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

FORM 10Q

(Mark One)

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

For the quarterly period ended June 30, 2001

or

[_] TRANSITION REPORT PURSUANT OF SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from_____________________to_________________________

Commission File Number: 0 - 20242

CENTRAL GARDEN & PET COMPANY

Delaware	68-0275553
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

(Address of principle executive offices)

(925) 283-4573

(Registrant's telephone number, including area code)

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

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

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

Common Stock Outstanding as of June 30, 2001	16,776,466
Class B Stock Outstanding as of June 30, 2001	1,656,462

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

This quarterly report contains "forward-looking" statements based on current expectations that involve risks and uncertainties. Actual results and the timing of certain events may differ significantly from those projected in these forward-looking statements due to the factors listed below, under "Management's Discussion and Analysis of Financial Condition and Results of Operations - Risk Factors Relating to Forward-Looking Statements" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2000, and from time to time in our filings with the Securities and Exchange Commission. These risks and uncertainties include the final resolution of all issues between the Company and Pharmacia Corporation (formerly known as Monsanto Company) under the Solaris Agreement; the resolution of the pending litigation among the Company, Pharmacia and The Scotts Company; the success of and the costs associated with the realignment of the Company's lawn and garden distribution operations; any liabilities to which the Company may become subject as a result of the August 2, 2000 fire at its Phoenix distribution center; and the impact of any other outstanding or potential litigation.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

<TABLE>
<CAPTION>

<S>	September 30, 2000 <C>	June 30, 2001 <C>
ASSETS		
Current assets:		
Cash & cash equivalents	$ 5,685	$ 7,146
Accounts receivable (less allowance for doubtful accounts of $8,050 and $10,618)	151,190	165,627
Inventories	242,617	234,650
Prepaid expenses and other assets	20,658	20,989
Total current assets	420,150	428,412
Land, buildings, improvements and equipment - net	111,740	109,281
Goodwill	382,294	377,173
Other assets	33,234	35,297
Total	$ 947,418	$ 950,163
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 129,239	$ 148,832
Accounts payable	121,705	117,877
Accrued expenses	42,801	41,569
Current portion of long-term debt	5,277	5,412
Total current liabilities	299,022	313,690

Long-term debt	148,242	153,690
Deferred income taxes and other long-term obligations	36,207	12,464
Shareholders' Equity:		
Class B stock, $.01 par value: 1,657,762 and 1,656,462 shares outstanding at September 30, 2000 and June 30, 2001	16	16
Common stock, $.01 par value: 30,417,421 and 30,518,716 issued and 16,675,171 and 16,776,466 outstanding at September 30, 2000 and June 30, 2001	304	305
Additional paid-in capital	525,793	526,258
Retained earnings	82,661	88,567
Treasury stock	(144,827)	(144,827)
Total shareholders' equity	463,947	470,319
Total	$ 947,418	$ 950,163

</TABLE>

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

<TABLE>
<CAPTION>

	Nine Months Ended	
	June 24, 2000	June 30, 2001
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	$ 18,495	$ 5,906
Adjustments to reconcile net income to net cash provided (used) in operating activities:		
Depreciation and amortization	17,531	23,925
Change in assets and liabilities:		
Receivables	(64,107)	(10,737)
Inventories	64,502	12,267
Prepaid expenses and other assets	(5,376)	(8,023)
Accounts payable	(40,187)	(3,833)
Accrued expenses and other long term obligations	5,087	(5,087)
Net cash provided by (used in) operating activities	(4,055)	14,417
Cash flows from investing activities:		
Additions to land, buildings, improvements and equipment	(9,964)	(10,674)
Payments to acquire companies, net of cash acquired	(34,745)	(18,277)
Proceeds from sale of land, buildings, improvements and equipment	0	3,098
Net cash used in investing activities	(44,709)	(25,853)
Cash flows from financing activities:		
Borrowings under lines of credit, net	66,435	19,593
Repayments of long-term debt	(616)	(7,162)
Proceeds from issuance of common stock - net	1,091	466
Payments to reacquire common stock	(18,595)	0
Net cash provided by financing activities	48,315	12,897
Net increase (decrease) in cash	(449)	1,461
Cash at beginning of period	8,017	5,685
Cash at end of period	$ 7,568	$ 7,146
Supplemental Information		
Cash paid for interest	13,319	15,253
Cash paid for income taxes	8,848	7,709
Assets (excluding cash) acquired through purchase of subsidiaries	8,069	8,282
Liabilities assumed through the purchase of subsidiaries	21,306	5

