

**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 December 29, 2012

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 January 31, 2013	12,247,359
Class A Common Stock Outstanding as of January 31, 2013	35,053,731
Class B Stock Outstanding as of January 31, 2013	1,652,262

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1.	Financial Statements	4
	Condensed Consolidated Balance Sheets as of December 29, 2012, December 24, 2011 and September 29, 2012	4
	Condensed Consolidated Statements of Operations Three Months Ended December 29, 2012 and December 24, 2011	5
	Condensed Consolidated Statements of Comprehensive Income Three Months Ended December 29, 2012 and December 24, 2011	6
	Condensed Consolidated Statements of Cash Flows Three Months Ended December 29, 2012 and December 24, 2011	7
	Notes to Condensed Consolidated Financial Statements	8
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	23
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	28
Item 4.	Controls and Procedures	28

PART II. OTHER INFORMATION

Item 1.	Legal Proceedings	28
Item 1A.	Risk Factors	28
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	28
Item 3.	Defaults Upon Senior Securities	29
Item 4.	Reserved	29
Item 5.	Other Information	29
Item 6.	Exhibits	29

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, projected cost savings, 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 industry 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, including, without limitation, our examination of historical operating trends, 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 this Form 10-K for the fiscal year ended September 29, 2012, including the factors described in the section entitled “Item 1A – 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:

- the success of our transformational change initiatives;
- disruptions in our business as we implement our transformational change initiatives and the resulting consequences to our business and results of operations;
- increased costs and expenses associated with our transformational change initiatives;

Table of Contents

- seasonality and fluctuations in our operating results and cash flow;
- fluctuations in market prices for seeds and grains and other raw materials;
- our ability to pass through cost increases in a timely manner;
- declines in consumer spending during economic downturns;
- inflation, deflation and other adverse macro-economic conditions;
- supply shortages in small animals and pet birds;
- adverse weather conditions;
- fluctuations in energy prices, fuel and related petrochemical costs;
- access to and cost of additional capital;
- dependence on a small number of 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 executives;
- implementation of a new enterprise resource planning information technology system;
- our ability to protect our intellectual property rights;
- potential environmental liabilities;
- risk associated with international sourcing;
- litigation and product liability claims;
- regulatory issues;
- the impact of product recalls;
- potential costs and risks associated with actual or anticipated cyber attacks;
- 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

	December 29, 2012	December 24, 2011	(See Note 1) September 29, 2012
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 12,591	\$ 10,289	\$ 48,475
Short term investments	17,820	17,820	22,705
Accounts receivable (less allowance for doubtful accounts of \$18,555, \$15,791 and \$18,574)	150,767	139,254	202,422
Inventories	397,725	365,743	330,032
Prepaid expenses and other	66,629	62,614	48,149
Total current assets	645,532	595,720	651,783
Land, buildings, improvements and equipment—net	192,486	180,401	191,163
Goodwill	210,223	210,223	210,223
Other intangible assets—net	77,790	83,458	78,853
Deferred income taxes and other assets	20,041	18,467	17,525
Total	<u>\$1,146,072</u>	<u>\$1,088,269</u>	<u>\$ 1,149,547</u>
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable	\$ 130,484	\$ 122,009	126,662
Accrued expenses	83,580	66,862	79,491
Current portion of long-term debt	309	328	331
Total current liabilities	214,373	189,199	206,484
Long-term debt	450,446	460,346	449,483
Other long-term obligations	30,968	14,253	28,697
Equity:			
Common stock, \$.01 par value: 12,247,359, 12,254,778, and 12,247,571 shares outstanding at December 29, 2012, December 24, 2011 and September 29, 2012	122	123	122
Class A common stock, \$.01 par value: 34,765,783, 34,130,214 and 34,706,902 shares outstanding at December 29, 2012, December 24, 2011 and September 29, 2012	347	341	347
Class B stock, \$.01 par value: 1,652,262 shares outstanding	16	16	16
Additional paid-in capital	383,615	377,598	382,195
Accumulated earnings	64,449	45,455	79,718
Accumulated other comprehensive income	1,497	1,110	1,539
Total Central Garden & Pet Company shareholders' equity	450,046	424,643	463,937
Noncontrolling interest	239	(172)	946
Total equity	450,285	424,471	464,883
Total	<u>\$1,146,072</u>	<u>\$1,088,269</u>	<u>\$ 1,149,547</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)

	Three Months Ended	
	December 29, 2012	December 24, 2011
Net sales	\$ 292,497	\$ 302,066
Cost of goods sold and occupancy	<u>215,538</u>	<u>221,328</u>
Gross profit	76,959	80,738
Selling, general and administrative expenses	<u>90,053</u>	<u>92,018</u>
Loss from operations	(13,094)	(11,280)
Interest expense	(10,315)	(9,547)
Interest income	65	28
Other expense	<u>(981)</u>	<u>(114)</u>
Loss before income taxes and noncontrolling interest	(24,325)	(20,913)
Income tax benefit	<u>(8,978)</u>	<u>(7,646)</u>
Loss including noncontrolling interest	(15,347)	(13,267)
Net loss attributable to noncontrolling interest	<u>(78)</u>	<u>(177)</u>
Net loss attributable to Central Garden & Pet Company	<u>\$ (15,269)</u>	<u>\$ (13,090)</u>
Net loss per share attributable to Central Garden & Pet Company:		
Basic and diluted	<u>\$ (0.32)</u>	<u>\$ (0.27)</u>
Weighted average shares used in the computation of net loss per share:		
Basic and diluted	47,871	47,823

See notes to condensed consolidated financial statements.

[Table of Contents](#)

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

	<u>Three Months Ended</u>	
	<u>December 29,</u> <u>2012</u>	<u>December 24,</u> <u>2011</u>
Net loss	\$ (15,347)	\$ (13,267)
Other comprehensive income (loss):		
Foreign currency translation	(42)	91
Total comprehensive loss	(15,389)	(13,176)
Comprehensive loss attributable to noncontrolling interests	(78)	(177)
Comprehensive loss attributable to Central Garden & Pet Company	<u>\$ (15,311)</u>	<u>\$ (12,999)</u>

[Table of Contents](#)

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

	Three Months Ended	
	December 29, 2012	December 24, 2011
Cash flows from operating activities:		
Net loss	\$ (15,347)	\$ (13,267)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	8,016	7,444
Stock-based compensation	1,576	1,866
Excess tax benefits from stock-based awards	(74)	(74)
Deferred income taxes	2,820	5,049
Unrealized losses on derivative financial instruments	627	5
Loss on sale of property and equipment	149	17
Change in assets and liabilities:		
Accounts receivable	51,655	56,195
Inventories	(67,473)	(36,130)
Prepaid expenses and other assets	(15,171)	(13,494)
Accounts payable	3,625	4,713
Accrued expenses	3,463	(8,600)
Other long-term obligations	(1,907)	(245)
Net cash (used in) provided by operating activities	<u>(28,041)</u>	<u>3,479</u>
Cash flows from investing activities:		
Additions to property and equipment	(8,025)	(9,185)
Payments to acquire companies, net of cash acquired	(4,835)	0
Proceeds from short term investments	4,885	0
Net cash used in investing activities	<u>(7,975)</u>	<u>(9,185)</u>
Cash flows from financing activities:		
Repayments of long-term debt	(84)	(91)
Proceeds from issuance of common stock	97	192
Borrowings under revolving line of credit	4,000	117,000
Repayments under revolving line of credit	(3,000)	(92,000)
Repurchase of common stock	(327)	(21,266)
Distribution to noncontrolling interest	(629)	0
Excess tax benefits from stock-based awards	74	74
Net cash provided by financing activities	<u>131</u>	<u>3,909</u>
Effect of exchange rate changes on cash and cash equivalents	<u>1</u>	<u>55</u>
Net decrease in cash and cash equivalents	(35,884)	(1,742)
Cash and equivalents at beginning of period	48,475	12,031
Cash and equivalents at end of period	<u>\$ 12,591</u>	<u>\$ 10,289</u>
Supplemental information:		
Cash paid for interest	<u>\$ 1,001</u>	<u>\$ 1,210</u>
Cash paid for income taxes, net of refunds	<u>\$ 46</u>	<u>\$ (6,326)</u>
Non-cash investing activities:		
Capital expenditures incurred but not paid	<u>\$ 1,494</u>	<u>\$ 1,211</u>

See notes to condensed consolidated financial statements.

CENTRAL GARDEN & PET COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Three Months Ended December 29, 2012
(unaudited)

1. Basis of Presentation

The condensed consolidated balance sheets of Central Garden & Pet Company and subsidiaries (the “Company” or “Central”) as of December 29, 2012 and December 24, 2011, the condensed consolidated statements of operations for the three months ended December 29, 2012 and December 24, 2011, and the condensed consolidated statements of cash flows for the three months ended December 29, 2012 and December 24, 2011 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.

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. 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. See Note 7, Supplemental Equity Information, for further detail.

Due to the seasonal nature of the Company’s garden business, the results of operations for the three month period ended December 29, 2012 is 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 2012 Annual Report on Form 10-K, which has previously been filed with the Securities and Exchange Commission. The September 29, 2012 balance sheet presented herein was derived from the audited statements.

Acquisition

In December 2012, the Company acquired the remaining majority interest in FourStar Microbial Products, LLC (Four Star Microbial) for approximately \$4.8 million in cash with possible contingent future performance-based payments. The Company has not yet finalized its allocation of the purchase price to the fair value of the net assets acquired. The operating results of FourStar Microbial had no impact on the consolidated financial statements and the purchase price paid is included in other assets on the condensed consolidated balance sheets. While the acquisition is not expected to have a material impact on the Company’s 2013 financial results, it will enhance its capability to service professional providers of mosquito abatement.

Noncontrolling Interest

Noncontrolling 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 noncontrolling owner’s 20% share of the subsidiary’s net assets and results of operations is deducted and reported as noncontrolling interest on the consolidated balance sheets and as net income (loss) attributable to noncontrolling interest in the consolidated statements of operations. See Note 7, Supplemental Equity Information, for additional information.

Derivative Instruments

The Company principally uses a combination of purchase orders and various short and long-term supply arrangements in connection with the purchase of raw materials, including certain commodities. The Company also enters into commodity futures, options and swap contracts to reduce the volatility of price fluctuations of corn, which impacts the cost of raw materials. The Company’s primary objective when entering into these derivative contracts is to achieve greater certainty with regard to the future price of commodities purchased for use in its supply chain. These derivative contracts are entered into for periods consistent with the related underlying exposures and do not constitute positions independent of those exposures. The Company does not enter into derivative contracts for speculative purposes and does not use leveraged instruments.

The Company does not perform the assessments required to achieve hedge accounting for commodity derivative positions. Accordingly, the changes in the values of these derivatives are recorded currently in other income (expense) in its condensed consolidated statements of operations. See Note 3, Derivative Instruments, for additional information.

Table of Contents

Recent Accounting Pronouncements

Comprehensive Income

In June 2011, the FASB issued ASU No. 2011-05, "Comprehensive Income (Topic 220): Presentation of Comprehensive Income." ASU No. 2011-05 requires that all nonowner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements, eliminating the option to present other comprehensive income in the statement of changes in equity. Under either choice, items that are reclassified from other comprehensive income to net income are required to be presented on the face of the financial statements where the components of net income and the components of other comprehensive income are presented. In December 2011, the FASB issued an update to ASU no. 2011-05, ASU No. 2011-12, which was issued to defer the effective date for amendments to the reclassifications of items out of accumulated other comprehensive income in ASU No. 2011-05. ASU 2011-05 and the amendments in ASU No. 2011-12 are effective for fiscal years and interim periods within those years, beginning after December 15, 2011 and became effective for the Company on September 30, 2012. The Company elected to report other comprehensive income and its components in a separate statement of comprehensive income. While the new guidance changed the presentation of comprehensive income, there were no changes to the components that are recognized in net income or other comprehensive income as determined under previous accounting guidance. The amended guidance did not have a material effect on the Company's condensed consolidated financial statements.

