 2009, which are related primarily to replacements and upgrades to plant

Table of Contents

and equipment and investment in our implementation of a scalable enterprise-wide information technology platform. We are investing in this information technology platform to improve existing operations, to support future growth and enable us to take advantage of new applications and technologies. We have invested approximately \$38 million from fiscal 2005 through fiscal 2008 in this initiative and plan to invest up to an additional \$5 million in fiscal 2009 for planned implementations. Capital expenditures for 2010 and beyond will depend upon the pace of conversion of those remaining legacy systems. This initiative, when complete, will combine our numerous information systems into one enterprise system and create a common business model and common data, which should create greater efficiency and effectiveness.

As part of our growth strategy, we have acquired a number of companies in the past, and we anticipate that we will continue to evaluate potential acquisition candidates in the future. 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.

Off-Balance Sheet Arrangements

There have been no material changes to the information provided in our Annual Report on Form 10-K for the fiscal year ended September 27, 2008 regarding off-balance sheet arrangements.

Contractual Obligations

There have been no material changes outside the ordinary course of business in our contractual obligations set forth in the Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources in our Annual Report on Form 10-K for the fiscal year ended September 27, 2008.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We believe there has been no material change in our exposure to market risk from that discussed in our fiscal 2008 Annual Report filed on Form 10-K.

Item 4. Controls and Procedures

(a) *Evaluation of Disclosure Controls and Procedures.* Our Chief Executive Officer and Chief Financial Officer have reviewed, as of the end of the period covered by this report, the "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) that ensure that information relating to the Company required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported in a timely and proper manner and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Based upon this review, such officers concluded that our disclosure controls and procedures were effective as of March 28, 2009.

(b) *Changes in Internal Control Over Financial Reporting.* Central's management, with the participation of Central's Chief Executive Officer and Chief Financial Officer, has evaluated whether any change in Central's internal control over financial reporting occurred during the second quarter of fiscal 2009. Based on that evaluation, management concluded that there has been no change in Central's internal control over financial reporting during the second quarter of fiscal 2009 that has materially affected, or is reasonably likely to materially affect, Central's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On February 11, 2008, Central Garden & Pet Company and two of its affiliates were named as defendants in an action filed in United States District Court in the Western District of Texas in a matter entitled *Perfect Birds LLC v. Kaytee Products, Inc., Pets International, Ltd. and Central Garden & Pet Co.*, No. W08CA042 (W.D. Texas – Waco Division). Plaintiff asserts various claims arising out of its \$1.2 million purchase of assets of our former affiliate, Perfect Birds, LLC, including claims of breach of contract, breach of implied warranty, fraud and improper trade practices, and seeks unspecified damages. Discovery in the case is ongoing and the matter is currently scheduled for trial in September 2009.

Table of Contents

We may from time to time become involved in certain legal proceedings in the ordinary course of business. Currently, we are not a party to any other legal proceedings that management believes would have a material adverse effect on our financial position or results of operations.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in Item 1A. to Part I of our Form 10-K for the fiscal year ended September 27, 2008.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table sets forth the repurchases of any equity securities during the fiscal quarter ended March 28, 2009 and the dollar amount of authorized share repurchases remaining under our stock repurchase program.

<u>Period</u>	<u>Total Number of Shares (or Units) Purchased</u>	<u>Average Price Paid per Share (or Units)</u>	<u>Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (1)</u>
December 28, 2008 – January 31, 2009	401,118 ⁽²⁾	\$ 5.88	397,700	\$ 78,311,000
February 1, 2009 – February 28, 2009	167,720 ⁽³⁾	\$ 7.47	164,500	\$ 77,079,000
March 1, 2009 – March 28, 2009	849,329 ⁽⁴⁾	\$ 6.70	842,800	\$ 71,439,000
Total	1,418,167	\$ 6.56	1,405,000	\$ 71,439,000

- (1) In December 2005, the Board of Directors authorized the repurchase of up to \$100 million of the Company's common stock. The program has no expiration date and expires when the amount authorized has been used or the Board withdraws its authorization.
- (2) Includes 3,418 shares purchased during the period indicated that represent withholding of a portion of shares to cover taxes in connection with the vesting of restricted stock.
- (3) Includes 3,220 shares purchased during the period indicated that represent withholding of a portion of shares to cover taxes in connection with the vesting of restricted stock.
- (4) Includes 6,529 shares purchased during the period indicated that represent withholding of a portion of shares to cover taxes in connection with the vesting of restricted stock.

Item 3. Defaults Upon Senior Securities

Not applicable

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

- (a) The annual meeting of shareholders was held on February 9, 2009.
- (b) The following directors were elected at the meeting:

William E. Brown
Brooks M. Pennington III
John B. Balousek
David N. Chichester
Alfred A. Piergallini

Table of Contents

Set forth below is the tabulation of votes with respect to the election of directors at the meeting:

	<u>For</u>	<u>Against/Withheld</u>
William E. Brown		
Common	11,537,833	7,230,468
Class B	16,460,070	0
Brooks M. Pennington III		
Common	11,271,911	7,496,390
Class B	16,460,070	0
John B. Balousek		
Common	13,197,157	5,571,144
Class B	16,460,070	0
David N. Chichester		
Common	17,461,361	1,306,940
Class B	16,460,070	0
Alfred A. Piergallini		
Common	12,199,361	6,568,940
Class B	16,460,070	0

- (c) At the meeting, the shareholders of the Company approved the amendment of the 2003 Omnibus Equity Incentive Plan (the “2003 Plan”) to increase the number of shares authorized for issuance under the 2003 Plan by an additional 5,000,000 shares of Class A Common Stock and to authorize for issuance 500,000 shares of Preferred Stock.

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

	<u>Common</u>	<u>Class B</u>
For	4,766,092	16,460,070
Against	10,251,103	—
Abstain	23,747	—

- (d) At the meeting, the shareholders of the Company approved the amendment of the Nonemployee Director Stock Option Plan (the “Director Plan”) to increase the number of shares authorized for issuance under the Director Plan by an additional 600,000 shares of Class A Common Stock.

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

	<u>Common</u>	<u>Class B</u>
For	4,820,089	16,460,070
Against	10,201,170	—
Abstain	19,683	—

Item 5. Other Information

Not applicable

Item 6. Exhibits

- 3.2 Amended and Restated By-Laws of Central Garden & Pet Company, dated February 10, 2009.
10.1 Employment Agreement between Central Garden & Pet and Glen R. Fleischer, dated January 14, 2009.

Table of Contents

- 10.4 2003 Omnibus Equity Incentive Plan, as amended December 10, 2008.
- 10.5 Nonemployee Director Equity Incentive Plan, as amended December 10, 2008.
- 31.1 Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350.
- 32.2 Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350.

SIGNATURES

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

CENTRAL GARDEN & PET COMPANY
Registrant

Dated: May 7, 2009

/s/ WILLIAM E. BROWN

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

/s/ STUART W. BOOTH

Stuart W. Booth
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

**AMENDED AND RESTATED BY-LAWS
OF
CENTRAL GARDEN & PET COMPANY**

(As of February 10, 2009)

TABLE OF CONTENTS

		<u>Page</u>
ARTICLE I		
OFFICES		
Section 1.	Registered Office	1
Section 2.	Other Offices	1
ARTICLE II		
STOCKHOLDERS		
Section 1.	Stockholder Meetings	1
Section 2.	Determination of Stockholders Entitled to Notice and to Vote	2
Section 3.	Voting	2
Section 4.	List of Stockholders	3
Section 5.	Action By Consent of Stockholders	3
ARTICLE III		
BOARD OF DIRECTORS		
Section 1.	General Powers	4
Section 2.	Election of Directors	4
Section 3.	Meetings of the Board of Directors	5
Section 4.	Action without Meeting	6
Section 5.	Compensation of Directors	6
Section 6.	Committees of the Board	6
ARTICLE IV		
OFFICERS		
Section 1.	Officers	8
Section 2.	Chairman of the Board of Directors	8
Section 3.	President	8
Section 4.	Vice Presidents	9
Section 5.	Secretary and Assistant Secretaries	9
Section 6.	Treasurer and Assistant Treasurers	9
ARTICLE V		
INDEMNIFICATION AND INSURANCE		
Section 1.	Actions Against Directors and Officers	10
Section 2.	Contract	10
Section 3.	Nonexclusivity	10
Section 4.	Indemnification of Employee and Agents	10
Section 5.	Insurance	11

TABLE OF CONTENTS
(continued)

ARTICLE VI
CERTIFICATES FOR SHARES AND THEIR TRANSFER

	<u>Page</u>
Section 1. Certificates for Shares	11
Section 2. Transfer	11
Section 3. Record Owner	11
Section 4. Lost Certificates	11

ARTICLE VII
MISCELLANEOUS

Section 1. Record Date	12
Section 2. Execution of Instruments	12
Section 3. Voting of Securities Owned by the Corporation	12
Section 4. Corporate Seal	13
Section 5. Construction and Definitions	13
Section 6. Amendments	13

**BY-LAWS
OF
CENTRAL GARDEN & PET COMPANY**

**ARTICLE I
OFFICES**

Section 1. *Registered Office.*

The registered office of the Corporation in the State of Delaware shall be 1209 Orange Street, City of Wilmington, County of New Castle, State of Delaware. The name of the registered agent is The Corporation Trust Company. Such registered agent has a business office identical with such registered office.

Section 2. *Other Offices.*

The Corporation also may have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

**ARTICLE II
STOCKHOLDERS**

Section 1. *Stockholder Meetings.*

(a) *Time and Place of Meetings.* Meetings of the stockholders shall be held at such times and places, either within or without the State of Delaware, as may from time to time be fixed by the Board of Directors and stated in the notices or waivers of notice of such meetings.