</TABLE>

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

<TABLE>
<CAPTION>

<S>	Three Months Ended June 24, 2000 <C>	Three Months Ended June 30, 2001 <C>
Net sales	$ 452,384	$ 343,068
Cost of goods sold and occupancy	339,056	238,481
Gross profit	113,328	104,587
Selling, general and administrative expenses	84,980	83,563
Income from operations	28,348	21,024
Interest expense	(6,865)	(5,707)
Interest income	97	121
Other income	1,420	529
Income before income taxes	23,000	15,967
Income taxes	10,125	8,303
Net income	$ 12,875	$ 7,664
Basic earnings per common share	$ 0.69	$ 0.42
Weighted average shares outstanding	18,572	18,433
Diluted earnings per common share	$ 0.61	$ 0.38
Weighted average shares outstanding	22,850	22,598

</TABLE>

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

<TABLE>
<CAPTION>

<S>	Nine Months Ended June 24, 2000 <C>	Nine Months Ended June 30, 2001 <C>
Net sales	$ 1,054,445	$ 880,388
Cost of goods sold and occupancy	783,585	611,083
Gross profit	270,860	269,305
Selling, general and administrative expenses	222,049	239,535
Income from operations	48,811	29,770
Interest expense	(17,228)	(18,336)
Interest income	182	458
Other income	1,270	1,064
Income before income taxes	33,035	12,956
Income taxes	14,540	7,050
Net income	$ 18,495	$ 5,906
Basic earnings per common share	$ 0.98	$ 0.32

Weighted average shares outstanding	18,867	18,395
Diluted earnings per common share	$ 0.94	$ 0.32
Weighted average shares outstanding	23,064	18,440

</TABLE>

Central Garden & Pet Company
Notes to Condensed Consolidated Financial Statements
Three and Nine Months Ended June 30, 2001
(unaudited)

1. Basis of Presentation

The condensed consolidated balance sheet as of June 30, 2001, the Condensed consolidated Statements of income for both the three and nine months ended June 24, 2000 and June 30, 2001 and the condensed consolidated statements of cash flows for the nine months ended June 24, 2000 and June 30, 2001 have been prepared by the Company, without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) considered necessary to present fairly the financial position, results of operations and cash flows of the Company for the periods mentioned above, have been made.

Due to the seasonal nature of the Company's business, the results of operations for the three and nine months ended June 30, 2001 are not indicative of the operating results that may be expected for the year ending September 29, 2001.

It is suggested that these interim financial statements be read in conjunction with the annual audited financial statements, accounting policies and financial notes thereto, included in the Company's 2000 Annual Report on Form 10-K which has previously been filed with the Securities and Exchange Commission.

2. New Accounting Pronouncements

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements", which provides the SEC staff's views on selected revenue recognition issues. In March 2000, the SEC released SAB 101A, which delayed for one quarter the implementation date of SAB 101 for registrants with fiscal years beginning between December 16, 1999 and March 15, 2000. In June 2000, the SEC released SAB 101B, which delayed the implementation date of SAB 101 until no later than the fourth fiscal quarter of fiscal years beginning after December 15, 1999. The Company is evaluating what impact, if any, SAB 101 will have on the Company's income statement presentation, however, the Company does not believe it will have any impact on its financial position or results of operations.

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations" and SFAS No.142, "Goodwill and Other Intangible Assets". SFAS No. 141 requires that all business combinations initiated after June 30, 2001 be accounted for under the purchase method and addresses the initial recognition and measurement of goodwill and other intangible assets acquired in a business combination. SFAS No. 142 addresses the initial

recognition and measurement of intangible assets acquired outside of a business combination and the accounting for goodwill and other intangible assets subsequent to their acquisition. SFAS No. 142 provides that intangible assets with finite useful lives be amortized and that goodwill and intangible assets with indefinite lives will not be amortized, but will rather be tested at least annually for impairment. The Company is not required to adopt SFAS No. 142 until its fiscal year beginning September 29, 2002.

3. Recent Acquisitions

In October 2000, the Company's Pennington subsidiary acquired the Rebel and Lofts line of grass seed from KRB Seed Company, LLC, for approximately $8 million in cash which approximated the fair market value of the assets acquired, and signed perpetual licensing agreements under which the Company will make royalty payments to KRB Seed Company, LLC over the term of the licensing agreements. The acquisition was accounted for under the purchase method. Royalty payments will be recorded as expense as they are incurred. The operations of this business have been included in the Company's results of operations since October 2000.

In September 2000, Central's Pennington subsidiary acquired All-Glass Aquarium Co., Inc., a leading manufacturer and marketer of aquariums and related products, based in Franklin, Wisconsin and its Oceanic Systems subsidiary in Dallas, Texas for approximately $10 million, which was recorded as a liability in the Consolidated Balance Sheet as of September 30, 2000, and was subsequently paid during the three months ended December 30, 2000. The operations of this business have been included in the Company's results of operations since October 1, 2000.