Goodwill

In September 2011, the FASB issued ASU No. 2011-08, "Intangibles – Goodwill and Other (Topic 350): Testing Goodwill for Impairment, which amended the guidance on the annual testing of goodwill for impairment. The amended guidance will allow companies to assess qualitative factors to determine if it is more-likely-than-not that goodwill might be impaired and whether it is necessary to perform the two-step goodwill impairment test required under current accounting standards. The guidance is effective for fiscal years beginning after December 15, 2011, and became effective for the Company on September 30, 2012. This new guidance did not have a material impact on the Company's condensed consolidated financial statements.

Intangible Assets

In July 2012, the FASB issued an ASU No. 2012-02, "Intangibles – Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment, which simplifies the manner in which companies test indefinite-lived intangible assets for impairment. The ASU permits companies to first assess qualitative factors to determine whether events and circumstances indicate that it is more likely than not that the indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform a quantitative impairment test. The ASU is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. The guidance became effective for the Company on September 30, 2012. This new guidance did not have a material impact on the Company's condensed consolidated financial statements.

2. Fair Value Measurements

ASC 820 establishes a single authoritative definition of fair value, a framework for measuring fair value and expands disclosure of fair value measurements. ASC 820 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).

The Company's financial instruments include cash and equivalents, short term investments consisting of bank certificates of deposit, accounts receivable and payable, derivative instruments, short-term borrowings, and accrued liabilities. The carrying amount of these instruments approximates fair value because of their short-term nature.

Table of Contents

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents the Company's financial assets and liabilities measured at fair value on a recurring basis based upon the level within the fair value hierarchy in which the fair value measurements fall, as of December 29, 2012 (in thousands):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Certificates of deposit	\$ 0	\$17,820	\$ 0	\$17,820
Derivative assets	0	18	0	18
Total assets	<u>\$ 0</u>	<u>\$17,838</u>	<u>\$ 0</u>	<u>\$17,838</u>
Liabilities:				
Derivative liabilities	\$ 0	\$ 548	\$ 0	\$ 548
Total liabilities	<u>\$ 0</u>	<u>\$ 548</u>	<u>\$ 0</u>	<u>\$ 548</u>

The following table presents our financial assets and liabilities at fair value on a recurring basis based upon the level within the fair value hierarchy in which the fair value measurements fall, as of December 24, 2011:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Certificates of deposit	\$ 0	\$17,820	\$ 0	\$17,820
Derivative assets	0	0	0	0
Total assets	<u>\$ 0</u>	<u>\$17,820</u>	<u>\$ 0</u>	<u>\$17,820</u>
Liabilities:				
Derivative liabilities	\$ 0	\$ 0	\$ 0	\$ 0
Total liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The following table presents our financial assets and liabilities at fair value on a recurring basis based upon the level within the fair value hierarchy in which the fair value measurements fall, as of September 29, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Certificates of deposit	\$ 0	\$17,820	\$ 0	\$17,820
Derivative assets	0	334	0	334
Total assets	<u>\$ 0</u>	<u>\$18,154</u>	<u>\$ 0</u>	<u>\$18,154</u>
Liabilities:				
Derivative liabilities	\$ 0	\$ 206	\$ 0	\$ 206
Total liabilities	<u>\$ 0</u>	<u>\$ 206</u>	<u>\$ 0</u>	<u>\$ 206</u>

Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

The Company measures certain non-financial assets and liabilities, including long-lived assets, goodwill and intangible assets, at fair value on a non-recurring basis. Fair value measurements of non-financial assets and non-financial liabilities are used primarily in the impairment analyses of long-lived assets, goodwill and other intangible assets. During the period ended December 29, 2012, the Company was not required to measure any significant non-financial assets and liabilities at fair value.

Table of Contents

Fair Value of Other Financial Instruments

The estimated fair value of the Company's \$450 million 8.25 % senior subordinated notes due 2018 as of December 29, 2012 was \$481.5 million, compared to a carrying value of \$450.0 million. The estimated fair value is based on quoted market prices for these notes.

3. Derivative Instruments

Our operations are exposed to market risks from adverse changes in commodity prices affecting the cost of raw materials. In the normal course of business, these risks are managed through a variety of strategies, including the use of derivatives. The utilization of these financial transactions is governed by policies covering acceptable counterparty exposure, instrument types and other practices. The Company does not enter into derivative contracts for speculative purposes. The Company performs assessments of its counterparty credit risk regularly, including a review of credit ratings and potential nonperformance of the counterparty, and minimizes counterparty concentrations.

Commodity and commodity index futures, swaps and option contracts are used to economically hedge commodity input prices on grains and proteins. These derivative contracts are entered into for periods consistent with the related underlying exposures and do not constitute positions independent of those exposures. Generally, the Company economically hedges a portion of its anticipated consumption of commodity inputs for periods of up to 12 months. As of December 29, 2012, the Company had economically hedged certain portions of its anticipated consumption of commodity inputs using derivative instruments with expiration dates through July 2013.

The Company recognizes all derivative instruments as either assets or liabilities at fair value in the condensed consolidated balance sheets, with the exception of normal purchases and normal sales expected to result in physical delivery. The Company's derivative financial instruments have not been designated as hedging instruments for accounting purposes. The Company recognizes realized and unrealized gains and losses from derivatives used to economically hedge anticipated commodity consumption in other income (expense) on the condensed consolidated statement of operations.

The following table presents the fair value of all derivative instruments outstanding in the condensed consolidated balance sheets (in thousands):

	December 29, 2012		September 29, 2012	
	Other Current Assets	Other Current Liabilities	Other Current Assets	Other Current Liabilities
Derivatives not designated as hedging instruments:				
Commodity contracts	\$ 18	\$ 548	\$ 334	\$ 206
Total derivative instruments	\$ 18	\$ 548	\$ 334	\$ 206

The following table presents the effect of derivative instruments recorded in other income (expense) on the condensed consolidated statements of operations (in thousands):

Derivatives Not Designated as Hedging Instruments	Three Months Ended	
	December 29, 2012	December 24, 2011
Commodity contracts	\$ (805)	\$ (31)
Total derivative instruments	\$ (805)	\$ (31)

The following table presents the gross contract notional volume of outstanding derivative contracts:

Commodity	Metric	December 29, 2012	September 29, 2012
Corn	Bushels	1,449,000	400,000
Soy Meal	Tons	3,500	2,000

Table of Contents

4. Goodwill

The Company accounts for goodwill in accordance with ASC 350, "Intangibles – Goodwill and Other," 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. Based on the Company's annual analysis of goodwill performed during the fourth quarter of fiscal 2012, it concluded there was no impairment of goodwill during fiscal 2012.

5. Other Intangible Assets

The following table summarizes the components of gross and net acquired intangible assets:

	<u>Gross</u>	<u>Accumulated Amortization (in millions)</u>	<u>Impairment</u>	<u>Net Carrying Value</u>
December 29, 2012				
Marketing-related intangible assets – amortizable	\$ 12.3	\$ (7.7)	\$ 0	\$ 4.6
Marketing-related intangible assets – nonamortizable	59.6	0	(16.9)	42.7
Total	71.9	(7.7)	(16.9)	47.3
Customer-related intangible assets – amortizable	42.7	(16.0)	0	26.7
Other acquired intangible assets – amortizable	10.8	(7.0)	0	3.8
Other acquired intangible assets – nonamortizable	1.2	0	(1.2)	0
Total	12.0	(7.0)	(1.2)	3.8
Total other intangible assets	<u>\$126.6</u>	<u>\$ (30.7)</u>	<u>\$ (18.1)</u>	<u>\$ 77.8</u>
December 24, 2011				
Marketing-related intangible assets – amortizable	\$ 12.3	\$ (6.5)	\$ 0	\$ 5.8
Marketing-related intangible assets – nonamortizable	59.6	0	(16.9)	42.7
Total	71.9	(6.5)	(16.9)	48.5
Customer-related intangible assets – amortizable	42.7	(13.6)	0	29.1
Other acquired intangible assets – amortizable	10.8	(4.9)	0	5.9
Other acquired intangible assets – nonamortizable	1.2	0	(1.2)	0
Total	12.0	(4.9)	(1.2)	5.9
Total other intangible assets	<u>\$126.6</u>	<u>\$ (25.0)</u>	<u>\$ (18.1)</u>	<u>\$ 83.5</u>
September 29, 2012				
Marketing-related intangible assets – amortizable	\$ 12.3	\$ (7.5)	\$ 0	\$ 4.8
Marketing-related intangible assets – nonamortizable	59.6	0	(16.9)	42.7
Total	71.9	(7.5)	(16.9)	47.5
Customer-related intangible assets – amortizable	42.7	(15.4)	0	27.3
Other acquired intangible assets – amortizable	10.8	(6.7)	0	4.1
Other acquired intangible assets – nonamortizable	1.2	0	(1.2)	0
Total	12.0	(6.7)	(1.2)	4.1
Total other intangible assets	<u>\$126.6</u>	<u>\$ (29.6)</u>	<u>\$ (18.1)</u>	<u>\$ 78.9</u>

Table of Contents

Other intangible assets acquired include contract-based and technology-based intangible assets.

The Company evaluates long-lived assets, including amortizable and indefinite-lived intangible assets, for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. The Company evaluates indefinite-lived intangible assets on an annual basis. In fiscal 2012, the Company tested its indefinite-lived intangible assets and no impairment was indicated. Other factors indicating the carrying value of the Company's amortizable intangible assets may not be recoverable were not present in fiscal 2012 or during the three months ended December 29, 2012, and accordingly, no impairment testing was performed on these assets.

The Company is currently amortizing its acquired intangible assets with definite lives over periods ranging from 1 to 25 years; over weighted average remaining lives of seven years for marketing-related intangibles, 17 years for customer-related intangibles and five years for other acquired intangibles. Amortization expense for intangibles subject to amortization was approximately \$1.1 million for the three months ended December 29, 2012 and \$1.0 million for the three months ended December 24, 2011, and is classified within operating expenses in the condensed consolidated statements of operations. Estimated annual amortization expense related to acquired intangible assets in each of the succeeding five years is estimated to be approximately \$5 million per year from fiscal 2013 through fiscal 2017.

6. Long-Term Debt

Long-term debt consists of the following:

	December 29, 2012	December 24, 2011	September 29, 2012
	(in thousands)		
Senior subordinated notes, net of unamortized discount ⁽¹⁾ , interest at 8.25%, payable semi-annually, principal due March 2018	\$ 449,337	\$ 400,000	\$ 449,312
Revolving credit facility, interest at Alternate Base Rate plus a margin of 0.75% to 1.75%, or LIBOR plus a margin of 1.75% to 2.75%, final maturity June 2016	1,000	60,000	0
Other notes payable	418	674	502
Total	450,755	460,674	449,814
Less current portion	(309)	(328)	(331)
Long-term portion	<u>\$ 450,446</u>	<u>\$ 460,346</u>	<u>\$ 449,483</u>

(1) Represents unamortized original issue discount of \$663 and \$688 as of December 29, 2012 and September 29, 2012, respectively.

Senior Credit Facility

On June 8, 2011, the Company amended its \$275 million, five-year senior secured revolving credit facility (the "Credit Facility") included in its Amended and Restated Credit Agreement (the "Credit Agreement"). Under the modified terms, the Credit Facility has a borrowing capacity of \$375 million, an increase of \$100 million, and an extension of maturity date by approximately one year, to June 2016. The Credit Facility bears lower interest rates and commitment fees and requires less interest coverage. The Company continues to have the option to increase the size of the Credit Facility by an additional \$200 million of incremental term loans and/or revolving loans should it exercise its option and one or more lenders are willing to make such increased amounts available to it. There was \$1.0 million outstanding as of December 29, 2012 under the Credit Facility. There were no letters of credit outstanding under the Credit Facility as of December 29, 2012. There were other letters of credit of \$13.2 million outstanding as of December 29, 2012. As of December 29, 2012, there were \$374.0 million of unused commitments under the Credit Facility or, after giving effect to the financial covenants in the Credit Agreement, \$219.7 million of available unused commitments.