(b) *Annual Meeting.* The annual meeting of the stockholders shall be held at 11:00 A.M. on the second Tuesday in May or on such other date and at such other time as may be designated by the Board of Directors, for the election of directors and the transaction of such other business properly brought before such annual meeting of the stockholders and within the powers of the stockholders.

(c) *Special Meetings.* Special meetings of the stockholders of the Corporation for any purpose or purposes may be called at any time only by the Chairman of the Board of Directors or the Board of Directors of the Corporation pursuant to a resolution adopted by a majority of the total number of authorized directors constituting the whole Board of Directors, or at the request in writing of stockholders owning not less than thirty-five percent (35%) of the voting power of the Corporation. Business transacted at any special meeting of the stockholders shall be limited to the purposes stated in the notice of such meeting.

(d) *Notice of Meetings.* Except as otherwise provided by law, the Certificate of Incorporation or these By-laws, written notice of each meeting of the stockholders shall be given not less than ten (10) days nor more than sixty (60) calendar days before the date of such meeting to each stockholder entitled to vote thereat, directed to such stockholder's address as it appears upon the books of the Corporation, such notice to specify the place, date, hour and, in the case of a special meeting, the purpose or purposes of such meeting. When a meeting of the stockholders is adjourned to another time and/or place, notice need not be given of such adjourned meeting if the time and place thereof are announced at the meeting of the stockholders at which the adjournment is taken, unless the adjournment is for more than thirty (30) days or unless after the adjournment a new record date is fixed for such adjourned meeting, in which event a notice of such adjourned meeting shall be given to each stockholder of record entitled to vote thereat. Notice of the time, place and purpose of any meeting of the stockholders may be waived in writing either before or after such meeting and will be waived by any stockholder by such stockholder's attendance thereat in person or by proxy. Any stockholder so waiving notice of such a meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given.

(e) *Quorum.* Except as otherwise required by law, the Certificate of Incorporation or these By-laws, the holders of not less than a majority of the shares entitled to vote at any meeting of the stockholders, present in person or by proxy, shall constitute a quorum and the affirmative vote of the majority of such quorum shall be deemed the act of the stockholders. If a quorum shall fail to attend any meeting of the stockholders, the presiding officer of such meeting may adjourn such meeting from time to time to another place, date or time, without notice other than announcement at such meeting, until a quorum is present or represented. At such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting of the stockholders as originally noticed. The foregoing notwithstanding, if a notice of any adjourned special meeting of the stockholders is sent to all stockholders entitled to vote thereat which states that such adjourned special meeting will be held with those present in person or by proxy constituting a quorum, then, except as otherwise required by law, those present at such adjourned special meeting of the stockholders shall constitute a quorum and all matters shall be determined by a majority of the votes cast at such special meeting.

Section 2. Determination of Stockholders Entitled to Notice and to Vote.

To determine the stockholders entitled to notice of any meeting of the stockholders or to vote thereat, the Board of Directors may fix in advance a record date as provided in Article VII, Section 1 of these By-laws, or if no record date is fixed by the Board of Directors, a record date shall be determined as provided by law.

Section 3. Voting.

(a) Except as otherwise required by law, the Certificate of Incorporation or these By-laws, each stockholder present in person or by proxy at a meeting of the stockholders shall be entitled to one vote for each full share of stock registered in the name of such stockholder at the time fixed by the Board of Directors or by law as the record date for the determination of stockholders entitled to vote at such meeting.

(b) Every stockholder entitled to vote at a meeting of the stockholders may do so either in person or by one or more agents authorized by a written proxy executed by the person or such stockholder's duly authorized agent whether by manual signature, typewriting, telegraphic transmission or otherwise.

(c) Voting may be by voice or by ballot as the presiding officer of the meeting of the stockholders shall determine. On a vote by ballot, each ballot shall be signed by the stockholder voting, or by such stockholder's proxy, and shall state the number of shares voted.

(d) In advance of any meeting of the stockholders, the Board of Directors may appoint one or more persons as inspectors of election ("Inspectors") to act at such meeting. If Inspectors are not so appointed, or if an appointed Inspector fails to appear or fails or refuses to act at a meeting of the stockholders, the presiding officer of any such meeting may, and at the request of any stockholder or such stockholder's proxy shall, appoint Inspectors at such meeting. Such Inspectors shall take charge of the ballots at such meeting. After the balloting thereat on any question, the Inspectors shall count the ballots cast thereon and make a written report to the secretary of such meeting of the results thereof. An Inspector need not be a stockholder of the Corporation and any officer of the Corporation may be an Inspector on any question other than a vote for or against such officer's election to any position with the Corporation or of any other questions in which such officer may be directly interested. If there are three Inspectors, the determination report or certificate of two such Inspectors shall be effective as if unanimously made by all Inspectors.

Section 4. *List of Stockholders.*

The officer who has charge of the stock ledger of the Corporation shall prepare and make available, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote thereat, arranged in alphabetical order, showing the address of and the number of shares registered in the name of each such stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to such meeting, during ordinary business hours, for a period of at least ten (10) days prior to such meeting, either at a place within the city where such meeting is to be held and which place shall be specified in the notice of such meeting, or, if not so specified, at the place where such meeting is to be held. The list also shall be produced and kept at the time and place of the meeting of the stockholders during the whole time thereof, and may be inspected by any stockholder who is present.

Section 5. *Action By Consent of Stockholders.*

Except as otherwise restricted by law or the Certificate of Incorporation, any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE III
BOARD OF DIRECTORS

Section 1. *General Powers.*

Unless otherwise provided by law, the Certificate of Incorporation or these By-laws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed by, the Board of Directors.

Section 2. *Election of Directors.*

(a) *Number, Qualification and Term of Office.* The authorized number of directors of the Corporation shall be fixed from time to time by the Board of Directors, but shall not be less than three (3). The exact number of directors shall be determined from time to time, either by a resolution or By-law provision duly adopted by the Board of Directors. Except as otherwise required by law, the Certificate of Incorporation or these By-laws, each of the directors of the Corporation shall be elected at the annual meeting of the stockholders and each director so elected shall hold office until such director's successor is elected or until such director's death, resignation or removal. Directors need not be stockholders.

(b) *Vacancies.* No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director. Unless otherwise restricted by law or by the certificate of Incorporation, newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation removal or other cause may be filled by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors, or by the stockholders. Any director elected in accordance with the preceding sentence shall hold office until the next annual meeting of the stockholders and until such director's successor shall have been elected, or until such director's death, resignation or removal.

(c) *Resignation.* Any director may resign from the Board of Directors at any time by giving written notice thereof to the Chairman of the Board, the President or the Secretary of the Corporation. Any such resignation shall take effect at the time specified therein, or, if the time when such resignation shall become effective shall not be so specified, then such resignation shall take effect immediately upon its receipt by the Secretary; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

(d) *Removal.* Except as provided in the Certificate of Incorporation, any director of the Corporation may be removed from office with or without cause, but only by the affirmative vote of the holders of not less than a majority of the outstanding capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

Section 3. *Meetings of the Board of Directors.*

(a) *Regular Meetings.* Regular meetings of the Board of Directors shall be held without call at the following times:

- (i) at such times as the Board of Directors shall from time to time by resolution determine; and
- (ii) immediately following the adjournment of any annual or special meeting of the stockholders.

Notice of all such regular meetings hereby is dispensed with.

(b) *Special Meetings.* Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors, by the President, by any Vice President, by the Board of Directors or by any two (2) directors. Notice of the time and place of special meetings of the Board of Directors shall be given by the Secretary or an Assistant Secretary of the Corporation, or by any other officer authorized by the Board of Directors. Such notice shall be given to each director personally or by mail, messenger, telephone, teletype, telegraph or any other form of recorded communication at such director's business or residence address. Notice by mail shall be deposited in the United States mail postage prepaid, not later than the third day prior to the date filed for such special meeting. Notice by telephone, teletype or telegraph shall be sent, and notice given personally or by messenger or any other form of recorded communication shall be delivered, at least twenty-four (24) hours prior to the time set for such special meeting. Notice of a special meeting of the Board of Directors need not contain a statement of the purpose of such special meeting.

(c) *Adjourned Meetings.* A majority of directors present at any regular or special meeting of the Board of Directors or any committee thereof, whether or not constituting a quorum, may adjourn any meeting from time to time until a quorum is present or otherwise. Notice of the time and place of holding any adjourned meeting shall not be required if the time and place are fixed at the meeting adjourned.

(d) *Place of Meetings.* Meetings of the Board of Directors, both regular and special, may be held at any place within or without the state of Delaware which has been designated in the notice of the meeting or, if not stated in the notice or if there is no notice, designated by resolution of the Board of Directors. In the absence of any such designation, meetings of the Board of Directors shall be held at the Corporation's principal executive office.

(e) *Participation by Telephone.* Members of the Board of Directors or any committee thereof may participate in any meeting of the Board of Directors or committee through the use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another, and such participation shall constitute presence in person at such meeting.

(f) *Quorum.* At all meetings of the Board of Directors or any committee thereof, a majority of the total number of directors then in office or such committee, shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any such meeting at which there is a quorum shall be the act of the Board of Directors or any committee thereof, except as may be otherwise specifically provided by law, the Certificate of Incorporation or these By-laws. A meeting of the Board of Directors or any committee thereof at which a quorum initially is present may continue to transact business notwithstanding the withdrawal of directors so long as any action is approved by at least a majority of the required quorum for such meeting.

(g) *Waiver of Notice.* The transactions of any meeting of the Board of Directors or any committee thereof, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice, or a consent to hold such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a special meeting will be automatically waived by any director's attendance or participation at such meeting.

Section 4. *Action without Meeting.*

Any action required or permitted to be taken by the Board of Directors at any meeting thereof or at any meeting of a committee thereof may be taken without a meeting if all members of the Board of Directors or such committee thereof consent thereto in writing and the writing or writings are filed with the minutes of the proceedings of the Board of Directors or such committee thereof.