4. Earnings Per Share

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

<TABLE>
<CAPTION>

	Three Months Ended June 30, 2001			Nine Months Ended June 30, 2001		
	Income	Shares	Per Share	Income	Shares	Per Share
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Basic EPS:						
Net Income	$ 7,664	18,433	$ 0.42	$ 5,906	18,394	$ 0.32
Effect of dilutive securities:						
Options to purchase common stock		58			46	
Convertible notes	893	4,107				
Diluted EPS:						
Net income attributable to common shareholders	$ 8,557	22,598	$ 0.38	$ 5,906	18,440	$ 0.32

<CAPTION>

	Three Months Ended June 24, 2000			Nine Months Ended June 24, 2000		
	Income	Shares	Per Share	Income	Shares	Per Share
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Basic EPS:						
Net Income	$12,875	18,640	$ 0.69	$18,495	18,867	$ 0.98
Effect of dilutive securities:						
Options to purchase common stock		103			90	
Convertible notes	1,042	4,107		3,124	4,107	
Diluted EPS:						
Net income attributable to common shareholders	$13,917	22,850	$ 0.61	$21,619	23,064	$ 0.94

</TABLE>

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

5. Segment Information

In December 2000, the Company cancelled a proposed spin-off of its garden distribution business and adopted a plan to reorganize its garden and pet businesses. Under the reorganization plan, the Company's garden products and distribution businesses became one operating unit and its pet products and distribution businesses became another operating unit.

Consistent with the above changes, management has determined that the reportable segments of the Company are Garden Products and Pet Products, based on the level at which the chief operating decision making group reviews the results of operations to make decisions regarding performance assessment and resource allocation. This represents a change in the segments reported in the Company's fiscal 2000 Annual Report filed on Form 10-K. Segment information, based upon the new reportable segments, for the three and nine month periods ended June 30, 2001 and June 24, 2000 and segment assets as of September 30, 2000 and June 30, 2001 is set forth below (dollars in thousands):

<TABLE>
<CAPTION>

Three Months Ended

	June 24, 2000	June 30, 2001
<S>	<C>	<C>
Net sales		
Pet Products	$ 120,256	$ 127,377
Garden Products	350,830	236,087
Intersegment eliminations	(18,702)	(20,396)
Total net sales	$ 452,384	$ 343,068
Intersegment sales		
Pet Products	$ 6,405	$ 11,139
Garden Products	12,297	9,257
Total intersegment sales	$ 18,702	$ 20,396
Income (loss)from operations		
Pet Products	$ 7,620	$ 10,985
Garden Products	25,633	14,572
Corporate	(4,905)	(4,533)
Total income from operations	28,348	21,024
Interest expense - net	(6,768)	(5,586)
Other income	1,420	529
Income taxes	(10,125)	(8,303)
Net income	$ 12,875	$ 7,664

</TABLE>

<TABLE>
<CAPTION>

	Nine Months Ended	
	June 24, 2000	June 30, 2001
<S>	<C>	<C>
Net sales		
Pet Products	$ 358,262	$ 389,809
Garden Products	743,849	541,788
Intersegment eliminations	(47,665)	(51,209)
Total net sales	$ 1,054,445	$ 880,388
Intersegment sales		
Pet Products	$ 17,765	$ 30,989
Garden Products	29,901	20,220
Total intersegment sales	$ 47,666	$ 51,209
Income (loss) from operations		
Pet Products	$ 25,569	$ 25,830
Garden Products	45,560	21,649
Corporate	(22,318)	(17,709)
Total income from operations	48,811	29,770
Interest expense - net	(17,046)	(17,878)
Other income (expense)	1,270	1,064
Income taxes	(14,540)	(7,050)
Net income	$ 18,495	$ 5,906

<CAPTION>

	September 30, 2000	June 30, 2001
<S>	<C>	<C>
Assets		
Pet Products	$ 173,843	$ 164,572
Garden Products	340,311	338,916
Corporate	433,264	446,675
Total assets	$ 947,418	$ 950,163

</TABLE>

6. Other Charges

Activity affecting the reserve balances associated with Other Charges recorded in fiscal 2000 and prior years is as follows (in millions):

<TABLE>
<CAPTION>

<S>	Severance <C>	Exit Related and Other <C>	Total <C>
Balance September 30, 2000	$ 0.4	$ 9.1	$ 9.5
Costs incurred and paid		(1.6)	(1.6)
Balance December 30, 2000	$ 0.4	$ 7.5	$ 7.9
Costs incurred and paid		(1.9)	(1.9)
Balance March 31, 2001	$ 0.4	$ 5.6	$ 6.0
Costs incurred and paid	$ (0.3)	$ (4.3)	$ (4.6)
Balance June 30, 2001	$ 0.1	$ 1.3	$ 1.4