Interest on the amended Credit Facility is based, at the Company's option, on a rate equal to the Alternate Base Rate (ABR), which is the greatest of the prime rate, the Federal Funds rate plus 1/2 of 1% or one month LIBOR plus 1%, plus a margin, which fluctuates from 0.75% to 1.75%, or LIBOR plus a margin, which fluctuates from 1.75% to 2.75% and commitment fees that range from 0.30% to 0.50%, determined quarterly based on consolidated total debt to consolidated EBITDA for the most recent trailing 12-month period. As of December 29, 2012, the applicable interest rate on the Credit Facility related to alternate base rate borrowings was 5.0%, and the applicable interest rate related to LIBOR rate borrowings was 3.0%.

Table of Contents

The Credit Facility is guaranteed by the Company's material subsidiaries and is secured by the Company's assets, excluding real property but including substantially all of the capital stock of the Company's subsidiaries. The Credit Agreement contains certain financial and other covenants which require the Company to maintain minimum levels of interest coverage and maximum levels of senior 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 Credit Facility. Under the terms of the Company's Credit Facility, it may make restricted payments, including cash dividends and stock repurchases, in an aggregate amount initially not to exceed \$200 million over the life of the Credit Facility, subject to qualifications and baskets as defined in the Credit Agreement. As of December 29, 2012, the Company's Total Leverage Ratio, as defined in the Credit Agreement, was 4.1 to 1.0, and the Company's Senior Secured Leverage Ratio, as defined in the Credit Agreement with a maximum of 2.0 to 1.0, was 0.02 to 1.0. The Company's minimum Interest Coverage Ratio was reduced to 2.50 times, from 2.75 times as part of the modification of the Credit Facility. As of December 29, 2012, the Company's Interest Coverage ratio was 2.8 times. Apart from the covenants limiting restricted payments and capital expenditures, the Credit Facility does not restrict the use of retained earnings or net income. The Company was in compliance with all financial covenants as of December 29, 2012.

Senior Subordinated Notes and Debt Refinancing

On March 8, 2010, the Company issued \$400 million aggregate principal amount of 8.25% senior subordinated notes due March 1, 2018 (the "2018 Notes").

On February 8, 2012, the Company issued an additional \$50 million aggregate principal amount of its 2018 Notes at a price of 98.501%, plus accrued interest from September 1, 2011, in a private placement. The Company used the net proceeds from the offering to pay a portion of the outstanding balance under its Credit Facility.

The estimated fair value of our \$450 million of 2018 Notes as of December 29, 2012 was approximately \$481.5 million. The estimated fair value is based on quoted market prices for these notes.

The 2018 Notes require semiannual interest payments, which commenced on September 1, 2010. The 2018 Notes are unsecured senior subordinated obligations and are subordinated to all of our existing and future senior debt, including our Credit Facility. The obligations under the 2018 Notes are fully and unconditionally guaranteed on a senior subordinated basis by each of our existing and future domestic restricted subsidiaries with certain exceptions. The guarantees are general unsecured senior subordinated obligations of the guarantors and are subordinated to all existing and future senior debt of the guarantors.

The Company may redeem some or all of the 2018 Notes at any time prior to March 1, 2014 at the principal amount plus a "make whole" premium. The Company may redeem some or all of the 2018 Notes at any time on or after March 1, 2014 for 104.125%, after March 1, 2015 for 102.063% and after March 1, 2016 for 100%, plus accrued and unpaid interest. Additionally, at any time prior to March 1, 2013, the Company may redeem up to 35% of the 2018 Notes with any proceeds it received from certain equity offerings at a redemption price of 108.25% of the principal amount, plus accrued and unpaid interest. The holders of the 2018 Notes have the right to require the Company to repurchase all or a portion of the 2018 Notes at a purchase price equal to 101% of the principal amount of the notes repurchased, plus accrued and unpaid interest upon the occurrence of a change of control.

The 2018 Notes contain customary high yield covenants, including covenants limiting debt incurrence and restricted payments, subject to certain baskets and exceptions. The Company was in compliance with all financial covenants as of December 29, 2012.

[Table of Contents](#)

7. Supplemental Equity Information

The following table provides a summary of the changes in the carrying amounts of equity attributable to controlling interest and noncontrolling interest for the three months ended December 29, 2012 and December 24, 2011:

(in thousands)	Controlling Interest					Accumulated Other Comprehensive Income		Noncontrolling Interest	Total
	Common Stock	Class A Common Stock	Class B Stock	Additional Paid In Capital	Retained Earnings	Total	Total		
Balance September 29, 2012	\$ 122	\$ 347	\$ 16	\$382,195	\$ 79,718	\$ 1,539	\$463,937	\$ 946	\$464,883
Comprehensive loss					(15,269)	(42)	(15,311)	(78)	(15,389)
Stock based compensation				1,030			1,030		1,030
Restricted share activity				(96)			(96)		(96)
Issuance of common stock				412			412		412
Repurchase of common stock	0	0		0	0		0		0
Tax benefit on stock option exercise				74			74		74
Distribution to Noncontrolling interest								(629)	(629)
Other									
Balance December 29, 2012	<u>\$ 122</u>	<u>\$ 347</u>	<u>\$ 16</u>	<u>\$383,615</u>	<u>\$ 64,449</u>	<u>\$ 1,497</u>	<u>\$450,046</u>	<u>\$ 239</u>	<u>\$450,285</u>

(in thousands)	Controlling Interest					Accumulated Other Comprehensive Income		Noncontrolling Interest	Total
	Common Stock	Class A Common Stock	Class B Stock	Additional Paid In Capital	Retained Earnings	Total	Total		
Balance September 24, 2011	\$ 129	\$ 359	\$ 16	\$396,208	\$ 59,045	\$ 1,019	\$456,776	\$ 6	\$456,782
Comprehensive loss					(13,090)	91	(12,999)	(177)	(13,176)
Stock based compensation				1,326			1,326		1,326
Restricted share activity				(126)			(126)		(126)
Issuance of common stock			1	474			475		475
Repurchase of common stock	(6)	(19)		(20,358)	(500)		(20,883)		(20,883)
Tax benefit on stock option exercise				74			74		74
Other								(1)	(1)
Balance December 24, 2011	<u>\$ 123</u>	<u>\$ 341</u>	<u>\$ 16</u>	<u>\$377,598</u>	<u>\$ 45,455</u>	<u>\$ 1,110</u>	<u>\$424,643</u>	<u>\$ (172)</u>	<u>\$424,471</u>

8. Stock-Based Compensation

The Company recognized share-based compensation expense of \$1.6 million and \$1.9 million for the three month periods ended December 29, 2012 and December 24, 2011, respectively, as a component of selling, general and administrative expenses. The tax benefit associated with share-based compensation expense for the three month periods ended December 29, 2012 and December 24, 2011 was \$0.6 million and \$0.7 million, respectively.

9. Earnings Per Share

The potential effects of stock awards were excluded from the diluted earnings per share calculation for the three month periods ended December 29, 2012 and December 24, 2011 because their inclusion in a net loss period would be anti-dilutive to the earnings per share calculation.

[Table of Contents](#)**10. 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 Operating Decision Maker reviews the results of operations to make decisions regarding performance assessment and resource allocation. These operating segments are Pet segment and Garden segment and are presented in the table below (in thousands).

	Three Months Ended	
	December 29, 2012	December 24, 2011
Net sales:		
Pet segment	\$ 195,180	\$ 199,282
Garden segment	97,317	102,784
Total net sales	<u>\$ 292,497</u>	<u>\$ 302,066</u>
Income (loss) from operations:		
Pet segment	10,173	9,689
Garden segment	(8,536)	(11,085)
Corporate	(14,731)	(9,884)
Total loss from operations	<u>(13,094)</u>	<u>(11,280)</u>
Interest expense—net	(10,250)	(9,519)
Other expense	(981)	(114)
Income tax benefit	(8,978)	(7,646)
Loss including noncontrolling interest	<u>(15,347)</u>	<u>(13,267)</u>
Net loss attributable to noncontrolling interest	<u>(78)</u>	<u>(177)</u>
Net loss attributable to Central Garden & Pet Company	<u>\$ (15,269)</u>	<u>\$ (13,090)</u>
Depreciation and amortization:		
Pet segment	3,695	3,586
Garden segment	1,656	1,548
Corporate	2,665	2,310
Total depreciation and amortization	<u>\$ 8,016</u>	<u>\$ 7,444</u>
	December 29, 2012	September 29, 2012
Assets:		
Pet segment	419,537	411,059
Garden segment	362,770	341,716
Corporate	363,765	396,772
Total assets	<u>\$ 1,146,072</u>	<u>\$ 1,149,547</u>
Goodwill (included in corporate assets above):		
Pet segment	\$ 202,514	\$ 202,514
Garden segment	7,709	7,709
Total goodwill	<u>\$ 210,223</u>	<u>\$ 210,223</u>

[Table of Contents](#)

11. 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 \$450 million 8.25% Senior Subordinated Notes (the “Notes”) due March 1, 2018. 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.
 Four Paws Products Ltd.
 Gulfstream Home & Garden, Inc.
 Kaytee Products, Inc.
 Matson, LLC
 New England Pottery, LLC
 Pennington Seed, Inc. (including Gro Tec, Inc. and All-Glass Aquarium Co., Inc.)
 Pets International, Ltd.
 T.F.H. Publications, Inc.
 Wellmark International (including B2E Corporation and B2E Biotech LLC)

During the fourth quarter of fiscal 2012, the Company merged certain subsidiaries into the Parent. In the first three quarters of fiscal 2012, the following were included as Guarantor Subsidiaries because they were separate legal entities at that time:

Grant Laboratories, Inc.
 Interpet USA, LLC
 Matthews Redwood & Nursery Supply, Inc.

Fiscal 2013 financial results reflect these entities as part of the Parent. Fiscal 2012 financial results presented herein have been restated to reflect the current Guarantor Subsidiaries.

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.

CONSOLIDATING CONDENSED STATEMENT OF OPERATIONS
Three Months Ended December 29, 2012
 (in thousands)
 (unaudited)

	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$ 96,003	\$ 209,045	\$ (12,551)	\$ 292,497
Cost of products sold and occupancy	74,843	153,246	(12,551)	215,538
Gross profit	21,160	55,799	0	76,959
Selling, general and administrative expenses	28,519	61,534	0	90,053
Loss from operations	(7,359)	(5,735)	0	(13,094)
Interest – net	(10,299)	49	0	(10,250)
Other income (loss)	248	(1,229)	0	(981)
Loss before income taxes	(17,410)	(6,915)	0	(24,325)
Income tax benefit	(6,383)	(2,595)	0	(8,978)
Loss including noncontrolling interest	(11,027)	(4,320)	0	(15,347)
Loss attributable to noncontrolling interest	(78)	0	0	(78)
Loss attributable to Central Garden & Pet Company before equity in undistributed income of guarantor subsidiaries	(10,949)	(4,320)	0	(15,269)
Equity in undistributed income of guarantor subsidiaries	(4,320)	0	4,320	0
Net loss attributable to Central Garden & Pet Co.	<u>\$ (15,269)</u>	<u>\$ (4,320)</u>	<u>\$ 4,320</u>	<u>\$ (15,269)</u>

CONSOLIDATING CONDENSED STATEMENT OF OPERATIONS
Three Months Ended December 24, 2011
(in thousands)
(unaudited)

	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$ 101,913	\$ 214,424	\$ (14,271)	\$ 302,066
Cost of products sold and occupancy	78,735	156,864	(14,271)	221,328
Gross profit	23,178	57,560	0	80,738
Selling, general and administrative expenses	29,201	62,817	0	92,018
Loss from operations	(6,023)	(5,257)	0	(11,280)
Interest – net	(9,602)	83	0	(9,519)
Other income (loss)	709	(823)	0	(114)
Loss before income taxes	(14,916)	(5,997)	0	(20,913)
Income tax benefit	(5,444)	(2,202)	0	(7,646)
Loss including noncontrolling interest	(9,472)	(3,795)	0	(13,267)
Loss attributable to noncontrolling interest	(177)	0	0	(177)
Loss attributable to Central Garden & Pet Company before equity in undistributed income of guarantor subsidiaries	(9,295)	(3,795)	0	(13,090)
Equity in undistributed income of guarantor subsidiaries	(3,795)	0	3,795	0
Net loss attributable to Central Garden & Pet Co.	<u>\$ (13,090)</u>	<u>\$ (3,795)</u>	<u>\$ 3,795</u>	<u>\$ (13,090)</u>

