

SCOTTS MIRACLE-GRO CO  
Form 4  
March 05, 2007

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
DONALD ARNOLD W

2. Issuer Name and Ticker or Trading Symbol  
SCOTTS MIRACLE-GRO CO [SMG]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
03/01/2007

Director  10% Owner  
 Officer (give title below)  Other (specify below)

C/O THE SCOTTS MIRACLE-GRO COMPANY, 14111 SCOTTS LAWN ROAD

(Street)

4. If Amendment, Date Original Filed (Month/Day/Year)

6. Individual or Joint/Group Filing (Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

MARYSVILLE, OH 43041

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)		
				(A) or (D)	Code	V	Amount	(D)	Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)			
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount Number of Shares
Stock Option (right to buy)	\$ 16.69 <u>(1)</u>	03/01/2007 <sup>(1)</sup>		J <sup>(1)</sup>		2,656	<sup>(2)</sup>	07/19/2001	01/18/2011	Common Shares	2,656
Director Stock Units (Phantom Stock)	<sup>(3)</sup>	03/01/2007 <sup>(4)</sup>		J <sup>(4)</sup>		143.2321	<sup>(5)</sup>	<sup>(6)</sup>	<sup>(6)</sup>	Common Shares	143.2321 <sup>(5)</sup>
Director Stock Units (Phantom Stock)	<sup>(3)</sup>	03/01/2007 <sup>(4)</sup>		J <sup>(4)</sup>		120.8758	<sup>(5)</sup>	<sup>(6)</sup>	<sup>(6)</sup>	Common Shares	120.8758 <sup>(5)</sup>
Stock Option (right to buy)	\$ 19.82 <u>(1)</u>	03/01/2007 <sup>(1)</sup>		J <sup>(1)</sup>		2,657	<sup>(2)</sup>	07/28/2002	01/27/2012	Common Shares	2,657
Stock Option (right to buy)	\$ 21.54 <u>(1)</u>	03/01/2007 <sup>(1)</sup>		J <sup>(1)</sup>		2,652	<sup>(2)</sup>	07/31/2003	01/30/2013	Common Shares	2,652
Stock Option (right to buy)	\$ 26.53 <u>(1)</u>	03/01/2007 <sup>(1)</sup>		J <sup>(1)</sup>		2,274	<sup>(2)</sup>	07/30/2004	01/29/2014	Common Shares	2,274
Stock Option (right to buy)	\$ 28.72 <u>(1)</u>	03/01/2007 <sup>(1)</sup>		J <sup>(1)</sup>		2,280	<sup>(2)</sup>	01/28/2006	01/27/2015	Common Shares	2,280
Stock Option (right to buy)	\$ 41.66 <u>(1)</u>	03/01/2007 <sup>(1)</sup>		J <sup>(1)</sup>		2,469	<sup>(2)</sup>	01/27/2007	01/27/2016	Common Shares	2,469
Stock Option (right to buy)	\$ 44.69 <u>(1)</u>	03/01/2007 <sup>(1)</sup>		J <sup>(1)</sup>		2,492	<sup>(2)</sup>	01/26/2008	01/26/2017	Common Shares	2,492

buy)

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
DONALD ARNOLD W C/O THE SCOTTS MIRACLE-GRO COMPANY 14111 SCOTTSLAWN ROAD MARYSVILLE, OH 43041	X			

## Signatures

Kathy L. Uttley as attorney-in-fact for Arnold W. Donald	03/05/2007
**Signature of Reporting Person	Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Reflects adjustment to previously granted stock option awards under the Issuer's equity-based compensation plans approved by the Compensation and Organization Committee on March 1, 2007 in connection with the special dividend of \$8.00 per Issuer common share payable on March 5, 2007 to shareholders of record at the close of business on February 26, 2007. The exercise price of the stock options was adjusted to maintain the same ratio of exercise price to fair market value of the underlying common shares (0.25) before and after the adjustment. Fair market value was established by comparing the volume weighted average share price measured on February 21, 2007, the day before the ex-dividend date (\$56.88), with that measured on February 22, 2007, the ex-dividend date (\$47.82). The number of stock options subject to each award was increased as necessary to ensure the total value of the award was the same before and after the adjustment.
  - (2) The number shown includes the number of additional stock options resulting from the adjustment to each of the previously granted stock option awards.
  - (3) This security converts on a 1-for-1 basis.
  - (4) Reflects adjustment to outstanding director stock unit awards under the Issuer's equity-based compensation plans approved by the Compensation and Organization Committee on March 1, 2007 in connection with the special dividend of \$8.00 per Issuer common share payable on March 5, 2007 to shareholders of record at the close of business on February 26, 2007. The number of director stock units was adjusted to maintain the same deferral value of the award before and after the adjustment. Deferral value was established by comparing the volume weighted average share price measured on February 21, 2007, the day before the ex-dividend date (\$56.88), with that measured on February 22, 2007, the ex-dividend date (\$47.82). The number of director stock units subject to each award was increased as necessary to ensure the deferral value of the award was the same before and after the adjustment.
  - (5) The number shown includes the number of additional director stock units resulting from the adjustment to each of the outstanding director stock unit awards.
  - (6) The Director Stock Units will be settled 100% in stock issued in one installment, commencing at the earlier of (a) the occurrence of a "Change in Control" of Issuer or (b) the reporting person's cessation of service on the Issuer's Board.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.