</TABLE>

Remaining reserve balances totaling $1.4 million are included in the Condensed Consolidated Balance Sheet within the categories "accounts payable" and "accrued expenses", comprised of $0.4 million associated with charges recorded in the fiscal year ended September 25, 1999 and $1.0 million associated with charges recorded in the fiscal year ended September 30, 2000. Costs paid during the three and nine months ended June 30, 2001 relate to facility closure costs and lease terminations associated with the charges recorded in the years ended September 26, 1998 and September 30, 2000. In addition, as a direct result of the termination of the distribution relationship with The Scotts Company, the Company made cash payments which were guaranteed to certain employees in the event of such termination. The remaining exit costs are expected to be incurred and paid during fiscal 2001.

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

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

Recent developments:

In December 2000 the Company announced that it would cancel the proposed spin-off of its garden distribution business and would reorganize its garden and pet businesses.

With the termination of the Company's distribution arrangement with The Scotts Company and other anticipated sales decreases in the garden distribution business, we believed that we could not economically support a national garden distribution infrastructure. Additionally, we believe that the move toward direct sales to retailers by manufacturers will increase in the future. Given this, the Company commenced integrating garden distribution into our garden products business. We believe this move offers us the best opportunity to utilize our sales force and distribution know-how to provide logistics and sales support for both our proprietary brands and consumer recognized products to create a more profitable segment. This integration also applies to our pet distribution business. This part of our business will continue to support our partner suppliers but will increase its focus on expanding sales of our

proprietary pet products. This use of distribution as an integral support function for proprietary brands has been used very successfully by our Pennington subsidiary. This reorganization represents a change in the segments reported from those reported in the Company's fiscal 2000 Annual Report filed on Form 10K.

Developments affecting Garden Products:

Expiration of the Solaris Agreement and Termination of our Distribution Relationship with Scotts

From October 1, 1995 to September 30, 1999, Garden Products distributed Solaris products nationwide, pursuant to an exclusive distribution agreement (the "Solaris Agreement"). Management believes that the relationship with Solaris embodied in the Solaris Agreement had a substantial positive impact on our results of operations. In January 1999, Pharmacia Corporation (formerly known as Monsanto Company) sold its Solaris lawn and garden business exclusive of its Roundup(R) herbicide products for consumer use to Scotts and entered into a separate, long-term, exclusive agreement pursuant to which Pharmacia continues to make Roundup herbicide products for consumer use and Scotts markets the products. Beginning October 1, 1999, Scotts began to distribute Ortho(R) and Roundup(R) products through a system that involved a combination of distributors, of which we were the largest, as well as through direct sales by Scotts to certain major retailers. In addition, Scotts began to sell Miracle-Gro(R) directly to certain retailers.

Effective September 30, 2000, Scotts discontinued its distribution relationship with Central. The affected products included Scotts(R), Ortho(R) and Miracle-Gro(R) products and consumer Roundup(R) products manufactured by Pharmacia for which Scotts acts as Pharmacia's exclusive sales agent. For Central's fiscal year ended September 30, 2000, the revenue attributable to the affected products was approximately $176 million. The gross profit associated with these sales in fiscal 2000 was estimated to be $27 million based on historical customer profitability. We expect this loss of gross profit to be partially offset in fiscal 2001 with expense reductions.

Due to the termination of the Scotts distribution relationship and anticipated sales declines, we have taken actions to downsize our lawn and garden distribution operations to reflect anticipated business levels for the fiscal year 2001. As a result, we have recorded charges of $27.5 million in the fiscal year ending September 30, 2000 as described in "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Fiscal 2000 Compared with Fiscal 1999" in the Company's fiscal 2000 annual report filed on Form 10-K.

The sale of the Solaris business by Pharmacia, the expiration of the Solaris Agreement and termination of the Scotts distribution relationship subject our distribution business to significant uncertainties. These include the resolution of all payments due between us and Pharmacia under the Solaris Agreement, such as the amounts receivable from Pharmacia for cost reimbursements and payments for cost reductions; the amounts payable to Pharmacia for inventory; and responsibility for obsolete inventory and for non-payment by Solaris' sub-agents. Scotts and Pharmacia have each initiated litigation against Central arising out of the prior distribution relationship. In addition, Central has filed suit against Scotts and Pharmacia seeking damages and injunctive relief as well as restitution for, among other things, breach of contract and violations of the antitrust laws by Scotts and Pharmacia. Each of these cases is in its early stage. For this reason and because of the uncertainties inherent in complex litigation, it is not currently possible to make an assessment of the potential impact, losses or gains that may arise out of these cases individually or collectively. Central believes that, in the aggregate the reconciliation of all accounts and claims with Pharmacia and Scotts, as described below in "Legal Proceedings," will not result in additional charges to Central. Further, Central believes it has substantial counterclaims and rights of offset against both Scotts and Pharmacia, as well as meritorious defenses, and intends to vigorously contest both suits. However, there can be no assurance that the resolution of this litigation will not have a material adverse effect on its results of operations, financial position and/or cash flows.