CONSOLIDATING CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
Three Months Ended December 29, 2012
(in thousands)
(unaudited)

	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
Net loss	\$ (11,027)	\$ (4,320)	\$ 0	\$ (15,347)
Other comprehensive loss:				
Foreign currency translation	(42)	0	0	(42)
Total comprehensive loss	(11,069)	(4,320)	0	(15,389)
Comprehensive loss attributable to noncontrolling interests	(78)	0	0	(78)
Comprehensive loss attributable to Central Garden & Pet Company	<u>\$ (10,991)</u>	<u>\$ (4,320)</u>	<u>\$ 0</u>	<u>\$ (15,311)</u>

CONSOLIDATING CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
Three Months Ended December 24, 2011
(in thousands)
(unaudited)

	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
Net loss	\$ (9,472)	\$ (3,795)	\$ 0	\$ (13,267)
Other comprehensive income:				
Foreign currency translation	91	0	0	91
Total comprehensive loss	(9,381)	(3,795)	0	(13,176)
Comprehensive loss attributable to noncontrolling interests	(177)	0	0	(177)
Comprehensive loss attributable to Central Garden & Pet Company	<u>\$ (9,204)</u>	<u>\$ (3,795)</u>	<u>\$ 0</u>	<u>\$ (12,999)</u>

CONSOLIDATING CONDENSED BALANCE SHEET
December 29, 2012
(in thousands)
(unaudited)

	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	\$ 7,925	\$ 4,666	\$ 0	\$ 12,591
Short term investments	17,820	0	0	17,820
Accounts receivable, net	44,084	112,486	(5,803)	150,767
Inventories	129,785	267,940	0	397,725
Prepaid expenses and other assets	38,498	28,131	0	66,629
Total current assets	238,112	413,223	(5,803)	645,532
Land, buildings, improvements and equipment, net	82,899	109,587	0	192,486
Goodwill		210,223	0	210,223
Investment in guarantors	666,645	0	(666,645)	0
Deferred income taxes and other assets	54,445	43,386	0	97,831
Total	<u>\$ 1,042,101</u>	<u>\$ 776,419</u>	<u>\$ (672,448)</u>	<u>\$ 1,146,072</u>
LIABILITIES AND EQUITY				
Accounts payable	\$ 65,042	\$ 71,245	\$ (5,803)	\$ 130,484
Accrued expenses and other current liabilities	47,186	36,703	0	83,889
Total current liabilities	112,228	107,948	(5,803)	214,373
Long-term debt	450,374	72	0	450,446
Other long-term obligations	29,214	1,754	0	30,968
Shareholders' equity attributable to Central Garden & Pet Co.	450,046	666,645	(666,645)	450,046
Noncontrolling interest	239	0	0	239
Total equity	<u>450,285</u>	<u>666,645</u>	<u>(666,645)</u>	<u>450,285</u>
Total	<u>\$ 1,042,101</u>	<u>\$ 776,419</u>	<u>\$ (672,448)</u>	<u>\$ 1,146,072</u>

[Table of Contents](#)

CONSOLIDATING CONDENSED BALANCE SHEET
September 29, 2012
(in thousands)

	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	\$ 44,662	\$ 3,813	\$ 0	\$ 48,475
Short term investments	22,705	0	0	22,705
Accounts receivable, net	48,339	159,328	(5,245)	202,422
Inventories	97,017	233,015	0	330,032
Prepaid expenses and other assets	25,242	22,907	0	48,149
Total current assets	237,965	419,063	(5,245)	651,783
Land, buildings, improvements and equipment, net	81,727	109,436	0	191,163
Goodwill	0	210,223	0	210,223
Investment in guarantors	654,362	0	(654,362)	0
Other assets	54,910	41,468	0	96,378
Total	<u>\$ 1,028,964</u>	<u>\$ 780,190</u>	<u>\$ (659,607)</u>	<u>\$ 1,149,547</u>
LIABILITIES AND EQUITY				
Accounts payable	\$ 49,894	\$ 82,013	\$ (5,245)	\$ 126,662
Accrued expenses and other liabilities	38,673	41,149	0	79,822
Total current liabilities	88,567	123,162	(5,245)	206,484
Long-term debt	449,387	96	0	449,483
Other long-term obligations	26,127	2,570	0	28,697
Shareholders' equity attributable to Central Garden & Pet	463,937	654,362	(654,362)	463,937
Noncontrolling interest	946	0	0	946
Total equity	464,883	654,362	(654,362)	464,883
Total	<u>\$ 1,028,964</u>	<u>\$ 780,190</u>	<u>\$ (659,607)</u>	<u>\$ 1,149,547</u>

CONSOLIDATING CONDENSED BALANCE SHEET
December 24, 2011
(in thousands)
(unaudited)

	<u>Parent</u>	<u>Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS				
Cash and cash equivalents	\$ 7,730	\$ 2,559	\$ 0	\$ 10,289
Short term investments	17,820	0	0	17,820
Accounts receivable, net	45,519	98,548	(4,813)	139,254
Inventories	124,538	241,205	0	365,743
Prepaid expenses and other assets	35,823	26,791	0	62,614
Total current assets	231,430	369,103	(4,813)	595,720
Land, buildings, improvements and equipment, net	75,071	105,330	0	180,401
Goodwill	0	210,223	0	210,223
Investment in guarantors	633,623	0	(633,623)	0
Other assets	43,770	58,155	0	101,925
Total	<u>\$ 983,894</u>	<u>\$ 742,811</u>	<u>\$ (638,436)</u>	<u>\$ 1,088,269</u>
LIABILITIES AND EQUITY				
Accounts payable	\$ 45,011	\$ 81,811	\$ (4,813)	\$ 122,009
Accrued expenses and other liabilities	41,605	25,585	0	67,190
Total current liabilities	86,616	107,396	(4,813)	189,199
Long-term debt	460,226	120	0	460,346
Other long-term obligations	12,581	1,672	0	14,253
Shareholders' equity attributable to Central Garden & Pet	424,643	633,623	(633,623)	424,643
Noncontrolling interest	(172)	0	0	(172)
Total equity	424,471	633,623	(633,623)	424,471
Total	<u>\$ 983,894</u>	<u>\$ 742,811</u>	<u>\$ (638,436)</u>	<u>\$ 1,088,269</u>

CONSOLIDATING CONDENSED STATEMENT OF CASH FLOWS
Three Months Ended December 29, 2012
(in thousands)
(unaudited)

	<u>Parent</u>	<u>Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Net cash provided (used) by operating activities	\$ (25,358)	\$ (7,003)	\$ 4,320	\$ (28,041)
Additions to property and equipment	(4,142)	(3,883)	0	(8,025)
Proceeds from short term investments	4,885	0	0	4,885
Payment to acquire companies	0	(4,835)	0	(4,835)
Investment in guarantor subsidiaries	(12,283)	16,603	(4,320)	0
Net cash provided (used) by investing activities	(11,540)	7,885	(4,320)	(7,975)
Repayments of long-term debt	(55)	(29)	0	(84)
Borrowings under revolving line of credit	4,000	0	0	4,000
Repayments under revolving line of credit	(3,000)	0	0	(3,000)
Repurchase of common stock	(327)	0	0	(327)
Proceeds from issuance of common stock	97	0	0	97
Distribution to minority interest	(629)	0	0	(629)
Excess tax benefits from stock-based awards	74	0	0	74
Net cash provided (used) by financing activities	160	(29)	0	131
Effect of exchange rate changes on cash	1	0	0	1
Net increase (decrease) in cash and cash equivalents	(36,737)	853	0	(35,884)
Cash and cash equivalents at beginning of period	44,662	3,813	0	48,475
Cash and cash equivalents at end of period	<u>\$ 7,925</u>	<u>\$ 4,666</u>	<u>\$ 0</u>	<u>\$ 12,591</u>

CONSOLIDATING CONDENSED STATEMENT OF CASH FLOWS
Three Months Ended December 24, 2011
(in thousands)
(unaudited)

	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided (used) by operating activities	\$ (16,257)	\$ 15,941	\$ 3,795	\$ 3,479
Additions to property and equipment	(4,665)	(4,520)	0	(9,185)
Investment in guarantor subsidiaries	14,003	(10,208)	(3,795)	0
Net cash provided (used) by investing activities	9,338	(14,728)	(3,795)	(9,185)
Repayments of long-term debt	(59)	(32)	0	(91)
Borrowings under revolving line of credit	117,000	0	0	117,000
Repayments under revolving line of credit	(92,000)	0	0	(92,000)
Repurchase of common stock	(21,266)	0	0	(21,266)
Proceeds from issuance of common stock	192	0	0	192
Excess tax benefits from stock-based awards	74	0	0	74
Net cash used by financing activities	3,941	(32)	0	3,909
Effect of exchange rate changes on cash	75	(20)	0	55
Net increase (decrease) in cash and cash equivalents	(2,903)	1,161	0	(1,742)
Cash and cash equivalents at beginning of period	10,633	1,398	0	12,031
Cash and cash equivalents at end of period	<u>\$ 7,730</u>	<u>\$ 2,559</u>	<u>\$ 0</u>	<u>\$ 10,289</u>

12. Contingencies

The Company may from time to time become involved in certain legal proceedings in the ordinary course of business. Currently, the Company is not a party to any legal proceedings that management believes would have a material effect on the Company's financial position or results of operations.

The Company has experienced, and may in the future experience, issues with products that may lead to product liability, recalls, withdrawals, replacements of products, or regulatory actions by governmental authorities. Currently, the Company has not experienced any product liability, recalls, withdrawals or replacements of products that management believes would have a material adverse effect on the Company's financial position or results of operation.

[Table of Contents](#)

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

Our Company

Central Garden & Pet Company ("Central") 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 food and supplies industry is estimated to be approximately \$30 billion in annual retail sales. We estimate the annual retail sales of the pet supplies and super 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, which includes equipment, supplies and services, is estimated to be approximately \$21 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 \$6 billion. In addition, we participate in the pottery and seasonal décor markets.

Our pet supplies products include products for dogs and cats, including edible bones, premium healthy edible and non-edible chews, super premium dog and cat food and treats, 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™, Altosid, Aqueon®, Avoderm®, BioSpot®, Coralife®, Farnam®, Four Paws®, Interpet, Kaytee®, Kent Marine®, Nylabone®, Oceanic Systems®, Pet Select®, Pre-Strike®, Pinnacle®, 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®, Smart Seed® and The Rebels®.

In fiscal 2012, our consolidated net sales were \$1.7 billion, of which our Pet segment, or Pet, accounted for approximately \$931 million and our lawn and Garden segment, or Garden, accounted for approximately \$769 million. In fiscal 2012, our income from operations was \$74 million, of which the Pet segment accounted for \$88 million and the Garden segment accounted for \$40 million, before corporate expenses and eliminations of \$54 million. Fiscal 2013 will include one less week as compared to fiscal 2012. See Note 10 to our consolidated financial statements for financial information about our two operating segments.

We were incorporated in Delaware in June 1992 as the successor to a California corporation that was formed in 1955. Our executive offices are located at 1340 Treat Boulevard, Suite 600, Walnut Creek, California 94597, and our telephone number is (925) 948-4000. Our website is www.central.com. The information on our website is not incorporated by reference in this annual report.

Recent Developments

Fiscal 2013 First Quarter Financial Performance:

- Our net sales decreased \$9.6 million, or 3.2%, to \$292.5 million.
- Generally, we incur a net loss in the first quarter of our fiscal year due to the seasonality of our garden segment. Our net loss in the first quarter of fiscal 2013 was \$15.3 million, or \$0.32 per share, compared to \$13.1 million, or \$0.27 per share, in the first quarter of fiscal 2012.
- Gross margin decreased 40 basis points to 26.3%.
- Selling, general & administrative expenses increased as a percentage of net sales to 30.8% from 30.5% in the prior year quarter.