Section 5. *Compensation of Directors.*

Unless otherwise restricted by law, the Certificate of Incorporation or these By-laws, the Board of Directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of committees of the Board of Directors may be allowed like compensation for attending committee meetings.

Section 6. *Committees of the Board.*

(a) *Committees.* The Board of Directors may, by resolution adopted by a majority of the Board of Directors, designate one or more committees of the Board of Directors, each committee to consist of one or more directors. Each such committee, to the extent permitted by law, the Certificate of Incorporation and these By-laws, shall have and may exercise such of the powers of the Board of Directors in the management and affairs of the Corporation as may be prescribed by the resolutions creating such committee. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board

of Directors. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. The Board of Directors shall have the power, at any time for any such reason, to change the members of any such committee, to fill vacancies, and to discontinue any such committee.

(b) *Minutes of Meetings.* Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

(c) *Limits on Authority of Committees.* No committee shall have the power or authority in reference to amending the Certificate of Incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board of Directors as provided in Section 151(a) of the General Corporation Law of the State of Delaware, fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation, or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of stock or authorize the increase or decrease of the shares of any series), adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or amending any provision of these By-laws; nor, unless the resolutions establishing such committee or the Certificate of Incorporation expressly so provide, shall have the power or authority to declare a dividend, to authorize the issuance of stock, to adopt a certificate of ownership and merger, or to fill vacancies in the Board of Directors.

ARTICLE IV
OFFICERS

Section 1. *Officers.*

(a) *Number.* The officers of the Corporation shall be chosen by the Board of Directors and shall include a Chairman of the Board of Directors, a President, Vice Presidents (including any Executive, Senior and/or First Vice President as the Board of Directors may determine from time to time), a Secretary and a Treasurer. The Board of Directors also may appoint one or more Assistant Secretaries or Assistant Treasurers and such other officers and agents with such powers and duties as it shall deem necessary. Any Vice President may be given such specific designation as may be determined from time to time by the Board of Directors. Any number of offices may be held by the same person, unless otherwise required by law, the Certificate of Incorporation or these By-laws.

(b) *Election and Term Office.* The officers shall be elected annually by the Board of Directors at its regular meeting following the annual meeting of the stockholders and each officer shall hold office until the next annual election of officers and until such officer's successor is elected, or until such officer's death, resignation or removal. Any officer may be removed at any time, with or without cause, by a vote of the majority of the Board of Directors. Any vacancy occurring in any office may be filled by the Board of Directors.

(c) *Delegation of Authority.* The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

Section 2. *Chairman of the Board of Directors.*

The Chairman of the Board of Directors shall preside at meetings of the stockholders and the Board of Directors. Unless otherwise designated by the Board of Directors, the Chairman of the Board shall be the chief executive officer of the Corporation. Subject to the provisions of these By-laws and to the direction of the Board of Directors, he or she shall have the responsibility for the general management and control of the business and affairs of the Corporation and shall perform all duties and have all powers that are commonly incident to the office of chief executive or that are delegated to him or her by the Board of Directors. He or she shall have power to sign all stock certificates, contracts and other instruments of the Corporation that are authorized and shall have general supervision and direction of all of the duties, employees and agents of the Corporation.

Section 3. *President.*

In the absence of the Chairman of the Board, or if there is none, the President shall preside at meetings of the stockholders and the Board of Directors. The President shall assume and perform the duties of the Chairman of the Board in the absence or disability of the Chairman of the Board or whenever the office of the Chairman of the Board is vacant. Subject to

the provisions of these By-laws and to the direction of the Board of Directors and the Chairman of the Board, he or she shall have responsibility for the day-to-day operations of the Corporation and shall perform all duties and have all powers that are commonly incident to the office of chief operating officer or that are delegated to him or her by the Board of Directors or the Chairman of the Board.

Section 4. *Vice Presidents.*

The Vice Presidents shall have such powers and perform such duties as from time to time may be prescribed for them, respectively, by the Board of Directors or by the President.

Section 5. *Secretary and Assistant Secretaries.*

The Secretary shall record or cause to be recorded, in books provided for the purpose, minutes of the meetings of the stockholders, the Board of Directors and all committees of the Board of Directors; see that all notices are duly given in accordance with the provisions of these By-laws as required by law; be custodian of all corporate records (other than financial) and of the seal of the Corporation, and have authority to affix the seal to all documents requiring it and attest to the same; give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors; and, in general, shall perform all duties incident to the office of Secretary and such other duties as may, from time to time, be assigned to him by the Board of Directors or by the President. At the request of the Secretary, or in the Secretary's absence or disability, any Assistant Secretary shall perform any of the duties of the Secretary and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Secretary.

Section 6. *Treasurer and Assistant Treasurers.*

The Treasurer shall keep or cause to be kept the books of account of the Corporation and shall render statements of the financial affairs of the Corporation in such form and as often as required by the Board of Directors or the President. The Treasurer shall perform all other duties commonly incident to his office and shall perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time. At the request of the Treasurer, or in the Treasurer's absence or disability, any Assistant Treasurer may perform any of the duties of the Treasurer and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Treasurer. Except where by law the signature of the Treasurer is required, each of the Assistant Treasurers shall possess the same power as the Treasurer to sign all certificates, contracts, obligations and other instruments of the Corporation.

ARTICLE V
INDEMNIFICATION AND INSURANCE

Section 1. *Actions Against Directors and Officers.*

The Corporation shall indemnify to the fullest extent permitted by, and in the manner permissible under, the laws of the State of Delaware any person made, or threatened to be made, a party to an action or proceeding, whether criminal, civil, administrative or investigative (a "Proceeding"), by reason of the fact that such person or such person's testator or intestate is or was a director or officer of the Corporation or any predecessor of the Corporation, or served any other enterprise as a director or officer at the request of the Corporation or any predecessor of the Corporation (the "Indemnitee"), including without limitation, all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Indemnitee in connection with such Proceeding.

In furtherance and not in limitation of the foregoing provisions, all reasonable expenses incurred by or on behalf of the Indemnitee in connection with any Proceeding shall be advanced to the Indemnitee by the Corporation within 20 calendar days after the receipt by the Corporation of a statement or statements from the Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the expenses incurred by the Indemnitee and, if required by law at the time of such advance, shall include or be accompanied by an undertaking by or on behalf of the Indemnitee to repay the amounts advanced if it should ultimately be determined that the Indemnitee is not entitled to be indemnified against such expenses pursuant to this Article V.

Section 2. *Contract.*

The provisions of Section 1 of this Article V shall be deemed to be a contract between the Corporation and each director and officer who serves in such capacity at any time while such By-law is in effect, and any repeal or modification thereof shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought based in whole or in part upon any such state of facts.

Section 3. *Nonexclusivity.*

The rights of indemnification provided by this Article V shall not be deemed exclusive of any other rights to which any director or officer of the Corporation may be entitled apart from the provisions of this Article V.

Section 4. *Indemnification of Employee and Agents.*

The Board of Directors in its discretion shall have the power on behalf of the Corporation to indemnify any person, other than a director or officer, made a party to any action, suit or proceeding-by reason of the fact that such person or such person's testator or intestate, is or was an employee or agent of the Corporation.

Section 5. *Insurance.*

Upon a resolution or resolutions duly adopted by the Board of Directors of the Corporation, the Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation against any liability asserted against such person and incurred by him in any capacity, or arising out of his capacity as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of applicable law, the Certificate of Incorporation or these By-laws.

ARTICLE VI
CERTIFICATES FOR SHARES AND THEIR TRANSFER

Section 1. *Certificates for Shares.*

Unless otherwise provided by a resolution of the Board of Directors, the shares of the Corporation shall be represented by a certificate. The certificates of stock of the Corporation shall be numbered and shall be entered in the books of the Corporation as they are issued. They shall exhibit the holder's name and number of shares and shall be signed by or in the name of the Corporation by (a) the Chairman of the Board of Directors, the President or any Vice President and (b) the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary. Any or all of the signatures on a certificate may be facsimile. In case any officer of the Corporation, transfer agent or registrar who has signed, or whose facsimile signature has been placed upon such certificate, shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, such certificate may nevertheless be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issuance.

Section 2. *Transfer.*

Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 3. *Record Owner.*

The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof, and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, save as expressly provided by the laws of the State of Delaware.

Section 4. *Lost Certificates.*

The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the

certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

ARTICLE VII
MISCELLANEOUS

Section 1. Record Date.

(a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of the stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) nor less than ten (10) days prior to the date of such meeting nor more than sixty (60) days prior to any other action. If not fixed by the Board of Directors, the record date shall be determined as provided by law.

(b) A determination of stockholders of record entitled to notice of or to vote at a meeting of the stockholders shall apply to any adjournments of the meeting, unless the Board of Directors fixes a new record date for the adjourned meeting.

(c) Holders of stock on the record date are entitled to notice and to vote or to receive the dividend, distribution or allotment of rights or to exercise the rights, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after the record date, except as otherwise provided by agreement or by law, the Certificate of Incorporation or these By-laws.

Section 2. Execution of Instruments.

The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other persons, to execute any corporate instrument or document or to sign the corporate name without limitation, except where otherwise provided by law, the Certificate of Incorporation or these By-laws. Such designation may be general or confined to specific instances.

Section 3. Voting of Securities Owned by the Corporation.

All stock and other securities of other corporations held by the Corporation shall be voted, and all proxies with respect thereto shall be executed, by the person so authorized by resolution of the Board of Directors, or, in the absence of such authorization, by the President.

Section 4. *Corporate Seal.*

The Corporation shall have a corporate seal in such form as shall be prescribed and adopted by the Board of Directors.

Section 5. *Construction and Definitions.*

Unless the context requires otherwise, the general provisions, rules of construction and definitions in the General Corporation Law of the State of Delaware shall govern the construction of these By-laws.