Three Months Ended June 30, 2001
Compared with Three Months Ended June 24, 2000

Net sales for the three months ended June 30, 2001 decreased by 24.2% or $109.3 million to $343.1 million from $452.4 million for the three months ended June 24, 2000. Of the total sales decrease, $111.7 million was attributable to our garden products segment, offset in part by a modest sales increase of $2.4 million for the pet products segment. The most significant sales decline within garden products, $102.7 million, related to the garden distribution centers which were closed during the first quarter of this fiscal year. The remaining garden distribution centers experienced decreased sales of approximately $26.0 million, principally as the result of the discontinued Scotts distribution relationship. Net sales of our garden proprietary brands increased by $17.0 million of which approximately $9.4 million related to newly acquired operations. The net sales increase of $2.4 million attributable to the pet products segment reflects approximately $13.3 million related to a newly acquired business offset by a decrease of approximately $10.9 million in the existing pet products operations. This decrease was attributable to (1) the closure of the three distribution centers earlier this year, (2) the loss of the Nutro line of pet foods and (3) modest decline in sales of low margin commodity wild birdseed.

Gross profit for the quarter ended June 30, 2001 decreased by 7.7% or $8.7 million to $104.6 million from $113.3 million for the comparable 2000 quarter. Of the total gross profit decrease, approximately $13.9 million was attributable to the garden products segment which was net of $3.8 million related to newly acquired business, offset in part by an increase of $2.5 million related to our existing pet products operations and $2.7 million related to newly acquired operations. The decline in gross profit related to the garden operations was principally due to the closing of thirteen distribution centers during the first quarter of fiscal 2001. Gross profit as a percentage of net sales increased from

25.1% for the three months ended June 24, 2000 to 30.5% for the comparable period in 2001 principally due to increased gross profit margins for both garden and pet distribution centers.

Selling, general and administrative expenses decreased 1.7% or $1.4 million from $85.0 million during the quarter ended June 24, 2000 to $83.6 million for the similar 2001 quarter. Excluding newly acquired operations, the expense reductions during the June 2001 quarter would have been 7.1% or $6.0 million. As a percentage of net sales, selling, general and administrative expenses increased from 18.8% during the three months ended June 24, 2000 to 24.4% during the like 2001 quarter. Selling and delivery expenses decreased approximately $7.5 million, excluding $2.2 million associated with newly acquired operations, from $44.5 million for the quarter ended June 24, 2000 to $37.0 million for the comparable 2001 quarter. The decrease is due principally to the reduction in the number of garden distribution centers resulting from the close of thirteen such facilities during the first quarter of fiscal 2001. Facilities expense decreased by $0.7 million from $3.6 million during the quarter ended June 24, 2000 to $2.9 million for the comparable 2001 period. ___ Of the decrease, approximately $0.9 million related to reductions associated with closures of both pet and garden distribution branches, offset in part by $0.2 million of expense related to newly acquired operations.

Warehouse and administrative expense increased $4.7 million from $36.8 million for the three months ended June 24, 2000 to $41.5 million for the quarter ended June 30, 2001. The increase in warehouse and administrative expense is primarily related to newly acquired operations, $2.5 million; increased depreciation and amortization, $1.1 million; legal costs associated with the fire damage at our Phoenix warehouse, $0.6 million; and approximately $0.4 million of costs related to the closed garden distribution centers.

Net interest expense for the quarter ended June 30, 2001 decreased by $1.2 million to $5.6 million from $6.8 million for the quarter end June 24, 2000 primarily due to a lower average interest rates on our short-term debt.

The Company's effective income tax rate for the quarter ended June 30, 2001 was 52% compared with 47% for the comparable 2000 quarter. The increase in the effective rate results principally from non-deductible goodwill expense being a higher percentage of taxable income than in the quarter end June 24, 2000.