New Chief Executive Officer Announced— John R. Ranelli has been named President and Chief Executive Officer, effective at the Company's annual shareholder meeting to be held on February 11, 2013. Mr. Ranelli has been a member of the Board of Directors and a member of the Board's audit committee since 2010. He will remain on Central's Board. William E. Brown, Central's Chairman and Chief Executive Officer, will continue as Chairman.

[Table of Contents](#)

Results of Operations

**Three Months Ended December 29, 2012
Compared with Three Months Ended December 24, 2011**

Net Sales

Net sales for the three months ended December 29, 2012 decreased \$9.6 million, or 3.2%, to \$292.5 million from \$302.1 million for the three months ended December 24, 2011. Our branded product sales decreased \$7.0 million and sales of other manufacturers' products decreased \$2.6 million.

Pet segment net sales decreased \$4.1 million, or 2.1%, to \$195.2 million for the three months ended December 29, 2012 from \$199.3 million for the three months ended December 24, 2011. Pet branded product sales decreased \$2.4 million, due primarily to a sales decrease in our dog and cat category, and sales of other manufacturers' products decreased \$1.7 million. These decreases were primarily volume driven.

Garden segment net sales decreased \$5.5 million, or 5.4%, to \$97.3 million for the three months ended December 29, 2012 from \$102.8 million for the three months ended December 24, 2011. Garden branded product sales decreased \$4.6 million and sales of other manufacturers' products decreased \$0.9 million. The sales decrease in our garden branded products was due primarily to a \$4.4 million decrease in revenues, primarily winter seasonal products, and increased sales returns, of other garden supply products.

Gross Profit

Gross profit for the three months ended December 29, 2012 decreased \$3.8 million, or 4.7%, to \$77.0 million from \$80.7 million for the three months ended December 24, 2011. Gross margin declined from 26.7% for the three months ended December 24, 2011 to 26.3% for the three months ended December 29, 2012. Gross profit and gross margin decreased in both segments.

Gross margin in the pet segment was impacted primarily by the sales decrease and margin decrease in our dog and cat category which was impacted to some extent by Super Storm Sandy. Both gross profit and gross margin decreased in the Garden segment. Seasonal décor products were impacted by both increased sales returns and expenses and by reduced sales of our winter seasonal products.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased \$1.9 million, or 2.1%, to \$90.1 million for the three months ended December 29, 2012 from \$92.0 million for the three months ended December 24, 2011. As a percentage of net sales, selling, general and administrative expenses increased to 30.8% for the three months ended December 29, 2012, compared to 30.5% in the comparable prior year quarter. Selling and delivery expense decreased \$1.0 million, or 2.1%, to \$47.3 million for the three months ended December 29, 2012 from \$48.3 million for the three months ended December 24, 2011. The decrease was due primarily to decreased advertising and marketing program expense related to timing, which we expect to incur during the second quarter of fiscal 2013. Warehouse and administrative expense decreased \$0.9 million, or 2.1%, to \$42.8 million for the quarter ended December 29, 2012 from \$43.7 million in the quarter ended December 24, 2011 due primarily to a decrease in payroll related costs within our operating segments, partially offset by increased payroll related and insurance program costs at corporate.

Net Interest Expense

Net interest expense for the three months ended December 29, 2012 increased \$0.7 million, or 7.4%, to \$10.2 million from \$9.5 million for the three months ended December 24, 2011. Interest expense increased due primarily to a higher average interest rate in the quarter ended December 29, 2012. In February 2012, we issued an additional \$50 million aggregate principal amount of 8.25% senior subordinated notes due 2018 at a price of 98.501% of the principal amount of the notes and used the proceeds to pay down our revolving credit facility. The notes are part of a series of 8.25% senior subordinated notes due 2018 issued by the Company on March 8, 2010. Our average borrowing rate for the current quarter increased to 8.7% compared to 8.2% for the prior year quarter.

Debt outstanding on December 29, 2012 was \$450.8 million compared to \$460.7 million as of December 24, 2011.

Other Expense

Other expense increased \$0.9 million to \$1.0 million for the quarter ended December 29, 2012, from \$0.1 million for the quarter ended December 24, 2011. The increase was due primarily to realized and unrealized losses from derivative contracts used to economically hedge anticipated commodity purchases for use in our products.

Table of Contents

Income Taxes

Our effective income tax rate was 36.9% for the quarter ended December 29, 2012 and 36.6% for the quarter ended December 24, 2011. The income tax rate increase was due primarily to less available tax credits for use for the quarter ended December 29, 2012. We expect our effective income tax rate for fiscal 2013 to be similar to the fiscal 2012 rate.

Inflation

Our revenues and margins are dependent on various economic factors, including rates of inflation, energy costs, consumer attitudes toward discretionary spending, currency fluctuations, and other macro-economic factors which may impact levels of consumer spending. Historically, in certain fiscal periods, we have been adversely impacted by rising input costs related to domestic inflation, particularly relating to grain and seed prices, fuel prices and the ingredients used in our garden fertilizer and chemicals. Rising costs have made it difficult for us to increase prices to our retail customers at a pace sufficient to enable us to maintain margins.

In fiscal 2010, 2011 and 2012, our business was negatively impacted by low consumer confidence, as well as other macro-economic factors. In fiscal 2012, commodity costs continued to increase. We continue to monitor commodity prices in order to take action to mitigate the impact of increasing raw material costs.

Weather and Seasonality

Our sales of lawn and garden products are influenced by weather and climate conditions in the different markets we serve. Additionally, our garden segment's business is highly seasonal. In fiscal 2012, approximately 66% of our garden segment's net sales and 59% of our total net sales occurred during our second and third fiscal quarters. Substantially all of our garden segment's 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 internally generated funds, bank borrowings, supplier credit and sales of equity and debt securities to the public.

Our business is seasonal and our working capital requirements and capital resources have 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 66% of our garden segment's net sales occurring during the second and third fiscal quarters. This seasonality requires them to ship large quantities of their product well ahead of the peak consumer buying periods. To encourage retailers and 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 in operating activities increased \$31.5 million, from \$3.5 million of cash provided by operating activities for the three months ended December 24, 2011, to \$28.0 million of cash used in operating activities for the three months ended December 29, 2012. The increase in cash used in operating activities was due primarily to increases in our working capital accounts, specifically inventory. Inventory balances increased over the prior year as we built safety stock in anticipation of warehouse consolidations, as well as the launch of new product innovations in our garden business during the upcoming garden season.

Net cash used in investing activities decreased \$1.2 million, from \$9.2 million for the three months ended December 24, 2011 to \$8.0 million during the three months ended December 29, 2012. The decrease in cash used in investing activities was due primarily to decreases in capital expenditures in the current year relating to the conversion of our legacy systems to an enterprise-wide information technology platform. During the three months ended December 29, 2012, we received proceeds from the maturity of short term investments, which were offset by payments made related to the acquisition of FourStar Microbial Products, LLC (Four Star Microbial). In December 2012, the Company acquired the remaining majority interest in FourStar Microbial for approximately \$4.8 million in cash with possible contingent future performance-based payments. The Company has not yet finalized its allocation of the purchase price to the fair value of the net assets acquired. The operating results of FourStar Microbial had no impact on the consolidated financial statements and the purchase price paid is included in other assets on the condensed consolidated balance sheets. While the acquisition is not expected to have a material impact on the Company's 2013 financial results, it will enhance its capability to service professional providers of mosquito abatement.

Table of Contents

Net cash provided by financing activities decreased \$3.8 million, from \$3.9 million of cash provided by financing activities for the three months ended December 24, 2011, to \$0.1 million of cash provided by financing activities for the three months ended December 29, 2012. The decrease in cash provided was due to lower net borrowings under our revolving credit facility during the three months ended December 29, 2012 as compared to the three months ended December 24, 2011. The higher net borrowings during the three months ended December 24, 2011 were partially offset by \$20.9 million of share repurchases. There were no repurchases made during the quarter ended December 29, 2012.

We expect that our principal sources of funds will be cash generated from our operations and, if necessary, borrowings under our \$375 million revolving credit facility. Based on our anticipated cash needs, availability under our revolving credit facility and the scheduled maturity of our debt, we believe that our sources of liquidity should be adequate to meet our working capital, capital spending and other cash needs for at least the next 12 months. However, we cannot assure you that these sources will continue to provide us with sufficient liquidity and, should we require it, that we will be able to obtain financing on terms satisfactory to us, or at all.

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 \$40 million during fiscal 2013, which are related primarily to replacements and upgrades to plant 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, support future growth and enable us to take advantage of new applications and technologies. We have invested approximately \$78.5 million from fiscal 2005 through fiscal 2012 in this initiative and plan to invest up to an additional \$11.0 million in fiscal 2013 for planned implementations. Capital expenditures for 2013 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.

Stock Repurchases

During the three months ended December 29, 2012, we did not repurchase any shares of stock. During the third quarter of fiscal 2011, our Board of Directors authorized a new \$100 million share repurchase program, under which approximately \$52 million is available for repurchases in fiscal 2013 and thereafter.

Senior Credit Facility

On June 8, 2011, we amended our \$275 million, five-year senior secured revolving credit facility (the "Credit Facility") included in our Amended and Restated Credit Agreement (the "Credit Agreement"). Under the modified terms, the Credit Facility has a borrowing capacity of \$375 million, an increase of \$100 million, and a maturity date of June 2016. The Credit Facility bears lower interest rates and commitment fees and requires less interest coverage. We continue to have the option to increase the size of the Credit Facility by an additional \$200 million of incremental term loans and/or revolving loans should we exercise our option and one or more lenders are willing to make such increased amounts available to us. There was \$1.0 million outstanding as of December 29, 2012 under the Credit Facility. There were no letters of credit outstanding under the Credit Facility as of December 29, 2012. There were other letters of credit of \$13.2 million outstanding as of December 29, 2012. As of December 29, 2012, there were \$374.0 million of unused commitments under the Credit Facility or, after giving effect to the financial covenants in the Credit Agreement, \$219.7 million of available unused commitments.

Interest on the amended Credit Facility is based, at our option, on a rate equal to the Alternate Base Rate (ABR), which is the greatest of the prime rate, the Federal Funds rate plus 1/2 of 1% or one month LIBOR plus 1%, plus a margin, which fluctuates from 0.75% to 1.75%, or LIBOR plus a margin, which fluctuates from 1.75% to 2.75% and commitment fees that range from 0.30% to 0.50%, determined quarterly based on consolidated total debt to consolidated EBITDA for the most recent trailing 12-month period. As of December 29, 2012, the applicable interest rate on the Credit Facility related to alternate base rate borrowings was 5.0%, and the applicable interest rate related to LIBOR rate borrowings was 3.0%.

The Credit Facility is guaranteed by our material subsidiaries and is secured by our assets, excluding real property but including substantially all of the capital stock of our subsidiaries. The Credit Agreement contains certain financial and other covenants which

Table of Contents

require us to maintain minimum levels of interest coverage and maximum levels of senior 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 Credit Facility. Under the terms of our Credit Facility, we may make restricted payments, including cash dividends and stock repurchases, in an aggregate amount initially not to exceed \$200 million over the life of the Credit Facility, subject to qualifications and baskets as defined in the Credit Agreement. As of December 29, 2012, our Total Leverage Ratio, as defined in the Credit Agreement, was 4.1 to 1.0, and our Senior Secured Leverage Ratio, as defined in the Credit Agreement with a maximum of 2.0 to 1.0, was 0.02 to 1.0. Our minimum Interest Coverage Ratio was reduced to 2.50 times, from 2.75 times as part of the modification of the Credit Facility. As of December 29, 2012, our Interest Coverage ratio was 2.8 times. Apart from the covenants limiting restricted payments and capital expenditures, the Credit Facility does not restrict the use of retained earnings or net income. We were in compliance with all financial covenants as of December 29, 2012.

Senior Subordinated Notes

On March 8, 2010, we issued \$400 million aggregate principal amount of 8.25% senior subordinated notes due March 1, 2018 (the “2018 Notes”).