Section 6. *Amendments.*

These By-laws may be altered, amended or repealed or new By-laws may be adopted by the stockholders at any meeting or by the Board of Directors.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement"), made this 14th day of January, 2009 is entered into by Central Garden & Pet Company and/or any of its wholly owned subsidiaries, successors and assigns (collectively called "the Company") and Glen R. Fleischer ("Executive").

WHEREAS, the Company desires to employ Executive and Executive desires to become employed by the Company;

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

1. **Effective Date:** This Agreement shall become effective on January 14, 2009, ("Effective Date").
2. **Term of Employment:** Executive will be employed by the Company for an indefinite term, subject to termination as set forth below.
3. **Position:** Executive shall serve as President Pet Products Division. He shall perform those duties and responsibilities consistent with such position that are assigned to him by the Chief Executive Officer of the Company. Executive's position and related terms and conditions of employment may from time to time be modified by the Company in its discretion. .
4. **Full Time Performance of Duties:** During the Term of Employment, except for periods of absence occasioned by illness, reasonable vacation periods, and reasonable leaves of absence, Executive agrees to devote substantially all his business time, attention, skill, and efforts to the faithful and loyal performance of his duties under this Agreement and shall not during his employment with the Company engage in any other business activities, duties or pursuits, render any services of a business, commercial, or professional nature to any other person or organization, whether for compensation or otherwise, without the prior written consent of Company. However, the expenditure of reasonable amounts of time for educational, charitable, or professional activities for which Executive will not receive additional compensation from the Company, shall not be considered a breach of this Agreement if those activities do not materially interfere with the services required of Executive under this Agreement.
5. **Salary:** The Company will pay Executive an annualized base salary of \$ 415,000 in accordance with the Company's payroll practices for executives. Executive will be eligible for periodic salary reviews consistent with the Company's salary review practices for executives.
6. **Bonus:** Executive will be eligible for a bonus each year during the Term of Employment with a target amount of fifty percent (50%) of Executive's base salary in effect at the beginning of the year in question, to be awarded upon attainment of the annual operating goals and the personal goals established by the Chief Executive Officer. The award and amount of any such bonus shall be in the discretion of the Company.

7. **Options:** Executive will be granted a non-qualified Performance Based Stock Option to purchase fifty thousand (50,000) shares of Company Common Stock (CENT A) with price determined by the "fair market value" upon the date of issue. These options shall vest over a four (4) year period at a rate of twenty-five percent (25%) per year with the first tranch vesting on March 4, 2010. The options shall expire on March 4, 2014. The right to exercise the options shall be consistent with the terms of the Central Garden & Pet Company 2003 Omnibus Equity Incentive Plan.

8. **Restricted Stock:** The Executive will receive fifty thousand (50,000) restricted shares of Central Garden & Pet Company Stock (CENT A) on the Effective Date of this Agreement. These shares shall vest at the rate of 25% per year beginning at the end of year three (3) and being fully vested at the end of year six (6).

9. **Benefits:** Subject to all applicable eligibility requirements Executive will participate in any and all 401(k), medical, dental, life and long-term disability insurance and/or other benefit plan which, from time to time, may be established as generally applicable to other similarly situated Company executives.

10. **Vacation:** Executive will earn four (4) weeks vacation annually. Executive's maximum vacation accrual will be six (6) weeks. Once Executive has accrued six (6) weeks vacation, he will stop earning vacation until he has taken vacation and reduced his accrual below six (6) weeks.

11. **Automobile:** During the Term of Employment, the Company will provide Executive with a monthly automobile allowance of \$1000.00.

12. **Reimbursement of Expenses:** The Company will reimburse Executive for all reasonable travel, entertainment and other expenses incurred or paid by the Executive in connection with, or related to, the performance of his duties, responsibilities or services under this Agreement in accordance with the Company's policies, upon presentation by Executive of documentation, expense statements, vouchers and/or other supporting information as the Company may request. In no event shall reimbursements be made for expenses incurred by Executive after the end of the calendar year following the calendar year in which Executive incurs the expense.

13. **Incapacity:** In the event that Executive becomes physically or mentally disabled or incapacitated such that it is the reasonable, good faith opinion of the Company that Executive is unable to perform the services required under this Agreement with or without reasonable accommodation, then after four (4) months of continuous physical or mental disability, this Agreement will terminate; *provided, however*, that during this four (4) month period, Executive shall be entitled to the continuation of his compensation as provided by this Agreement; however such continued payments by the Company shall be integrated with any disability, workers' compensation, or other insurance payments received, such that the total amount does not exceed the compensation as provided by this Agreement. For purposes of this Agreement, physical or mental disability does not include any disability arising from current use of alcohol, drugs or related issues.

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

- (a) An act or omission constituting negligence or misconduct which is materially injurious to the Company;
- (b) Failure to comply with the lawful directives of the Board of Directors;
- (c) A material breach of this Agreement by Executive, which is not cured within thirty (30) days after written notice thereof;
- (d) Failure to perform in a manner acceptable to the Company after written notice and an opportunity to cure;
- (e) The abuse of alcohol or drugs;
- (f) Fraud, theft or embezzlement of Company assets, criminal conduct or any other act of moral turpitude by which is materially injurious to the Company;
- (g) A material violation of any securities law, regulation or compliance policy of the Company;
- (h) Executive's death or incapacity exceeding four (4) months as provided in Section 13 above.

15. Termination By Executive For Cause: Termination By Executive For Cause: Executive may also terminate this Agreement for cause by giving thirty (30) days written notice to the Company's Vice President of Human Resources of an alleged material breach of this Agreement by the Company, provided such breach is not cured by the Company within the thirty (30) day notice period. If Executive terminates his employment under this section, he will be entitled to the same severance as if he were terminated by the Company without cause as provided in Section 16, below. Such payments shall be Executive's sole and exclusive remedy in the event of a termination of this Agreement by Executive for cause.

16. Termination By The Company Without Cause: The Company may terminate Executive's employment under this Agreement at any time without cause by giving Executive thirty (30) days written notice of termination. If the Company terminates Executive under this section, within 10 days after Executive signs a general release of claims in a form acceptable to the Company that becomes irrevocable, provided a later payment is not required by Section 17 below, the Company will pay Executive a severance consisting of a continuation of Executive's base salary for a nine (9) month period, subject to applicable payroll deductions, and health

insurance continuation for nine (9) months. Executive will be provided, at most, sixty (60) days to consider whether to sign such release. Such payments shall cease, and no further severance obligation will be owed, in the event Executive obtains other equivalent employment during the severance period. Such severance payments shall be Executive's sole and exclusive remedy in the event of a termination of this Agreement by the Company without cause. At its option, the Company may pay Executive thirty (30) days additional salary and benefits provided in this Agreement in lieu of giving Executive the thirty (30) days notice as provided above.

17. **Section 409A Delay:** Effective January 1, 2009 each payment hereunder subject to Section 409A will be considered a separate payment for purposes of Section 409A. To the extent that it is determined by the Company in good faith that all or a portion of any payments hereunder subject to Section 409A made in connection with Executive's separation from service are not exempt from Section 409A and that Executive is a "specified employee" (within the meaning of Section 409A) at the time of his separation from service, then payment of such non-exempt payments shall not be made until the date that is six (6) months and one day after his separation from service (or, if earlier, his death), with any payments that are required to be delayed being accumulated during the six-month period and paid in a lump sum on the date that is six (6) months and one day following his separation from service and any subsequent payments, if any, being paid in accordance with the dates and terms set forth herein.

18. **Termination by Executive Without Cause:** Executive may terminate his employment without cause by giving the Company thirty (30) days written notice of termination. If Executive terminates his employment without cause under this section, he will receive only his salary and benefits earned pro rata to the date of his termination. All other salary and benefits will cease on the date of Executive's termination. At its option, the Company may pay Executive his salary and benefits provided in this Agreement through the effective date of his written notice of termination and immediately accept his termination.

19. **Confidential Business Information:** The Company has and will continue to spend significant time, effort and money to develop proprietary information which is vital to the Company's business. During Executive's employment with the Company, Executive has and will have access to the Company's confidential, proprietary and trade secret information including but not limited to information and strategy relating to the Company's products and services including customer lists and files, product description and pricing, information and strategy regarding profits, costs, marketing, purchasing, sales, customers, suppliers, contract terms, employees, salaries; product development plans; business, acquisition and financial plans and forecasts and marketing and sales plans and forecasts (collectively called "Company Confidential Information"). Executive will not, during his employment with the Company or thereafter, directly or indirectly disclose to any other person or entity, or use for Executive's own benefit or for the benefit of others besides the Company, any Company Confidential Information. Upon termination of this Agreement, Executive agrees to promptly return all Company Confidential Information.

20. **Non-Solicitation of Employees:** While Executive is employed by the Company and for twelve (12) months after such employment terminates, Executive will not (acting either directly or indirectly, or through any other person, firm, or corporation) induce or attempt to induce or influence any employee of the Company to terminate employment with the Company when the Company desires to retain that person's services.

21. **Duty of Loyalty:** During term of this Agreement and any post-employment consulting agreement, Executive agrees that he will not, nor will he permit any entity or other person under his control, to directly or indirectly hold, manage operate or control, or participate in the ownership, management, operation or control of, or render executive, managerial, market research, advice or consulting services, either directly or indirectly, to any business engaged in or about to be engaged in developing, producing, marketing, distributing or selling lawn, garden, animal health, nutrition or pet related products.