Net income for the quarter ended June 30, 2001 decreased by 40.3% or $5.2 million to $7.7 million from $12.9 million for the quarter ended June 24, 2000. The decrease relates principally to a decrease in operating income related to our Garden Products segment coupled with a significant increase in the effective income tax rate compared with the quarter ended June 24, 2000. Our fiscal third quarter historically has been the most profitable quarter for the garden distribution branches accounting for a substantial portion of its annual income. With the closure of thirteen of these branches early in fiscal 2001, the impact was a decrease in operating income quarter over quarter of $6.5 million. Pennington's operating income for the current quarter decreased by approximately $5.5 million compared with the like 2000 quarter. The decline in their operating income is attributable to a decrease in overall gross profit margins largely due to higher birdseed grain prices, very soft grass seed market and the need to liquidate Dursban inventory below cost in order to meet the deadline of December 31, 2001 set by the EPA.

Nine Months Ended June 30, 2001
Compared with Nine Months Ended June 24, 2000

Net sales for the nine months ended June 30, 2001 decreased by 16.5% or $174.0 million to $880.4 million from $1,054.4 million for the nine months ended June 24, 2001. Of the total sales decrease, $192.4 million was attributable to our Garden Products segment partially offset by a sales increase of $18.4 million for the Pet Products segment. Within the garden segment the garden distribution centers which were closed during the first quarter of this fiscal year accounted for approximately $191.7 million of the sales decrease. The remaining distribution centers experienced decreased sales of approximately $37.4 million, principally due to the termination of our distribution relationship with the Scotts Company. Net sales of our garden proprietary brands increased by $36.7 million which included $21.6 million related to newly acquired operations. The sales increase of $18.4 million attributable to our pet products segment includes approximately $50.4 million of sales related to newly acquired operations. The sales decline from existing operations of approximately $32.0 million is attributable to (1) the closure of three pet distribution centers, (2) the loss of the Nutro line of pet foods and (3) decrease sales of low margin commodity wild birdseed.

Gross profit for the nine months ended June 30, 2001 decreased $1.6 million to $269.3 million from $270.9 million for the similar 2000 period. The decrease was attributable principally to the closed garden distribution centers, $35.1 million, offset by increases for the balance of the Company's operations. Gross profit as a percentage of net sales increased from 25.7% for the nine months ended June 24, 2000 to 30.6% for the nine months ended June 30, 2001. This increase reflects improved gross margins for both segments due to a combination of the elimination of certain low margin commodity product lines, the reduction of less profitable customers and improvements in the product mix.

Selling, general and administrative expenses increased 7.9% or $17.5 million from $222.0 million during the nine months period ended June 24, 2000 to $239.5 million for the nine months ended June 30, 2001. The increase, $17.5 million, which includes $12.8 million related to newly acquired operations, was basically incurred during the six month period ended March 31, 2001. As a percentage of net sales, selling, general and administrative expense increased from 21.1% during the nine months ended June 24, 2000 to 27.2% for the comparable 2001 period. Selling and delivery expense decreased $8.5 million to $104.4 million during the nine months ended June 30, 2001 from $112.9 million for the similar 2000 period principally as a result of the closing of thirteen garden distribution branches. Facilities expense decreased by $1.7 million to $8.6 million during the year to date June 2001 period

from $10.3 million for the like 2000 period. The decrease in this expense category is chiefly the result of reductions in lease costs of closed garden facilities offset in part by facilities costs related to newly acquired operations.

Warehouse and administrative expense increased $27.7 million from $98.8 million during the nine months ended June 24, 2000 to $126.5 million for the like 2000 period. Of the increase in this expense category, approximately $6.0 million related to newly acquired operations. The increase related to existing operations, $21.7 million, is essentially related to the first six months of this fiscal year.

Net interest expense for the nine months ended June 30, 2001 increased by $0.9 million to $17.9 million from $17.0 million for the comparable nine month period in 2000, primarily due to an increase in long-term debt associated with the newly acquired operations offset in part by a lower interest rates on the Company's short term credit facilities.

The Company's effective tax rate for the nine month period ended June 30, 2001 was 54.4% compared with 44.0% for the similar 2000 period. The increase in the effective rate is related to non-deductible good will expense being a higher percentage of taxable income compared with the nine month period ended June 24, 2000.