On February 13, 2012, we issued an additional \$50 million aggregate principal amount of our 2018 Notes at a price of 98.501%, plus accrued interest from September 1, 2011, in a private placement. We used the net proceeds from the offering to pay a portion of the outstanding balance under our Credit Facility.

The estimated fair value of our \$450 million of 2018 Notes as of December 29, 2012 was approximately \$481.5 million. The estimated fair value is based on quoted market prices for these notes.

The 2018 Notes require semiannual interest payments, which commenced on September 1, 2010. The 2018 Notes are unsecured senior subordinated obligations and are subordinated to all of our existing and future senior debt, including our Credit Facility. The obligations under the 2018 Notes are fully and unconditionally guaranteed on a senior subordinated basis by each of our existing and future domestic restricted subsidiaries with certain exceptions. The guarantees are general unsecured senior subordinated obligations of the guarantors and are subordinated to all existing and future senior debt of the guarantors.

We may redeem some or all of the 2018 Notes at any time prior to March 1, 2014 at the principal amount plus a “make whole” premium. We may redeem some or all of the 2018 Notes at any time on or after March 1, 2014 for 104.125%, after March 1, 2015 for 102.063% and after March 1, 2016 for 100%, plus accrued and unpaid interest. Additionally, at any time prior to March 1, 2013, we may redeem up to 35% of the 2018 Notes with any proceeds we receive from certain equity offerings at a redemption price of 108.25% of the principal amount, plus accrued and unpaid interest. The holders of the 2018 Notes have the right to require us to repurchase all or a portion of the 2018 Notes at a purchase price equal to 101% of the principal amount of the notes repurchased, plus accrued and unpaid interest upon the occurrence of a change of control.

The 2018 Notes contain customary high yield covenants, including covenants limiting debt incurrence and restricted payments, subject to certain baskets and exceptions. We were in compliance with all financial covenants as of September 29, 2012.

At December 29, 2012, our total debt outstanding was \$450.8 million, as compared with \$460.7 million at December 24, 2011.

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 29, 2012 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 29, 2012.

New Accounting Pronouncements

Refer to Footnote 1 in the notes to the condensed consolidated financial statements for new accounting pronouncements.

[Table of Contents](#)

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 29, 2012.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no material change in our exposure to market risk from that discussed in our Annual Report on Form 10-K for the fiscal year ended September 29, 2012.

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 December 29, 2012.

(b) *Changes in Internal Control Over Financial Reporting.* Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated whether any change in our internal control over financial reporting occurred during the first quarter of fiscal 2013. Based on that evaluation, management concluded that there has been no change in our internal control over financial reporting during the first quarter of fiscal 2013 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are involved in certain legal proceedings in the ordinary course of business. Currently, we are not a party to any legal proceedings that management believes would have a material 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 29, 2012.

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 December 29, 2012 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>
September 30, 2012 – November 3, 2012	9,531 ⁽²⁾	\$ 12.08	0	\$ 51,595,000
November 4, 2012 – December 1, 2012	5,397 ⁽²⁾	\$ 11.35	0	\$ 0
December 2, 2012 – December 29, 2012	4,362 ⁽²⁾	\$ 10.70	0	\$ 0
Total	19,290	\$ 11.57	0	\$ 51,595,000

Table of Contents

- (1) During the third quarter of fiscal 2011, our Board of Directors authorized a new \$100 million share repurchase program. The program has no expiration date and expires when the amount authorized has been used or the Board withdraws its authorization. The repurchase of shares may be limited by certain financial covenants in our credit facility and indenture that restrict our ability to repurchase our stock.
- (2) Shares purchased during the period indicated represent withholding of a portion of shares to cover taxes in connection with the vesting of restricted stock and the exercise of stock options.

Item 3. Defaults Upon Senior Securities

Not applicable

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

Not applicable

Item 6. Exhibits

10.1*	Amendment of Employment Agreement and Non-Competition Agreement between the Company and Brooks M. Pennington III, dated March 30, 2012.
10.2*	Consulting Services Agreement between the Company and Gus Halas, dated January 15, 2013.
10.3*	Employment Agreement between the Company and John Ranelli, dated January 9, 2013.
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.
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document

* Management contract or compensatory plan or arrangement.

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: February 7, 2013

/s/ WILLIAM E. BROWN

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

/S/ LORI A. VARLAS

Lori A. Varlas
Chief Financial Officer
(Principal Financial Officer)



Corporate Office
1340 Treat Blvd, Suite 600
Walnut Creek, CA 94597
Fax (925) 287-0601
(925) 948-4000

To: Sonny Pennington

FROM: Bill Brown

DATE: March 30, 2012

RE: Modification and Extension of February 27, 1998 Employment Agreement and Non-Competition Agreement, as amended June 2, 2003, April 10, 2006 and July 1, 2008 (this "Amendment")

Dear Sonny:

Per our recent discussions, this Amendment modifies and extends your February 27, 1998 Employment Agreement, as amended June 2, 2003, April 10, 2006 and July 1, 2008 (as amended, the "Employment Agreement") and your February 27, 1998 Non-Competition Agreement, as amended June 2, 2003, April 10, 2006 and July 1, 2008 (as amended, the "Non-Competition Agreement"), as follows:

- 1) During the period from March 1, 2012 through February 28, 2014 (the "Term"), you will continue in your role as "Director of Special Projects" for the Corporate Division of Central Garden & Pet Company (the "Company"); provided, however that the Company may terminate your employment upon ninety (90) days' written notice. In the event of such termination, you shall be entitled to twelve (12) months' severance payments. You may terminate the employment relationship upon ninety (90) days notice.
- 2) Effective as of March 1, 2012, your base salary will be \$112,000 annually. You will be expected to work a maximum of 650 hours per year (including travel time and Board Meeting time and shall not be required to relocate or commute on a regular basis from Madison, GA).
- 3) The Non-Competition Agreement will terminate two years after the end of your employment with the Company.
- 4) This Amendment will be governed and construed in accordance with the laws of the State of Georgia.
- 5) Except as herein modified (or modified by the June 2, 2003 amendment or the April 10, 2006 amendment, or the July 1, 2008 amendment), the terms and provisions of the Employment Agreement and Non-Competition Agreement will remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment on the date first written above.

/s/ William E. Brown

William E. Brown

/s/ Brooks M. Pennington, III

Brooks M. Pennington, III

Chairman & Chief Executive Officer
Central Garden & Pet Company

Attachments: Modification and Extension of February 27, 1998 Employment Agreement and
 Non-Compete Agreement, dated July 1, 2008
 Modification and Extension of February 27, 1998 Employment Agreement and
 Non-Compete Agreement, dated April 10, 2006
 Modification and Extension of February 27, 1998 Employment Agreement and
 Non-Compete Agreement, effective June 2, 2003
 Employment Agreement dated February 27, 1998
 Non-Competition Agreement dated February 27, 1998

CONSULTING SERVICES AGREEMENT

This Consulting Services Agreement ("Agreement") is made and entered as of January 15, 2013, by and between Central Garden & Pet Company, a Delaware corporation ("Company") and Gus Halas ("Consultant").

WHEREAS, Consultant is a senior executive of Company and Company wishes to have the option to transition Consultant to a multi-year consulting relationship.

NOW, THEREFORE, Company and Consultant hereby agree as follows:

1. TERM OF AGREEMENT. This Agreement shall become effective on the date the Company provides written notice (the "Transition Period Notice") that the existing Employment Agreement between the parties effective as of April 15, 2011 is to be replaced and superseded by this Agreement (the "Effective Date") and shall continue in effect for a period of 57 months thereafter unless sooner terminated as provided in Section 14 hereof.

2. SERVICES. The services to be provided to Company by Consultant shall consist of the following generally described services as well as such additional services agreed to by the parties in writing from time to time, all of which services are referred to in this Agreement as the "Services":

Consultant shall perform advisory and strategic services at the direction of the Chief Executive Officer of the Company regarding the operations of the Company and its subsidiaries and affiliates that may arise from time to time during the Term of this Agreement as may be delegated to Consultant by the Chief Executive Officer of the Company. Consultant shall devote an average of three (3) days per week to the performance of the Services hereunder during the initial twenty-four (24) months of this Agreement (the "Initial Term") and an average of up to ten (10) hours per month during the remaining months of this Agreement (the Remaining Term"). Consultant will determine the method, details, and means of performing the Services. Consultant shall not retain, hire or otherwise engage any person or entity in any capacity to perform any of the Services to be provided hereunder and acknowledges that this Agreement is a personal services contract which contemplates that Consultant alone will render the Services to be provided pursuant to this Agreement.

3. RECORDS. Consultant shall keep accurate records of all work done in connection with the Services and shall turn such records over to Company upon termination of this Agreement. All such material shall be owned by Company and Company shall have all right, title, and interest thereto.

4. OTHER WORK. During the Term of this Agreement, Consultant may render consulting services to others provided that the rendering of such services does not violate or conflict with Consultant's duties or obligations hereunder. During the Term of this Agreement, Consultant shall not continue, undertake, or acquire any interest as an employee, officer, director,

agent, vendor, independent contractor, temporary worker or consultant of any existing or potential competitor of Company in any of Company's lines of business, including without limitation lawn, garden, animal health, nutrition or pet related products, or which would otherwise conflict with his obligations to the Company, without prior written approval of the Chief Executive Officer of the Company, which approval the Company may withhold in its sole and absolute discretion.

5. COMPENSATION. In consideration of the satisfactory performance of the Services, Company shall pay Consultant on a straight time basis the sum of \$95,881 per month during the Initial Term and \$19,567 per month during the Remaining Term. Consultant shall also be entitled to participate in the Company's health and medical insurance plans during the term of this Agreement or the Company shall pay for equivalent coverages if participation in the Company's plans becomes unavailable.

6. EXPENSES. Company shall reimburse Consultant for Consultant's reasonable and necessary out-of-pocket expenses incurred during the course of Consultant's performance of the Services, the general categories of which shall be discussed with and approved by the Chief Executive Officer of the Company. Consultant will submit all claimed expense reimbursements on Consultant's monthly invoices together with written evidence thereof in the form of receipts or other written documentation, satisfactory to the Company in the reasonable exercise of its discretion. Expense reimbursement shall be included in the IRS Form 1099 issued to Consultant and reported to the IRS annually.

7. STOCK OPTIONS. During the term of this Agreement, all stock options previously granted to Consultant pursuant to the separate Central Garden & Pet Company 2003 Omnibus Equity Incentive Plan Performance-Based Nonqualified Stock Option Agreements and Central Garden & Pet Company 2003 Omnibus Equity Incentive Plan Nonqualified Stock Option Agreements shall continue to vest in the same manner as if Consultant were an employee.

8. COMPANY REPRESENTATIVE. Company from time to time shall designate one or more representatives (collectively, the "Company Representative") for the purpose of coordinating Consultant's performance of the Services. As of the Effective Date of this Agreement, the Company Representative is the Chief Executive Officer of the Company. The Company Representative shall not exercise day to day supervision of Consultant during the course of Consultant's performance of the Services but shall be available to Consultant for consultation or advice. The Company Representative shall have reasonable access to Consultant at all reasonable times. When approval or authorization from Company is required hereunder by Consultant with respect to any aspect of the Services from time to time, such communication shall be directed to the Company Representative.

9. INDEPENDENT CONTRACTOR STATUS. Company is engaging Consultant as an Independent Contractor, not as a company employee. To induce company to so engage consultant and knowing that Company is relying thereon, Consultant represents and warrants the following to Company:

(a) No Employment Relationship; Status; Authority. Consultant is an independent contractor and not an employee of Company. Consultant is not and shall not be

eligible to receive any employment benefits designated for Company employees, including, without limitation paid vacation, paid holidays, , retirement benefits, or any other Company employee benefit (other than health insurance). Consultant is not authorized to act on behalf of Company except as specifically set forth in this Agreement and at the general direction of the Company Representative. Consultant shall not enter into contracts or agreements on behalf of Company or otherwise purport to create obligations of Company to third parties. Consultant shall not represent himself or herself as an employee of Company to any third parties.