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

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

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

- (a) If to the Company to: Central Garden & Pet Company
1340 Treat Blvd., Suite 600
Walnut Creek, CA 94597
Attention: William E. Brown, Chairman/CEO
- with a copy to: Paul Hastings Janofsky & Walker LLP
55 Second Street, 24th Floor
San Francisco, CA 94105
Attention: Robert P. Kristoff, Esq.
- (b) If to the Executive to: Glen R. Fleischer
P. O. Box 48
New Vernon, New Jersey 07976

25. **Related Agreements:** As an inducement to the Executive and to the Company to enter into this Agreement, Executive has executed Exhibit A Post Employment Consulting Agreement and Exhibit B Agreement to Protect Confidential Information, Intellectual Property and Business Relationships, all attached and incorporated by reference. Exhibits A and B shall survive the termination of this Employment Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year referenced above.

/s/ Glen R. Fleischer

Glen R. Fleischer

Central Garden & Pet Company

By /s/ William E. Brown

William E. Brown, Chairman and Chief Executive Officer

EXHIBIT A

POST EMPLOYMENT CONSULTING AGREEMENT

This Agreement is made this 14th day of January, 2009 (the "Effective Date") by and between Central Garden & Pet Company and/or any wholly owned subsidiaries, successors and assigns (collectively called "the Company") and Glen R. Fleischer (Executive").

WHEREAS, Executive recognizes that in his capacity as a key executive with the Company he will provide unique services that will be exceedingly difficult to replace after termination of his employment;

WHEREAS, Executive recognizes that the Company desires continued access to Executive's unique services, knowledge and a reasonable transition after the termination of Executive's employment;

WHEREAS, Executive recognizes that he has been provided adequate consideration for entering into this Consulting Agreement ("Agreement");

THEREFORE, in consideration of the employment of Executive as president of the Company's Pet Division and other good and adequate consideration, Executive and the Company agree to the following:

1. **Option to Receive Consulting Services.** Executive hereby grants the Company an option to receive continuing Consulting Services. This option shall be exercised in the Company's sole discretion, in writing, no later than ten (10) business days following termination of Executive's employment with the Company ("Exercise").

2. **Consulting Services.** If this option is Exercised, Executive will provide continuing strategic advice and counsel related to the business issues and projects Executive was involved in while employed by the Company ("Consulting Services"). Consulting Services shall performed at such times and in a manner as are mutually agreed and shall, on average, consist of 20 to 30 hours per month.

3. **Term of Agreement.** If this option is Exercised, Executive will provide Consulting Services effective upon Exercise by the Company and continuing thereafter for a period of twelve (12) months ("Term of Agreement").

4. **Compensation.** Executive shall be paid fifteen percent (15%) of his base salary at time of termination of Executive's employment with the Company during the Term of Agreement. This amount shall be paid one-twelfth (1/12) at the end of each month for twelve (12) months.

5. **Expenses.** During the Term of Agreement, Executive will be reimbursed by the Company for all expenses necessarily incurred in the performance of this Agreement.

6. **Termination.** Notwithstanding the Term of Agreement specified above, this Agreement shall terminate under any of the following circumstances: (a) in the event Executive dies, this Agreement shall terminate immediately; (b) if due to physical or mental disability, Executive is unable to perform the services called for under this Agreement with or without reasonable accommodation, either the Company or Executive may terminate this Agreement by providing thirty (30) days' written notice; (c) the Executive materially breaches the terms of this Agreement, and (d) the parties may terminate this Agreement by mutual written agreement.

7. **Unique Services; Duty of Loyalty.** Executive acknowledges and agrees that the services he performs under this Agreement are of a special, unique, unusual, extraordinary, or intellectual character, which have a peculiar value, the loss of which cannot be reasonably or adequately compensated in damages in an action at law. Executive further acknowledges and agrees that during his employment and during the Term of Agreement he will have a continuing fiduciary duty and duty of loyalty to the Company. He agrees that during the Term of Agreement, he will not render executive, managerial, market research, advice or consulting services, either directly or indirectly, to any business engaged in or about to be engaged in developing, producing, marketing, distributing or selling lawn, garden, animal health, nutrition or pet related products or which would otherwise conflict with his obligations to the Company.

8. **Confidential Information or Materials.** During the Term of Agreement, Executive will have access to the Company's confidential, proprietary and trade secret information including but not limited to information and strategy regarding the Company's products and services including customer lists and files, product description and pricing, information and strategy regarding profits, costs, marketing, purchasing, sales, customers, suppliers, contract terms, employees, salaries; product development plans; business, acquisition and financial plans and forecasts and marketing and sales plans and forecasts (collectively called "Company Confidential Information"). Executive will not, during the Term of Agreement or thereafter, directly or indirectly disclose to any other person or entity, or use for Executive's own benefit or for the benefit of others besides Company, any Company Confidential Information. Upon termination of this Agreement, Executive agrees to promptly return all Company Confidential Information.

9. **Remedies.** Executive understands and acknowledges that Company's remedies at law for any material breach of this Agreement by Executive are inadequate and that any such breach will cause the Company substantial and irrevocable damage and therefore, in the event of any such breach, in addition to such other remedies which may be available, including the return of consideration paid for this Agreement, Executive agrees that the Company shall have the right to seek specific performance and injunctive relief. It is also expressly agreed that, in the event of such a breach, Company shall also be entitled to recover all of its costs and expenses (including attorneys' fees) incurred in enforcing its rights hereunder.

10. **Independent Contractor Status.** For all purposes, during the Term of Agreement, Executive shall be deemed to be an independent contractor, and not an employee or agent of the Company. Accordingly, Executive shall not be entitled to any rights or benefits to which any employee of Company may be entitled.

11. **Other Employment.** Nothing in this Agreement shall prevent Executive from performing services for other employers or business entities, consistent with the terms of this Agreement, during the Term of Agreement.

12. **Intellectual Property Rights.** Company shall have sole ownership of and all right, title and interest, to all data, drawings, designs, analyses, graphs, reports, products, tooling, physical property, computer programs, software code, trade secrets and all inventions, discoveries and improvements or other items or concepts, whether patentable or not, (collectively, "Intellectual Property") which are conceived or reduced to practice during the Term of Agreement and arising out of or relating to the services performed hereunder or using the equipment or resources of the Company. To the extent any such Intellectual Property qualifies as a "work for hire" under the United States Copyright Act (17 U.S.C. Sec. 101), Executive agrees that the Company is the author for copyright purposes. To the extent that any Intellectual Property is not a work for hire, Executive agrees to assign, and hereby does assign, its entire right, title and interest in such Intellectual Property, including the right to sue for past infringements.

13. **No Authority to Bind Company.** During the Term of Agreement, Executive will not have any authority to commit or bind Company to any contractual or financial obligations without the Company's prior written consent.

14. **Assignment.** This is a personal services agreement and Executive may not assign this Agreement, or any interest herein, without the prior written consent of the Company.

15. **Entire Agreement.** This Agreement constitutes the entire understanding of the parties on the subjects covered. It cannot be modified or waived except in a writing signed by both parties.

16. **Agreement Enforceable to Full Extent Possible.** If any restriction set forth in this Agreement is found by a court to be unenforceable for any reason, the court is empowered and directed to interpret the restriction to extend only so broadly as to be enforceable in that jurisdiction. Additionally, should any of the provisions of this Agreement be determined to be invalid by a court of competent jurisdiction, it is agreed that such determination shall not affect the enforceability of the other provisions herein.

17. The parties agree to all of the terms and conditions set forth above.

Dated: 1/14/09

/s/ Glen R. Fleischer

Glen R. Fleischer

Dated: 1/14/09

Central Garden & Pet Company

/s/ William E. Brown

William E. Brown

Chairman and Chief Executive Officer

EXHIBIT B

**AGREEMENT TO PROTECT CONFIDENTIAL INFORMATION, INTELLECTUAL
PROPERTY AND BUSINESS RELATIONSHIPS**

This Agreement is made this 14th day of January, 2009 (the "Effective Date") by and between Central Garden & Pet Company and/or any of its wholly owned subsidiaries, successors and assigns (collectively called "the Company") and Glen R. Fleischer ("Executive," "I" or "Me").

I RECOGNIZE that during my employment as a key executive with Central Garden & Pet Company and/or any of its wholly owned subsidiaries, successors and assigns (collectively called "the Company"), I have had and will continue to have access to Confidential Information (as defined below) and valuable business relationships;

I RECOGNIZE that my employment in certain capacities with a competitor could involve the use or disclosure of Company Confidential Information;

I RECOGNIZE that the Company's Confidential Information and business relationships are critical to its success in the marketplace. The Company operates on a nationwide-basis, and therefore, the Company's commitment to protecting its Confidential Information and business relationships is nationwide;

I RECOGNIZE that the law regarding restrictive covenants varies from state to state and the law that will apply to this Agreement after I terminate will depend on factors such as where I live, where I work, the location of my employer, the location of my former employer and other factors, many which are unknown at this time;

THEREFORE, in consideration for the compensation provided to me, to prevent the use or disclosure of Company Confidential Information, and to protect the valuable business relationships of the Company, I agree to the following:

1. Definitions.

(a) **Confidential Information.** For purposes of this Agreement, "Confidential Information" shall mean any information, including third-party information, provided to the Company in confidence, regarding the Company, its business, its plans, its customers, its contracts, its suppliers, or its strategies, that is not generally known and provides the Company with an actual or potential competitive advantage over those who do not know it. Confidential Information includes, but is not limited to, all such information I learned or developed during any previous employment with the Company or its predecessors in interest and all of the Company's confidential, proprietary and trade secret information, which may include information and strategies relating to the Company's products, processes and services, including customer lists and files, product description and pricing, information and strategy regarding profits, costs, marketing, purchasing, sales, customers, suppliers, contract terms, employees, salaries, product development plans, business, acquisition and financial plans and forecasts, and marketing and sales plans and forecasts. I acknowledge that requiring me to enter into this Agreement is one of the measures that the Company uses to maintain the secrecy of its Confidential Information.

(b) **Relevant Territory.** For purposes of this Agreement, "Relevant Territory" shall mean any territory or region in which I performed services on behalf of the Company or about which I learned Confidential Information regarding the Company during the two (2) years prior to my separation from the Company for any reason.