Liquidity and Capital Resources

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

Historically, the Company's business has been highly seasonal and its working capital requirements and capital resources tracked closely to this seasonal pattern. During the first fiscal quarter accounts receivable reach their lowest level while inventory, accounts payable and short-term borrowings begin to increase. Since the Company's short-term credit line fluctuates based upon a specified asset borrowing base, this quarter is typically the period when the asset borrowing base is at its lowest and consequently the Company's ability to borrow is at its lowest. During the second fiscal quarter, receivables, accounts payable and short-term borrowings begin to increase, reflecting the build-up of inventory and related payables in anticipation of the peak selling season. During the third fiscal quarter, principally due to the Solaris Agreement for the period between October 1, 1995 and September 30, 1999, inventory levels remained relatively constant while accounts receivable peaked and short-term borrowings started to decline as cash collections were received during the peak- selling season. During the fourth fiscal quarter, inventory levels were at their lowest, and accounts receivable and payables were substantially reduced through conversion of receivables to cash. As a result of the termination of the Solaris agreement effective September 30, 1999, the ending of the Company's distribution relationship with the Scotts company effective September 30, 2000, and the associated reduction in Garden Products sales as a percentage of overall sales, this seasonal pattern is expected to be less significant in the future.

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

Cash provided by operating activities was $14.4 million during the nine months ended June 30, 2001, an increase of $18.4 million from the $4.0 million used in operating activities for the comparable 2000 period. The increase is primarily attributable to increased efforts in collecting accounts receivable as well as reductions in inventory levels as compared to the 2000 period.

Cash used in investing activities of $25.9 million resulted from the payment of amounts due related to the acquisitions of All-Glass Aquarium and the Lofts and Rebel lines of products by the Company's Pennington Subsidiary. Additionally, the Company acquired office and warehouse equipment, including computer hardware and software.

Cash generated from financing activities of $12.9 million consisted principally of net borrowings of $19.6 million under the Company's lines of credit, partially offset by $7.2 million in repayments of long term debt.

The Company has a $200 million line of credit with Congress Financial Corporation (Western). The available amount under the line of credit fluctuates based upon a specific asset-borrowing base. The line of credit bears interest at a rate either equal to the prime rate or LIBOR plus 2% at the Company's option, and is secured by substantially all of the Company's assets. At June 30, 2001, the Company had $121.1 million of outstanding borrowings, and had $11.0 million of available borrowing capacity under this line. The Company's line of credit contains certain financial covenants such as minimum net worth and minimum working capital requirements. The line also requires the lender's prior written consent to any acquisition of a business. On December 12, 2000, the agreement was amended and extended to July 12, 2002. In connection with the acquisition of one company in fiscal 1998, the Company assumed a $60.0 million line of credit. On January 13, 2001, this line was increased from $60.0 million to $75.0 million. On March 1, 2001 the line was further increased from $75.0 million to $85.0 million. At June 30, 2001, there were $22.6 million of outstanding borrowings and $62.4 million of available borrowing capacity under this line. Interest related to this line is based on a rate either equal to the prime rate or LIBOR plus .875% at the Company's option.

Excluding the potential impact of any adverse consequences associated with legal matters discussed in "Part II - Item 1. Legal Proceedings", the Company believes that cash flows from operating activities, funds available under its lines of credit, and arrangements with suppliers will be adequate to fund its presently anticipated working capital requirements for the foreseeable future. The Company anticipates that its capital expenditures will not exceed $18.0 million for the next 12 months.

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

Weather and Seasonality

Historically, the Company's sales of lawn and garden products have been influenced by weather and climate conditions in the markets it serves. During the last several years, the Company's results of operations were negatively affected by severe weather conditions in many parts of the country. Additionally, the Company's business has been highly seasonal. In fiscal 2000, approximately 62% of the Company's sales occurred in the first six months of the calendar year, the Company's second and third fiscal quarters. Substantially all of the Company's operating income has been typically generated in this period which has historically offset the operating losses incurred during the first fiscal quarter of the year. As a result of the termination of the distribution relationship with Scotts in September 2000, and the associated reduction in

Garden Products sales as a percentage of overall sales, this seasonal pattern is expected to be less significant in the future.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company believes there has been no material change in its exposure to market risk from that discussed in the Company's fiscal 2000 Annual Report filed on Form 10-K.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Scotts and Pharmacia Litigation. On June 30, 2000, The Scotts Company filed suit against Central to collect the purchase price of certain lawn and garden products previously sold to Central. Scotts has filed an amended complaint seeking $23 million for such products. Central has withheld payments to Scotts on the basis of claims it has against Scotts - including amounts due for services and goods previously supplied by Central and not yet paid for by Scotts. This action, The Scotts Company v. Central Garden & Pet Company, Docket No. C2 00-755, is in the United States District Court for the Southern District of Ohio, Eastern Division. On July 3, 2000, Pharmacia Corporation (formerly known as Monsanto Company) filed suit against Central seeking an accounting and unspecified amounts allegedly due Pharmacia under the four-year alliance agreement between Central and Pharamacia which expired in September 19999, as well as damages for breach of contract. This action, Pharmacia Corporation v. Central Garden & Pet Company, Docket No. 00CC-002253 Q CV, is in the Circuit Court of St. Louis County, Missouri. Central filed motions in both the Scotts and Pharmacia actions to have those cases dismissed or stayed. Central's motion in the Scotts' action has been denied. In the Pharmacia action, the court denied Central's motion to stay but granted Central's request that Scotts be joined as a party. On January 18, 2001, Pharmacia Corporation filed an Amended Petition adding Scotts to the Pharmacia action. On January 29, 2001, Central filed its Answer, including affirmative defenses, to the Amended Petition as well as Counter/Cross claims against Pharmacia and Scotts. Pharmacia and Scotts have filed responses to Central's counter and cross-claims. In addition, they filed a motion to stay claims other than claims arising under the alliance agreement between Central and Pharmacia. The Court granted this motion, thereby requiring that claims against Scotts or Pharmacia arising from non-alliance matters be litigated in the Ohio and California's federal actions, as appropriate.