(b) Federal, State and Local Taxes. Consultant acknowledges that no federal, state or local taxes of any kind will be withheld or paid by Company on behalf of Consultant. Consultant is solely responsible for all proper federal, state and social security tax payments and agrees to file any and all required returns and forms. Consultant shall indemnify, defend, and hold Company harmless from and against any and all third party claims, damages, losses and liabilities threatened or imposed against Company for tax payments and similar liabilities arising from the Services provided by Consultant or otherwise.

10. INDEMNIFICATION. Consultant shall indemnify, defend, and hold Company harmless from and against any and all third party claims, damages, losses and liabilities (collectively, "Claims") threatened or imposed against Company arising from any act or omission of Consultant performed negligently or outside the scope of his duties under this Agreement, including all Claims relating to the injury or death of any person or damage to any property or infringement by Consultant of any third party's rights. Company shall indemnify, defend and hold Consultant harmless from and against any and all third party claims, damages, losses and liabilities (collectively "Claims") threatened or imposed against Consultant arising from the Company's actions or omissions or any non-negligent act or omission of Consultant performed within the scope of his duties and responsibilities under this Agreement, including all Claims relating to the injury or death of any person or damage to any property or infringement by Company of any third party's rights.

11. CONFIDENTIALITY. During the Term of Agreement, Consultant will have access to the Company's confidential, proprietary and trade secret information and strategy relating to the Company's products and services including, but not limited to, 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/forecasts and marketing/sales forecasts (collectively called "Company Confidential Information"). Consultant acknowledges that any and all such Company Confidential Information is proprietary, unique and commercially sensitive in nature and has been developed over time and reflects a substantial investment by the Company or its related or subsidiary business entities that derive economic value from such information. Consultant acknowledges that the Company and its related and subsidiary business entities have maintained secrecy concerning such Company Confidential Information; that such confidential and proprietary information is not a matter of public or general knowledge in the industry or in the public domain and that absent having acquired knowledge of such confidential and proprietary information during his consultancy, Consultant could not otherwise have discovered such confidential or proprietary information. Consultant will not, during the Term of this Agreement or thereafter, directly or indirectly disclose or otherwise make known to any other person or entity (without prior written approval by the Company Representative), or use for

his own benefit or for the benefit of others besides the Company, any Company Confidential Information. Upon termination of this Agreement, Consultant agrees to promptly return all Company Confidential Information, including, without limitation, any and all writings, records, journals, calendars, data, computer data or programs, drawings, samples, prototype models or photographs, and all copies and extracts and summaries thereof, which describe or depict, consist of, contain or record any Confidential Information. Consultant will not at any time either during or following the Term of this Agreement directly or indirectly disclose to anyone or use, reproduce or publish any Company Confidential Information.

12. INSIDER TRADING COMPLIANCE. Consultant acknowledges that prior to the date of this Agreement, he has received, read and understands the provisions of Company's written Insider Trading Compliance Program, amended as of November 20, 2007 together with Attachment A setting forth Company's Insider Trading Policy, Attachment B (which Consultant agrees to execute acknowledging his receipt of the Insider Trading Compliance Program materials) and Attachments C and D, updated as of May 12, 2008 and May 5, 2009 respectively, copies of which are attached hereto as Exhibit B. Consultant acknowledges that he is an individual who has already had prior to the date hereof and who will continue to have regular access to material nonpublic information about Company and that he will be listed as such on Attachment D. Consultant represents and warrants to Company that he has not and during the Term of his consultancy and thereafter will not violate the provisions of Section 1 (Trading on Material Nonpublic Information), Section 2 (tipping) and Section 3 (Confidentiality of Nonpublic Information) and that he has made himself aware of the Trading Guidelines set forth in the Insider Trading Policy and the civil liabilities and criminal penalties that apply to violations of the Securities and Exchange Act of 1934, as amended, by persons deemed to be insiders thereunder.

13. INTELLECTUAL PROPERTY RIGHTS. For purposes of this Agreement, the following terms shall have the following meanings:

(a) "Invention(s)" means tangible and intangible discoveries, designs, improvements, developments, concepts, ideas, trademarks, trade names, works, copyrights and other intellectual property rights, whether or not they may be patented, registered, or copyrighted which relate in any way directly or indirectly to (i) the Services provided to Company by Consultant, or (ii) Company's business, including without limitation Company's Proprietary Information, in any case made in anticipation of, during, or after the engagement of Consultant under this Agreement, whether by Consultant individually or jointly with others.

(b) "Proprietary Information" means all information relating to Company's business and affairs, including without limitation, research and development activities undertaken by or on behalf of the Company or any of its subsidiaries and affiliates, which is or might be deemed to constitute Confidential Information by Company, including without limitation all Inventions, equipment, products, product development, records, research, research projects, computer program, scientific, technical, or business or financial information, scientific or production technique, specification, data, technology, test procedure or result, trade secret, know-how, process, future plan, merchandising or selling plans or programs, customer lists, market studies, cost or price studies, personnel information, acquisition plans or similar business information contributed to, developed by, disclosed to or known by Consultant by reason of his consultancy.

(c) All Inventions made or conceived by Consultant are the sole and exclusive property of Company, and Consultant hereby irrevocably assigns all right, title, and interest in and to all Inventions to Company. Consultant shall promptly disclose all Inventions to Company. Consultant shall cooperate with Company at Company's expense in connection with Company's efforts to patent, copyright, trademark, or otherwise register or perfect Company's rights in and to Inventions, including without limitation execution of documents and other instruments related thereto, and for purposes thereof Consultant hereby irrevocably appoints Company as Consultant's attorney-in-fact to execute documents and instruments on behalf of Consultant.

14. TERMINATION. Consultant may terminate this Agreement at any time for any reason upon not less than sixty (60) days prior written notice to Company. Upon termination for any reason, Consultant shall be paid for Services completed through the termination date and reimbursed for approved expenses incurred through the termination date, subject to deduction and set-off of amounts owed to Company by Consultant and subject to resolution of any disputed amounts invoiced to Company by Consultant. Consultant shall not be paid for Services performed or expenses incurred following Consultant's receipt of notice of termination unless otherwise agreed in writing by Consultant and the Company Representative.

(a) Termination in the Event of Default of Consultant. Should Consultant default in the performance of this Agreement or materially breach any of its provisions and fail to cure such default or breach within thirty (30) days of receipt of written notice from the Company of such default or breach, Company may, at its option, immediately terminate this Agreement upon written notice to Consultant. For the purposes of this Section 14, material breach of this Agreement shall include but not be limited to (i) any disparagement of the Company (including its Officers and Directors) or failure by Consultant to perform the Services to the reasonable satisfaction of the Company or (ii) failure to comply with the provisions of Sections 11, 12, or 13 of this Agreement and the Exhibits and Attachments related thereto. This Agreement shall also terminate immediately upon the death of Consultant as of the last day of the month in which death occurs.

(b) Survival of Certain provisions. Consultant understands that Consultant's obligations under Sections 3,7, 9(b), 10, 11, 12, 13, 14(b), 15, 16, 17 and 21 shall continue and remain in full force and effect, whether or not this Agreement is terminated voluntarily or involuntarily, with or without cause or for any reason whatsoever.

15. RETURN OF MATERIAL. Upon termination of Consultant's engagement by the Company, Consultant shall immediately return to the Company any and all property, files, records or other documents (collectively, "Material") belonging to the Company which is in Consultant's possession or control.

16. PROTECTION OF COMPANY'S BUSINESS. To the full extent permitted by law, for a period of one (1) year after termination of this Agreement, Consultant shall not, directly or indirectly, for himself or for the benefit of any other person or entity, (1) recruit,

solicit or induce, or attempt to recruit, solicit or induce, any employee or consultant of the Company to terminate his or her employment or consulting arrangement with the Company or otherwise cease his or her relationship with the Company; (2) solicit or service, directly or indirectly, any customer Consultant solicited or serviced while in the employ or service of the Company or any customer for which he acquired Company Confidential Information or for which he developed business relations on behalf of the Company; (3) interfere with the business of Company by inducing a vendor or supplier, or potential vendor or supplier, of Company to sever, or not to enter into, a relationship with Company; or (4) become employed by 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 in the geographic markets for which he acquired Company Confidential Information about the Company's customers or strategies or for which he developed or assisted in sustaining business relations on behalf of the Company or for which he had responsibility while Consulting to the Company or which would otherwise conflict with his obligations to the Company. The provisions of this Section 16 shall apply and be enforceable only in those jurisdictions where restrictions such as contained in these provisions are enforceable.

17. EQUITABLE RELIEF. Consultant understands that the restrictions contained in Sections 4, 11, 12 and 16 of this Agreement are necessary and reasonable for the protection of the Company's business, goodwill and its Company Confidential Information. Consultant understands that any breach of this Agreement will cause the Company substantial and irreparable damage and therefore, in the event of any such breach, in addition to such other remedies which may be available to Company, Consultant acknowledges and agrees that Company shall have the right to seek specific performance and injunctive relief.

18. ENTIRE AGREEMENT. Except as provided below, this Agreement and the Exhibits and attachments hereto constitute the entire agreement between the parties regarding the subjects covered herein and expressly supersedes and replaces the Employment Agreement between the parties effective as of April 15, 2011. No other agreement, understanding, or promise other than those contained in this Agreement is part of the agreement of the parties. Notwithstanding the above, nothing herein shall modify or negate any existing stock option or restricted stock agreement between the parties.

19. NO ASSIGNMENT BY CONSULTANT. Performance of the Services are the personal responsibility of Consultant. Consultant may not assign, transfer, or sub-contract all or any portion of this Agreement or the Services without Company's prior written consent in the sole discretion of the Company Representative.

20. SEVERABILITY. If any provision of the Agreement is determined to be invalid by a court or government agency of competent jurisdiction, such provision shall be deemed modified to reflect the intent of the parties with respect to such provision to the maximum extent permitted by law. Any such determination or modification shall not affect the enforceability of any other provision of this Agreement.

21. GOVERNING LAW. This Agreement shall be construed and enforced under and governed by the internal laws of the State of California without reference to its conflict of law provisions and without application of rules favoring the non-drafting party.

22. HEADINGS; REFERENCES. The headings of the Sections and Subsections of this Agreement are inserted for convenience of reference only and do not have any independent meaning nor do they constitute a part of this Agreement.

23. NOTICES. Any and all notices or other communications or deliveries required or permitted to be given or made pursuant to any of the provisions of this Agreement shall be deemed to have been duly given or made for all purposes (i) if hand delivered, on the day delivered; (ii) if sent by a nationally recognized overnight courier, on the next business day after it is sent; (iii) if sent by telephone facsimile transmission during normal business hours on a business day (with prompt oral confirmation of receipt); or (iv) if mailed by first-class mail, postage prepaid and return receipt requested, on the third (3rd) day after depositing in the mail, if to Consultant to the address set forth below and if to Company to the address set forth below, or to such other address as such party has designated by notice so given to the other party:

If to Company: Central Garden & Pet Company
1340 Treat Boulevard; Suite 600
Walnut Creek, CA 94597
Attn: William E. Brown, CEO
Fax: (925) 947-0450

with a copy to: Central Garden & Pet Company
1340 Treat Boulevard; Suite 600
Walnut Creek, CA 94597
Attn: Vice President, Human Resources
Fax: (925) 947-0450

If to Consultant Gus Halas
[Address]
Fax: []

24. COUNTERPARTS AND EXECUTION COPIES. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. Duly executed originals of this Agreement may be delivered by fax transmission or by electronic transmission (email) in pdf format and in such event, such fax or pdf transmittals shall constitute an original for purposes of delivery and enforcement.

25. COURSE OF CONDUCT AND WAIVER. Neither course of conduct nor any waiver by Company with respect to a default or breach of any provision of this Agreement by Consultant shall constitute or be construed as a modification of this Agreement or as a waiver of any subsequent default or breach.

IN WITNESS WHEREOF the parties have duly executed this Agreement as of the Effective Date.