(c) **Services.** For purposes of this Agreement, "Services" shall mean the same or similar activities in which I engaged during the two (2) years prior to my separation from the Company for any reason.

2. **Confidentiality.** I agree that I will not, during my employment with the Company (except in furtherance of the Company's interests), or at any time after employment terminates, without the prior written consent of the Company Vice President of Human Resources, disclose any Confidential Information to or use any Confidential Information for, any third party or entity. This restriction prohibits me from, among other activities, engaging in or preparing to engage in developing, producing, marketing, distributing or selling lawn, garden, animal health, animal nutrition or pet related products for any business entity if that activity in any way involves the use or disclosure of Company Confidential Information and diverting or attempting to divert any business or customers from the Company using Confidential Information. To the extent that any Confidential Information is determined by a court of competent jurisdiction to be confidential information rather than a trade secret under applicable law, the prohibition on use and disclosure of that specific information shall be in effect for a period of three years after the termination of my employment with the Company; otherwise the prohibition shall last until the information ceases to be a trade secret (other than through any breach of secrecy by me or other third parties under a duty of secrecy to the Company). In the event that after my employment with the Company ceases, if I have any doubt about whether particular information may be used or disclosed, I will contact the Company Vice President of Human Resources.

3. Post-Employment Activities

(a) **Non-Competition.** For twelve (12) months after the termination of my employment with the Company and/or any post-employment consulting agreement with the Company, I will not render executive, managerial, market research, advice or consulting services, either directly or indirectly, to any business engaged in or about to be engaged in developing, producing, marketing, distributing or selling lawn, garden, animal health, animal nutrition or pet related products or which would otherwise conflict with my obligations to the Company. This paragraph shall only apply in those jurisdictions where restrictions such as contained in this paragraph are enforceable.

(b) **Non-Solicitation of Customers.** For twelve (12) months after the termination of my employment with the Company and/or any post-employment consulting agreement with the Company, I will not solicit directly or indirectly, on behalf of any business entity described in

paragraph (a) of this section or which otherwise competes with the Company, any customer I solicited or serviced, or any customer about whom I learned Confidential Information, while in the employ or service of the Company. This paragraph shall apply in those jurisdictions where restrictions such as contained in this paragraph are enforceable.

(c) **Non-Solicitation of Employees.** For twelve (12) months after the termination of my employment with the Company and/or any post-employment consulting agreement with the Company, I will not recruit, solicit or induce, or attempt to recruit, solicit or induce, any employee of the Company to terminate their employment with the Company or otherwise cease their relationship with the Company.

(d) **Duty to Present Contract.** For twelve (12) months after the termination of my employment with the Company and/or any post-employment consulting agreement with the Company, before I accept employment with any person or organization that is engage in or about to be engaged in developing, producing, marketing, distributing or selling lawn, garden, animal health, animal nutrition or pet related products, I agree (1) to advise that prospective employer about the existence of this Agreement; (2) to provide that potential employer a copy of this Agreement; and (3) to advise the Company's Vice President of Human Resources in writing, within five (5) business days, to whom I have provided a copy of this Agreement.

4. **Reformation/Severability.** If any restriction set forth in this Agreement is found by a court to be unenforceable for any reason, the court is empowered and directed to interpret the restriction to extend only so broadly as to be enforceable in that jurisdiction. Additionally, should any of the provisions of this Agreement be determined to be invalid by a court of competent jurisdiction, it is agreed that such determination shall not affect the enforceability of the other provisions herein.

5. **Further Acknowledgments.** I understand that the restrictions contained in this Agreement are necessary and reasonable for the protection of the Company's business, goodwill and its Confidential Information. I understand that any breach of this Agreement will cause the Company substantial and irrevocable damage and therefore, in the event of any such breach, in addition to such other remedies which may be available, including the return of consideration paid for this Agreement, I agree that the Company shall have the right to seek specific performance and injunctive relief. Any business entity that employs me in a capacity in which I violate this Agreement shall be liable for damages and injunctive relief. Further, I understand that the Company intends to install the full measure of protections permitted by the law to protect its Confidential Information and business relationships, but does not intend to impose any greater protections on me than those permitted by law. I acknowledge that the law that governs restrictive covenants such as this, is important, rapidly changing and varies from state to state. I also understand that the law that will apply to this Agreement after I terminate will depend on factors such as where I live, where I work, the location of my employer, the location of my former employer and other factors, many which are unknown at the time I enter this Agreement. I understand that I have been advised to consult with an attorney of my choice to discuss this agreement and my legal obligations under this agreement after my termination of employment. **I understand that Paragraphs 3(a) and 3(b) do not apply and will not be enforced in California or other states where restrictions such as contained in those paragraphs are not permitted.**

6. **Separability.** Courts should treat each numbered paragraph as a separate and severable contractual obligation intended to protect the legitimate interests of the Company and to which I intend to be bound.

7. **Non Waiver.** I agree that the Company's determination not to enforce this or similar agreements as to specific violations shall not operate as a waiver or release of my obligations under this Agreement.

8. **Fiduciary Duty.** This Agreement is in addition to any fiduciary duty and obligation that may exist under statutory or common law.

9. **Entire Agreement.** This Agreement constitutes the entire understanding of the parties on the subjects covered. It cannot be modified or waived except in a writing signed by me and the Chief Executive Officer of the Company. I enter into this Agreement voluntarily.

AGREED AND ACCEPTED BY:

/s/ Glen R. Fleischer

Glen R. Fleischer

/s/ William E. Brown

For Central Garden & Pet Company

CENTRAL GARDEN & PET COMPANY
2003 OMNIBUS EQUITY INCENTIVE PLAN
(As Amended Effective December 10, 2008)

TABLE OF CONTENTS

	<u>Page</u>
SECTION 1	1
1.1	1
1.2	1
1.3	1
SECTION 2	1
DEFINITIONS	1
2.1	1
2.2	2
2.3	2
2.4	2
2.5	2
2.6	2
2.7	2
2.8	2
2.9	2
2.10	2
2.11	2
2.12	2
2.13	2
2.14	2
2.15	3
2.16	3
2.17	3
2.18	3
2.19	3
2.20	3
2.21	3
2.22	3
2.23	3
2.24	3
2.25	3
2.26	3

TABLE OF CONTENTS

	<u>Page</u>	
2.27	“Retirement”	3
2.28	“Rule 16b-3”	4
2.29	“Section 16 Person”	4
2.30	“Shares”	4
2.31	“Stock Appreciation Right” or “SAR”	4
2.32	“Subsidiary”	4
2.33	“Tandem SAR”	4
2.34	“Termination of Employment”	4
SECTION 3	ADMINISTRATION	4
3.1	The Committee	4
3.2	Authority of the Committee	4
3.3	Decisions Binding	5
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	7
5.1	Grant of Options	7
5.2	Award Agreement	7
5.3	Option Price	7
5.4	Expiration of Options	7
5.5	Exercise of Options	8
5.6	Payment	8
5.7	Restrictions on Share Transferability	9
5.8	Certain Additional Provisions for Incentive Stock Options	9
5.9	Nontransferability of Options	10
SECTION 6	STOCK APPRECIATION RIGHTS	10
6.1	Grant of SARs	10
6.2	Exercise of Tandem SARs	10
6.3	Exercise of Affiliated SARs	10
6.4	Exercise of Freestanding SARs	10

TABLE OF CONTENTS

	<u>Page</u>	
6.5	SAR Agreement	11
6.6	Expiration of SARs	11
6.7	Payment of SAR Amount	11
6.8	Nontransferability of SARs	11
SECTION 7	RESTRICTED STOCK	11
7.1	Grant of Restricted Stock	11
7.2	Restricted Stock Agreement	11
7.3	Transferability	11
7.4	Other Restrictions	12
7.5	Removal of Restrictions	12
7.6	Voting Rights	12
7.7	Dividends and Other Distributions	12
7.8	Return of Restricted Stock to Company	12
SECTION 8	PERFORMANCE UNITS AND PERFORMANCE SHARES	12
8.1	Grant of Performance Units/Shares	12
8.2	Value of Performance Units/Shares	13
8.3	Earning of Performance Units/Shares	13
8.4	Form and Timing of Payment of Performance Units/Shares	13
8.5	Cancellation of Performance Units/Shares	13
8.6	Nontransferability	13
SECTION 9	BENEFICIARY DESIGNATION	13
SECTION 10	DEFERRALS	14
SECTION 11	RIGHTS OF EMPLOYEES AND CONSULTANTS	14
11.1	No Effect on Employment or Service	14
11.2	Participation	14
SECTION 12	AMENDMENT, SUSPENSION, OR TERMINATION	14
12.1	Amendment, Suspension, or Termination	14
SECTION 13	TAX WITHHOLDING	14
13.1	Withholding Requirements	14
13.2	Shares Withholding	14
SECTION 14	INDEMNIFICATION	15

TABLE OF CONTENTS

		<u>Page</u>
SECTION 15	SUCCESSORS	15
SECTION 16	LEGAL CONSTRUCTION	15
16.1	Gender and Number	15
16.2	Severability	15
16.3	Requirements of Law	15
16.4	Securities Law Compliance	15
16.5	Governing Law	16
16.6	Captions	16

CENTRAL GARDEN & PET COMPANY
2003 OMNIBUS EQUITY INCENTIVE PLAN
(As Amended Effective December 10, 2008)

CENTRAL GARDEN & PET COMPANY, hereby adopts the Central Garden & Pet Company 2003 Omnibus Equity Incentive Plan, effective as of December 4, 2002, and as amended on February 7, 2005, December 14, 2005, February 5, 2007 and December 10, 2008 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 was originally approved effective as of December 4, 2002. The Plan, as amended to date, is effective as of December 10, 2008, subject to approval of the December 10, 2008 amendment by an affirmative vote, at the next meeting of the stockholders of the Company, or any adjournment thereof, of the holders of a majority of the outstanding shares of the Common Stock and Class B Stock, voting together as a class, of the Company, present in person or by proxy and entitled to vote at such meeting. 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 or the closing share price 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. If the class of Shares is not quoted on a national exchange, “Fair Market Value” means, as of any date, the per share fair market value of the Shares, as determined by the Committee in good faith on such basis as it deems appropriate and applied consistently with respect to Participants.