Central believes that the reconciliation of all accounts and claims with Pharmacia and Scotts in the above cases and in the action described below will in the aggregate, not result in additional charges to Central. Further, Central believes it has substantial counterclaims and rights of offset against both Scotts and Pharmacia, as well as meritorious defenses, and intends to vigorously contest both suits. However, Central cannot assure you that the resolution of this litigation will not have a material adverse effect on its results of operations, financial position and/or cash flows.

On July 7, 2000, Central filed suit against Scotts and Pharmacia seeking damages and injunctive relief as well as restitution for, among other things, breach of contract and violations of the antitrust laws.
This action, Central Garden & Pet Company, a Delaware Corporation v. The Scotts Company, an Ohio corporation; and Pharmacia Corporation, formerly known as Monsanto Company, a Delaware corporation, Docket No. C 00 2465, is in the United States District Court for the Northern District of California. On October 26, 2000, the federal district court issued an order denying, for the most part, Pharmacia's motion to dismiss Central's federal antitrust claims. Central was given leave to file an amended federal complaint to clarify certain of its allegations. Central filed a first amended complaint on November 14, 2000. The federal district court's October 26 order also ruled that it did not have jurisdiction over Central's state law claims and that such claims should be adjudicated in a state court. On October 31, 2000, Central filed an action entitled Central Garden & Pet Company v. The Scotts Company and Pharmacia Corporation, Docket No. C00-04586 in Contra Costa Superior Court asserting various state law claims, including the claims previously asserted in the federal action. On December 4, 2000, Pharmacia and Scotts filed a joint Motion to Stay. The state court has stayed the California action while the contract claims between and among the parties are litigated in the Ohio and Missouri actions and the antitrust claims are litigated in the California federal action.

Phoenix Fire. On August 2, 2000, a fire destroyed the Company's leased warehouse space in Phoenix, Arizona, and an adjoining warehouse space leased by a third party. The adjoining warehouse tenant, the building owner, and nearby businesses have presented claims for property damage and business interruption. Local residents have filed a purported class action lawsuit alleging claims for bodily injury and property damage as a result of the fire. In addition, the Arizona Department of Environmental Quality is monitoring the cleanup operations, and the Company, the building owner and the adjoining warehouse tenant have submitted a plan and are currently assessing whether the fire and fire suppression efforts may have caused environmental impacts to soil, groundwater and/or surface water. The United States Environmental Protection Agency has also sent the Company a request for information regarding the Phoenix fire. The overall amount of the damages to all parties caused by the fire, and the overall amount of damages which the Company may sustain as a result of the fire, have not been quantified. At the time of the fire, the Company maintained property insurance covering losses to the leased premises, the Company's inventory and equipment, and loss of business income. The Company also maintained insurance providing $51 million of coverage (with no deductible) against third party liability. The Company believes that this insurance coverage will be available with respect to third party claims against the Company if parties other than the Company are not found responsible. The precise amount of the damages sustained in the fire, the ultimate determination of the parties responsible and the availability of insurance coverage are likely to depend on the outcome of complex litigation, involving numerous claimants, defendants and insurance companies.

For a discussion of other pending legal proceedings, please see Central's Annual Report on Form 10-K for the year ended September 30, 2000.

Item 2. Changes in Securities and Use of Proceeds
Not Applicable

Item 3. Defaults Upon Senior Securities
Not Applicable

Item 4. Submission of Matter to a Vote of Securities Holders
Not Applicable

Item 5. Other Information
Not Applicable

Item 6. Exhibits and Reports on Form 8-K

(a) Not applicable

SIGNATURES

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

CENTRAL GARDEN & PET COMPANY

Registrant

Dated: August 14, 2001

/s/ Lee D. Hines, Jr.

Lee D. Hines, Jr., Vice President and
Chief Financial Officer