COMPANY:

CENTRAL GARDEN & PET COMPANY
a Delaware corporation

By: /s/ William E. Brown
Name: William E. Brown
Its: Chief Executive Officer

CONSULTANT:

/s/ Gus Halas
Name: Gus Halas

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement"), made this 9th day of January, 2013 is entered into by Central Garden & Pet Company ("the Company") and John Ranelli ("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 February 11, 2013 ("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 and Chief Executive Officer of the Company. He shall perform those duties and responsibilities consistent with such position that are assigned to him by the Board of Directors 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. Notwithstanding anything else herein contained, Executive shall be permitted to continue to be a member of the board of directors of Woolrich, or the board of another Company of his choosing not competitive with the Company.
5. **Salary:** The Company will pay Executive an annualized base salary of \$673,000 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 seventy five percent (75%) 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 Board of Directors. The award and amount of any such bonus shall be in the discretion of the Company. During the initial year of Executive's employment, at a minimum, a prorated portion of the target bonus amount measured by the portion of the fiscal year during which Executive is employed by the Company will be deemed earned so long as Executive remains employed by the Company through that time.

7. **Options:** Executive will be granted non-qualified Stock Options to purchase shares of Company Common Stock (CENT) at fair market value on the date of grant. The number of shares subject to such grant shall be determined so that the Black Scholes value of the grant shall be equal to one million dollars. At the election of Executive, and subject to approval by the Compensation Committee of the Board of Directors, all or any portion of such grant may be in the form of premium priced options provided that the aggregate Black Scholes value of the grant shall not exceed one million dollars. These options shall vest over a five (5) year period at a rate of twenty percent (20%) per year. The options shall expire six years from the issue date. The right to exercise the options shall be consistent with the terms of the Central Garden & Pet Company 2003 Omnibus Equity Incentive Plan. All determinations as to fair market value, Black Scholes value or numbers of shares required by this Section 7 shall be made by the Board of Directors in its sole discretion.
8. **Restricted Stock:** [This section intentionally left blank]
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. During the term of this Agreement, the Company shall also pay Executive a monthly housing related allowance of \$10,500.
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 \$1,000.00.
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 Good Reason** Executive may also terminate this Agreement for Good Reason by giving thirty (30) days written notice to the Company's Vice President of Human Resources specifying in reasonable detail the basis for the Good Reason and provided such alleged Good Reason is not cured by the Company within the thirty (30) day notice period. If Executive terminates his employment for Good Reason under this section, within ten (10) days after a general release signed by Executive and the Company substantially in the form of the general release attached hereto as Exhibit C becomes irrevocable, Executive 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 Good Reason. Good Reason shall be defined as a material breach of this Agreement by the Company.

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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 twenty-four (24) months' written notice of termination. If the Company terminates Executive under this section, within ten (10) days after a general release signed by Executive and the Company substantially in the form of the general release attached hereto as Exhibit C 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 twenty-four (24) months additional salary and benefits provided in this Agreement in lieu of giving Executive the twenty-four (24) months notice as provided above.
17. **Section 409A Delay:** 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 Good Reason:** Executive may terminate his employment without Good Reason by giving the Company thirty (30) days written notice of termination. If Executive terminates his employment without Good Reason 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 a duly authorized 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
- (b) If to the Executive to: John Ranelli
 President and Chief Executive Officer
 Central Garden & Pet Company
 1340 Treat Blvd., Suite 600
 Walnut Creek, CA 94597

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, and will execute, if appropriate Exhibit C, the General Release of All Claims, all attached and incorporated by reference. Exhibits A, B and C and sections 19, 20 and 21 of this Agreement 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/ John Ranelli

(John Ranelli)

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 as of February 11, 2013 (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 John Ranelli ("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 President and Chief Executive Officer 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 perform 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 twenty-four (24) 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, provided the Company exercises its option to engage Executive to provide Consulting Services and compensate him under the terms of this Agreement, then 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. Executive understands that it would be a conflict of interest to provide legal advice or representation 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 during the Term of Agreement.

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, 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: January 9, 2013

/s/ John Ranelli
(John Ranelli)

Dated: January 9, 2013

Central Garden & Pet Company
/s/ William E. Brown
William E. Brown

EXHIBIT B

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

This Agreement is made as of February 11, 2013 (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 John Ranelli ("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 a duly authorized officer of the Company. I enter into this Agreement voluntarily.

AGREED AND ACCEPTED BY:

/s/ John Ranelli

(John Ranelli)

For Central Garden & Pet Company

By: /s/ William E. Brown

Name: William E. Brown

Its: Chief Executive Officer

EXHIBIT C

General Release of All Claims

This Release of All Claims is entered into by John Ranelli ("Executive") and Central Garden & Pet Company and/or any of its wholly owned subsidiaries, successors and assigns (collectively called "the Company").

WHEREAS, the parties entered into an Employment Agreement ("Employment Agreement") as of February 11, 2013 that provides for certain severance and other benefits in the event of Executive's termination; and

WHEREAS, pursuant to the Employment Agreement, Executive's entitlement to such severance and other benefits in the event of termination is conditioned upon Executive signing a general release of all claims ("Agreement"); and

WHEREAS, Executive's employment with the Company shall terminate effective ("Termination Date");

NOW THEREFORE, in consideration of the severance and other benefits provided in the Employment Agreement, and other good and sufficient consideration, the parties agree as follows:

1. Executive, his successors and assigns, completely release the Company, its agents, employees, former employees, members of the board of directors, officers, insurers, successors and assigns (the "Released Parties") from all claims, rights, demands, actions, obligations, and causes of action of every kind, known or unknown, which Executive may now have, or has ever had, arising from or in any way connected with the employment relationship between the parties, any actions during the relationship, or the termination thereof, including but not limited to all claims for harassment, discrimination, or wrongful discharge; all claims relating to any contracts, express or implied; any covenant of good faith and fair dealing, express or implied; any breach of fiduciary responsibility; any tort of any nature; any claims under federal, state, or municipal common law, statutes or ordinances, including but not limited to claims under the California Fair Employment and Housing Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, 42 U.S.C. Section 1981, the Americans With Disabilities Act, the California Family Rights Act, the Family and Medical Leave Act, the Employee Retirement Income Security Act, the state and federal Worker Adjustment Retraining and Notification Acts, the California Worker's Compensation Act and any other laws and regulations relating to employment or employment discrimination, as well as any and all claims for attorney's fees and costs. The only claims not released by this Agreement are claims that cannot be released as a matter of law.

2. Executive is aware that Section 1542 of the Civil Code of the State of California and similar provisions in other states provide:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Executive understands that this type of provision gives him the right not to release existing claims of which he is not now aware, unless he voluntarily chooses to waive this right. Executive nevertheless voluntarily waives these rights from the subject of this Agreement, and waives all claims that now exist in his favor, *known* or *unknown*.

3. Executive affirms that he has not filed or caused to be filed any lawsuit, complaint, or charge with respect to any claim this Agreement purports to waive, and promises never to file or prosecute a lawsuit or complaint based on such claims. Executive further promises never to seek any damages, remedies, or other relief for himself personally by filing or prosecuting a charge with any administrative agency with respect to any such claim. He promises to request that any government agency or other body assuming jurisdiction over any such lawsuit, complaint, or charge withdraw from the matter or dismiss the matter with prejudice. However, the two preceding sentences shall not preclude Executive from filing or prosecuting a charge with any administrative agency with respect to any such claim as long as he does not seek or accept any damages, remedies, or other relief for himself personally, which he promises not to do. Executive shall not be prevented from enforcing any rights he may have under the terms of this Agreement.

4. Executive agrees that he will cooperate with and assist the Company with regard to any arbitration, litigation, agency investigation or proceeding regarding any matters which Executive dealt with, was involved in or had knowledge of while employed with the Company, provided the Company shall pay all reasonable and related expenses and attorneys fees necessarily incurred by Executive (consistent with the Company's expense reimbursement policies) to provide such cooperation and assistance.

5. Executive agrees that he will return to the Company all electronic equipment (including cell phone, computer, FDA, etc.) files, memoranda, documents, records, electronic records, software, copies of the foregoing, credit cards, keys, and any other Company property in his possession prior to his Termination Date.

6. Executive agrees that the terms and conditions of this Agreement are strictly confidential and have not been and shall not be disclosed to any persons except his counsel, immediate family, financial advisors and, even as to such a person, only if the person agrees to honor this confidentiality requirement. Such a person's violation of this confidentiality requirement will be treated as a violation of this Agreement by Executive. This subsection does not prohibit Executive's disclosure of the terms, amount, or existence of this Agreement to the extent necessary legally to enforce this Agreement, nor does it prohibit disclosures to the extent otherwise legally required. Executive understands that any violation of this provision would cause irreparable harm to the Company and would justify injunctive relief.

7. Executive agrees not to disparage or defame the Company or any of its employees, former employees, members of the boards of directors or officers.

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8. No other monies or benefits except those specifically described in the Employment Agreement are owed or will be paid to Executive by the Company.
9. Executive will cease to be eligible to participate in any Company employee benefit plans including any medical, dental, life insurance, retirement, and other compensation or benefit plans of the Company on his Termination Date and will have no rights under those plans, except that he will retain any vested benefits under all applicable benefit plans with the Company, and all rights associated with such benefits, as determined under the official terms of those plans.
10. Executive acknowledges that sections 19, 20 and 21 of the Employment Agreement together with Exhibits A, B and C and shall survive the termination of the Employment Agreement and Executive reaffirms his obligations thereunder.
11. Executive acknowledges and agrees that it is the Company's policy, communicated to him and other employees, that employees are requested to bring to the Company's attention any incidents of misconduct or wrongdoing in the area of regulatory compliance, both governmental and industry. Executive hereby affirms that he has acted in accordance with such policy and that he has, at this time, no knowledge of any such incident that he has not brought to the attention to the Company in writing.
12. Should any of the provisions of this Agreement be determined to be invalid by a court, or government agency of competent jurisdiction, it is agreed that such determination shall not affect the enforceability of the other provisions herein.
13. Should Executive ever attempt to challenge the existence of this Agreement, attempt to obtain an order declaring this Agreement to be null and void, or institute litigation against the Company or any other Released Party based upon a released claim, he will, as a condition precedent to such action, repay all amounts paid to him under the terms of the Employment Agreement.
14. This Agreement shall be construed as a whole according to its fair meaning. It shall not be construed strictly for or against any party to the Agreement.
15. This Agreement constitutes the entire understanding of the parties on the subjects covered. Executive expressly warrants that he has read and fully understands this Agreement; that he has had the opportunity to consult with legal counsel of his own choosing and to have the terms of the Agreement fully explained to him; that he is not executing this Agreement in reliance on any promises, representations or inducements other than those contained herein; and that he is executing this Agreement voluntarily, free of any duress or coercion. This Agreement shall not in any way be considered an admission of any liability by the Company.
16. Executive understands that he has been advised to consult with an attorney prior to signing this Agreement; he has twenty-one (21) days in which to consider whether he should sign this Agreement; and that if he signs this Agreement, he has seven (7) days following the date in which he signs the Agreement to revoke it because the Agreement is not effective until the end of this seven-day period ("Effective Date")

17. Each party to this Agreement shall execute all further and/or additional instruments and documents and take all actions necessary as may be reasonably required to effectuate this Agreement.

18. This Agreement may be executed in one or more counterparts. Electronic signatures will be considered valid.

Dated: _____

(John Ranelli)

Dated: _____

Central Garden & Pet Company

I, William E. Brown, certify that:

1. I have reviewed this report on Form 10-Q for the quarter ended December 29, 2012 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: February 7, 2013

/s/ WILLIAM E. BROWN

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

I, Lori A. Varlas, certify that:

1. I have reviewed this report on Form 10-Q for the quarter ended December 29, 2012 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: February 7, 2013

/s/ LORI A. VARLAS

Lori A. Varlas
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 December 29, 2012 (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.

February 7, 2013

/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 December 29, 2012 (the "Report"), I, Lori A. Varlas, 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.

February 7, 2013

/s/ LORI A. VARLAS

Lori A. Varlas
Chief Financial Officer
(Principal Financial Officer)