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 (i) the shares of common stock, \$0.01 par value, of the Company (“Common Stock”), (ii) the shares of Class A common stock, \$0.01 par value, of the Company (“Class A Common Stock”) or (iii) shares of preferred stock, \$0.01 par value, with such rights, privileges, restrictions and preferences as the Board of Directors may authorize from time to time (“Preferred Stock”).

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.

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.

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 21,034,982, consisting of (i) a maximum of 5,800,000 shares of Common Stock of the Company, (ii) a maximum of 14,734,982 shares of Class A Common Stock of the Company, and (iii) a maximum of 500,000 shares of Preferred Stock of the Company. Such Shares may be authorized but unissued Shares or Treasury Shares. No Participant may receive Options or SARs for more than 1,500,000 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.

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- (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 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.
 - (h) The grant of an Award for Preferred Stock shall reduce the number of shares of Common Stock or Class A Common Stock available for grant by the number of shares, if any, of Common Stock or Class A Common Stock, issuable upon conversion of the Preferred Stock; provided, however, that upon conversion of such Preferred Stock, the authorized Share pool shall be credited with the appropriate number of shares of Preferred Stock.

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 and class 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 and class 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.

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;

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- (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 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 and class of Shares with respect to which the Option is to be exercised, accompanied by full payment for the Shares.

For Options granted prior to December 14, 2005, the Option Price upon exercise of any Option shall be payable to the Company in full in cash. The Committee, in its sole discretion and pursuant to such procedures as it may specify from time to time, also may permit (a) a Participant to elect 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 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. The value of the Shares to be withheld or delivered will be based on their Fair Market Value on the date of exercise.

For Options granted on or after December 14, 2005, the Option Price upon exercise of any Option shall be payable by having 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 Option Price, pursuant to such procedures as the Committee may specify from time to time. The Committee, in its sole discretion, also may permit (a) a Participant to pay the Option Price in full in cash, 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. The value of the Shares to be withheld or delivered will be based on their Fair Market Value on the date of exercise.

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.

If any shares subject to a Stock Award are not delivered to a Participant because such shares are withheld for the payment of taxes or the Stock Award is exercised through a reduction of shares subject to the Stock Award (i.e., "net exercised"), the number of shares that are not delivered to the Participant shall remain available for issuance under the Plan. If the exercise price of any Stock Award is satisfied by tendering shares of Common Stock or Class A Common Stock held by the Participant (either by actual delivery or attestation), then the number of shares so tendered shall remain available for issuance under the Plan.

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 and class 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 of Common Stock or Class A Common Stock, as the case may be, 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.

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 of Common Stock or Class A Common Stock, as the case may be, 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 and class 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 and class 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 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, if any, 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 and class 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.

13.2 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.

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.

CENTRAL GARDEN & PET COMPANY
NONEMPLOYEE DIRECTOR EQUITY INCENTIVE PLAN
(As amended effective December 10, 2008)

TABLE OF CONTENTS

		<u>Page</u>
SECTION 1	ESTABLISHMENT, PURPOSE AND DURATION	1
1.1	Establishment	1
1.2	Purpose of the Plan	1
1.3	Effective Date	1
1.4	Duration of the Plan	1
SECTION 2	DEFINITIONS	1
2.1	“Affiliate”	1
2.2	“Board”	1
2.3	“Code”	2
2.4	“Company”	2
2.5	“Director”	2
2.6	“Disability”	2
2.7	“Exchange Act”	2
2.8	“Exercise Price”	2
2.9	“Fair Market Value”	2
2.10	“Nonemployee Director”	2
2.11	“Option”	2
2.12	“Optionee”	2
2.13	“Plan”	2
2.14	“Restricted Shares”	2
2.15	“Shares”	2
SECTION 3	ADMINISTRATION OF THE PLAN	3
3.1	The Board	3
3.2	Authority of the Board	3
3.3	Decisions Binding	3
3.4	Administrative Expenses	3
3.5	Indemnification	3
SECTION 4	SHARES SUBJECT TO THE PLAN	4
4.1	Number of Shares	4
4.2	Effect of Lapsed Options	4
4.3	Adjustments in Authorized Shares	4

TABLE OF CONTENTS
(continued)

		<u>Page</u>
SECTION 5	ELIGIBILITY	4
5.1	Eligibility	4
5.2	Consideration for Grant of Option or Restricted Shares	4
SECTION 6	OPTIONS	4
6.1	Grant of Options	4
6.2	Terms of Options	5
SECTION 7	RESTRICTED SHARES	6
7.1	Grant of Restricted Shares	6
7.2	Terms of Restricted Shares	6
SECTION 8	MISCELLANEOUS	7
8.1	Amendment or Termination of the Plan	7
8.2	Beneficiary Designation	7
8.3	Captions	7
8.4	Applicable Law; Severability	7
8.5	No Effect Upon Other Compensation Plans	7
8.6	No Effect on Service	7
8.7	Requirements of Law	7
8.8	Rule 16b-3 Compliance	8

**CENTRAL GARDEN & PET COMPANY
NONEMPLOYEE DIRECTOR EQUITY INCENTIVE PLAN
(As amended effective December 10, 2008)**

**SECTION 1
ESTABLISHMENT, PURPOSE AND DURATION**

1.1 Establishment. Central Garden & Pet Company, a Delaware corporation (the “Company”), hereby amends the “Central Garden & Pet Company Nonemployee Director Equity Incentive Plan” (formerly known as the Central Garden & Pet Company Nonemployee Director Stock Option Plan, the “Plan”), for the benefit of nonemployee members of the Board of Directors of the Company (“Nonemployee Directors”), in order to compensate such Nonemployee Directors for their services by awarding them stock options (“Options”) and restricted shares of Company common stock (“Restricted Shares”) under the Plan.

1.2 Purpose of the Plan. The purpose of the Plan is to promote the success, and enhance the value, of the Company, by attracting, retaining and motivating Nonemployee Directors of outstanding competence. The Plan also is designed to align the interests of Nonemployee Directors with the interests of the stockholders of the Company.

1.3 Effective Date. This amendment of the Plan is effective as of December 10, 2008, subject to the approval of the amendment by an affirmative vote, at the next meeting of the stockholders of the Company, or any adjournment thereof, of the holders of a majority of the outstanding shares of the common stock and Class B stock, voting together as a class, of the Company, present in person or by proxy and entitled to vote at such meeting. Prior to such affirmative vote, the Plan shall operate pursuant to the terms in effect prior to such amendment.

1.4 Duration of the Plan. The Plan shall be effective as specified in Section 1.3, and subject to the right of the Board of Directors of the Company to terminate the Plan at any time and for any reason pursuant to Section 8, shall remain in effect thereafter. In the event that on any date of grant the number of Shares (to be subject to Options or otherwise) granted to all Nonemployee Directors exceeds the number of Shares then available for grant under the Plan, each Nonemployee Director shall share pro rata in the number of Shares that remain available for grant on such date (with Restricted Shares to be provided first).

**SECTION 2
DEFINITIONS**

For purposes of this Plan, the following terms shall have the meanings indicated unless a different meaning is plainly required by the context:

2.1 “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.

2.2 “Board” means the Board of Directors of the Company.

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

2.4 “Company” means Central Garden & Pet Company, a Delaware corporation, or any successor thereto.

2.5 “Director” means an individual who is a member of the Board.

2.6 “Disability” means a permanent and total disability within the meaning of section 22(e)(3) of the Code.

2.7 “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, or any successor Act thereto. Reference to a specific section of the Exchange Act shall include such section, any valid regulation promulgated thereunder, and any comparable provision of any future legislation amending, supplementing or superseding such section.

2.8 “Exercise Price” means the price at which a Share may be purchased pursuant to an Option.

2.9 “Fair Market Value” means the average of the highest and lowest quoted selling prices for Shares on the relevant date or the closing sale price for the applicable 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 on a consistent basis by the Board.

2.10 “Nonemployee Director” means a Director who is an employee of neither the Company nor of any Affiliate.

2.11 “Option” means an option to purchase Shares which has been granted under the provisions of the Plan. Options are not intended to be an incentive stock option under section 422 of the Code.

2.12 “Optionee” means a Nonemployee Director to whom an Option has been granted under the provisions of the Plan.

2.13 “Plan” means the Central Garden & Pet Company Nonemployee Director Equity Incentive Plan, as set forth in this instrument and as hereafter amended from time to time.

2.14 “Restricted Shares” means Shares granted pursuant to Section 7 of the Plan.

2.15 “Shares” means the shares of common stock, \$0.01 par value, of the Company (“Common Stock”) or the shares of Class A Common Stock, \$0.01 par value, of the Company (“Class A Common Stock”).

SECTION 3
ADMINISTRATION OF THE PLAN

3.1 The Board. The Plan shall be administered by the Board. It shall be the duty of the Board to conduct the general administration of the Plan in accordance with its provisions.

3.2 Authority of the Board. The Board shall have all powers and discretion necessary or appropriate to administer the Plan and to control its operation in accordance with its terms, including, but not by way of limitation, the following powers:

(a) To interpret the provisions of the Plan and to determine, in its sole discretion, any question arising under, or in connection with the administration or operation of, the Plan;

(b) To employ such counsel, agents and advisers, and to obtain such legal, clerical and other services, as it may deem necessary or appropriate in carrying out the provisions of the Plan; and

(c) To prescribe, amend and rescind rules and regulations relating to the Plan, and to make all other determinations which may be necessary or advisable for the administration of the Plan.

3.3 Decisions Binding. All actions, interpretations and decisions of the Board shall be final, conclusive and binding on all persons, and shall be given the maximum deference permitted by law.

3.4 Administrative Expenses. All expenses incurred in the administration of the Plan by the Board, or otherwise, including legal fees and expenses, shall be paid and borne by the Company.

3.5 Indemnification. Each person who is or shall have been a member 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 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 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 Certificate 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 4
SHARES SUBJECT TO THE PLAN

4.1 Number of Shares. Subject to adjustment as provided in Section 4.3, the maximum number of Shares available for grant under the Plan may not exceed 200,000 shares of Common Stock and 787,056 shares of Class A Common Stock. Such shares may be either authorized but unissued Shares or treasury Shares.

4.2 Effect of Lapsed Options. If an Option is cancelled, terminates, expires or lapses for any reason, any Shares subject to such Option again shall be made available for grant under the Plan (to the same Optionee or to a different person).

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 the Exercise Price of Shares subject to outstanding Options, as the Board, in its sole discretion, shall determine to be appropriate to prevent the dilution or diminishment of Options. Notwithstanding the preceding sentence, the number of Shares subject to any Option always shall be a whole number.

SECTION 5
ELIGIBILITY

5.1 Eligibility. All Nonemployee Directors shall be eligible to participate in the Plan.

5.2 Consideration for Grant of Option or Restricted Shares. Any Option or Restricted Shares under the Plan shall be granted in consideration of the past services of the Nonemployee Director.

SECTION 6
OPTIONS

6.1 Grant of Options.

6.1.1 Each Nonemployee Director who is a Nonemployee Director on February 20, 1996 automatically will receive on such date an Option to purchase 10,000 Shares.

6.1.2 Each Optionee who received an Option to purchase 10,000 Shares pursuant to Section 6.1.1, and each Nonemployee Director who becomes a Nonemployee Director after February 20, 1996, automatically will receive, on the date of each subsequent annual meeting of the stockholders of the Company on which the Nonemployee Director is such, an Option to purchase such number of Shares (whose class shall be determined by the Board) as determined by A divided by B, where "A" is \$200,000 and "B" is the Fair Market Value of an applicable Share on the date on which the Option is granted. Any fractional Share shall be rounded up to the next full Share. Accordingly, for example, if the Fair Market Value of a Share on the date of grant is \$9.00, then the Optionee or Nonemployee Director (as applicable) would receive an Option to purchase 22,223 Shares (i.e., \$200,000 divided by \$9.00, rounded up to the next full Share).

6.2 Terms of Options.

6.2.1 Option Agreement. Each Option shall be evidenced by a written stock option agreement which shall be executed by the Optionee and the Company.

6.2.2 Exercise Price. The Exercise Price for the Shares subject to each Option shall be one hundred percent (100%) of the Fair Market Value of such Shares on the date of grant.

6.2.3 Exercisability. Each Option shall become exercisable with respect to one-third (1/3) of the Shares subject to the Option on each of the dates that is (a) six (6) months, (b) eighteen (18) months, and (c) thirty (30) months after the date of grant of the Option. Notwithstanding the preceding sentence, if prior to the date when an Option would become exercisable, the Optionee terminates service on the Board on account of death or Disability, the Option shall become exercisable in full on the date of such termination of service.

6.2.4 Expiration of Options. Each Option shall terminate upon the expiration of forty-two (42) months from the date of grant of the Option.

6.2.5 Payment. Options shall be exercised by the Optionee'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 Exercise Price upon exercise of any Option shall be payable to the Company in full in cash. The Board, in its sole discretion and pursuant to such procedures as it may specify from time to time, also may permit (a) an Optionee to elect 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 Exercise Price, or (b) by any other means which the Board, in its sole discretion, determines to both provide legal consideration for the Shares, and to be consistent with the purposes of the Plan. The value of the Shares to be withheld or delivered will be based on their Fair Market Value on the date of exercise.

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 Optionee Share certificates (in the Optionee's name) representing such Shares.

If any shares subject to an Option are not delivered to an Optionee because the Option is exercised through a reduction of shares subject to the Option (i.e., "net exercised"), the number of shares that are not delivered to the Optionee shall remain available for issuance under the Plan. If the Exercise Price of any Option is satisfied by tendering shares of Common Stock or Class A Common Stock held by the Optionee (either by actual delivery or attestation), then the number of shares so tendered shall remain available for issuance under the Plan.

6.2.6 Restrictions on Share Transferability. The Board 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 applicable Federal securities laws, the requirements of any national securities exchange or system upon which Shares are then listed and/or traded, and/or under any blue sky or state securities laws.

6.2.7 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 permitted in Section 8.2. All Options granted to an Optionee under the Plan shall be exercisable during his or her lifetime only by such Optionee.

SECTION 7 RESTRICTED SHARES

7.1 Grant of Restricted Shares. Each Nonemployee Director automatically will receive, on the date of each annual meeting of the stockholders of the Company on which the Nonemployee Director is such, such number of Restricted Shares (whose class shall be determined by the Board) as determined by A divided by B, where "A" is \$20,000 and "B" is the Fair Market Value of an applicable Share on the date on which the Restricted Shares are granted. Any fractional Share shall be rounded up to the next full Share. Accordingly, for example, if the Fair Market Value of a Share on the date of grant is \$9.00, then the Nonemployee Director would receive 2,223 Restricted Shares (i.e., \$20,000 divided by \$9.00, rounded up to the next full Share).

7.2 Terms of Restricted Shares.

7.2.1 Restricted Share Agreement. Each restricted Share grant shall be evidenced by a written Restricted Share agreement which shall be executed by the Nonemployee Director and the Company.

7.2.2 Vesting. Each grant of Restricted Shares shall vest in full six (6) months after the date of grant. Notwithstanding the preceding sentence, if prior to the date when the Restricted Shares would vest, the Director terminates service on the Board on account of death or Disability, the Restricted Shares shall become vested in full on the date of such termination of service.

7.2.3 Restrictions on Share Transferability. The Board may impose such restrictions on any Restricted Shares, as it may deem advisable, including, but not limited to, restrictions related to applicable Federal securities laws, the requirements of any national securities exchange or system upon which Shares are then listed and/or traded, and/or under any blue sky or state securities laws.

7.2.4 Nontransferability of Unvested Restricted Shares. No restricted shares granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated prior to their vesting pursuant to Section 7.2.2, other than by will, the laws of descent and distribution, or as permitted in Section 8.2.

SECTION 8
MISCELLANEOUS

8.1 Amendment or Termination of the Plan. The Board, in its sole discretion, may amend, alter, modify or terminate the Plan, in whole or in part, at any time and for any reason. However, only if and to the extent required to maintain the Plan's qualification under Rule 16b-3 promulgated under the Exchange Act, any such amendment shall be subject to stockholder approval. Neither the amendment, suspension, termination, nor scheduled expiration of the Plan shall, without the consent of the Nonemployee Director, alter or impair any rights or obligations under any Option or Restricted Shares theretofore granted. No Option or Restricted Shares may be granted during any period of suspension nor after termination of the Plan.

8.2 Beneficiary Designation. If permitted by the Board, a Nonemployee Director may name a beneficiary or beneficiaries to whom any benefit under the Plan is to be paid in case of the Nonemployee Director's death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the same Nonemployee Director and must be in a form and manner acceptable to the Board. In the absence of any such designation, or if no beneficiary survives the Nonemployee Director, benefits remaining unpaid at the Nonemployee Director's death shall be paid to the person or persons entitled to such benefits under the Nonemployee Director's will or, if the Nonemployee Director shall fail to make testamentary disposition of such benefits, his or her legal representative. Any transferee must furnish the Company with (a) written notice of his or her status as a transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

8.3 Captions. The captions contained herein and in the table of contents are provided as a matter of convenience only, and in no way define, limit, enlarge or describe the scope or intent of the Plan. Such captions shall not affect in any way the construction of any provision of the Plan.

8.4 Applicable Law; Severability. The Plan hereby created shall be construed, administered and governed in all respects in accordance with the laws of the State of California (with the exception of its conflict of laws provisions). If any provision of this instrument shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall continue to be fully effective.

8.5 No Effect Upon Other Compensation Plans. The adoption of this Plan shall not affect any other stock option, compensation or incentive plans in effect for the Company or any Affiliate, and this Plan shall not preclude the Board from establishing any other forms of incentive or compensation for Nonemployee Directors.

8.6 No Effect on Service. Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate any Nonemployee Director's service on the Board at any time, with or without cause.

8.7 Requirements of Law. The granting of Options and the issuance of Shares (including Restricted 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.

8.8 Rule 16b-3 Compliance. Transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the Exchange Act. To the extent any provision of the Plan, an Option or any action by the Board fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Board. Notwithstanding any contrary provision of the Plan, if the Board specifically determines that compliance with Rule 16b-3 no longer is required, all references in the Plan to Rule 16b-3 shall be of no force or effect.

I, William E. Brown, certify that:

1. I have reviewed this report on Form 10-Q for the quarter ended March 28, 2009 of Central Garden & Pet Company;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2009

/s/ WILLIAM E. BROWN

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

I, Stuart W. Booth, certify that:

1. I have reviewed this report on Form 10-Q for the quarter ended March 28, 2009 of Central Garden & Pet Company;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2009

/s/ STUART W. BOOTH

Stuart W. Booth
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

**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 March 28, 2009 (the "Report"), I, William E. Brown, Chairman and 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 7, 2009

/s/ WILLIAM E. BROWN

William E. Brown
Chairman and Chief Executive Officer
(Principal 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 March 28, 2009 (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 7, 2009

/s/ STUART W. BOOTH

Stuart W. Booth
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)