IN THE SUPREME COURT OF THE STATE OF NEVADA

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Elizabeth A. Brown
Clerk of Supreme Court

AEROGROW INTERNATIONAL, INC.,
Petitioner,
vs.

EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA, IN AND FOR CLARK COUNTY, THE HONORABLE ELIZABETH GONZALEZ,

Respondents,

and

BRADLEY LOUIS RADOFF, FRED M. ADAMCYZK, THOMAS C. ALBANESE, WILLIAM A. ALMOND, III, MICHAEL S. BARISH, GEORGE C. BETKE, JR. 2019 TRUST, DIANA BOYD, ANNE CAROL DECKER, THOMAS H. DECKER, THE DEUTSCH FAMILY TRUST, JOHN C. FISCHER, ALFREDO GOMEZ, ALFREDO GOMEZ FMT CO CUST IRA ROLLOVER, LAWRENCE GREENBERG, PATRICIA GREENBERG, KAREN HARDING, H.L. SEVERANCE, INC. PROFIT SHARING PLAN & TRUST, H.L. SEVERANCE, INC. PENSION PLAN & TRUST, DANIEL G. HOFSTEIN, KEVIN JOHNSON, CANDICE KAYE, LAURA J. KOBY, CAROLE

Case Number:

District Court Case Number:
A-21-827665-B (**Lead Case**), Dept. XI

PETITIONERS' APPENDIX (VOLUME 4 OF 12)

FOR WRIT OF MANDAMUS TO REVERSE DISTRICT COURT'S ORDER GRANTING JOINT MOTION TO COMPEL

L. MCLAUGHLIN, BRIAN PEIERLS, JOSEPH E. PETER, ALEXANDER PERELBERG, AMY PERELBERG, DANA PERELBERG, GARY PERELBERG, LINDA PERELBERG, THE REALLY COOL GROUP, RICHARD ALAN RUDY REVOCABLE LIVING TRUST, JAMES D. RICKMAN, JR., JAMES D. RICKMAN, JR. IRREVOCABLE TRUST, PATRICIA D. RICKMAN IRREVOCABLE TRUST, ANDREW REESE RICKMAN TRUST, SCOTT JOSEPH RICKMAN IRREVOCABLE TRUST, MARLON DEAN ALESSANDRA TRUST, BRYAN ROBSON, WAYNE SICZ IRA, WAYNE SICZ ROTH IRA, THE CAROL W. SMITH REVOCABLE TRUST, THOMAS K. SMITH, SURAJ VASANTH, CATHAY C. WANG, LISA DAWN WANG, DARCY J. WEISSENBORN, THE MARGARET S. WEISSENBORN REVOCABLE TRUST, THE STANTON F. WEISSENBORN IRA, THE STANTON F. WEISSENBORN REVOCABLE TRUST, THE STANTON F. WEISSENBORN IRREVOCABLE TRUST, THE NATALIE WOLMAN LIVING TRUST, ALAN BUDD ZUCKERMAN, JACK WALKER, STEPHEN KAYE, THE MICHAEL S. BARISH IRA, AND THE ALEXANDER PERELBERG IRA,

Real Parties in Interest.

BROWNSTEIN HYATT FARBER
SCHRECK, LLP

KIRK B. LENHARD, ESQ.
NV Bar No. 1437
MAXIMILIEN D. FETAZ, ESQ.
NV Bar No. 12737
TRAVIS F. CHANCE, ESQ.
NV Bar No. 13800
100 North City Parkway, Suite 1600
Las Vegas, NV 89106-4614

JONES DAY

MARJORIE P. DUFFY, ESQ.
(*pro hac vice* submitted)
325 John H. McConnell Boulevard,
Suite 600
Columbus, OH 43215
Telephone: 614.469.3939

ASHLEY F. HEINTZ, ESQ.
(admitted *pro hac vice*)
1420 Peachtree Street, N.E.,
Suite 800
Atlanta, GA 30309
Telephone: 404.521.3939

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CERTIFICATE OF SERVICE

Pursuant to Nev. R. App. P. 25, I certify that I am an employee of Brownstein Hyatt Farber Schreck, LLP, and that on this 13th day of May, 2021, I electronically filed, served, and sent via United States Mail a true and correct copy of the above and forgoing that, in accordance therewith, I caused a copy of the **PETITIONERS' APPENDIX (VOLUME 4 of 12) FOR WRIT OF MANDAMUS TO REVERSE DISTRICT COURT'S ORDER GRANTING JOINT MOTION TO COMPEL** to be hand delivered, in a sealed envelope, on the date and to the addressee(s) shown below:

Court:

Judge Elizabeth Gonzalez
Eighth Judicial District of Clark County
Regional Justice Center
200 Lewis Ave.
Las Vegas, NV 89155

Real Parties in Interest:

Terry A. Coffing, Esq.
Marquis Aurbach Coffing
10001 Park Run Drive
Las Vegas, Nevada 89145

Attorneys for Real Party in Interest BRADLEY LOUIS RADOFF

J. Robert Smith
SIMONS HALL JOHNSTON PC
6490 S. McCarran Blvd., Ste. F-46
Reno, Nevada 89509

Attorneys for Real Parties in Interest FRED M. ADAMCYZK, THOMAS C. ALBANESE, WILLIAM A. ALMOND, III, MICHAEL S. BARISH, GEORGE C. BETKE, JR. 2019 TRUST, DIANA BOYD, ANNE CAROL DECKER,

THOMAS H. DECKER, THE DEUTSCH FAMILY TRUST, JOHN C. FISCHER, ALFREDO GOMEZ, ALFREDO GOMEZ FMT CO CUST IRA ROLLOVER, LAWRENCE GREENBERG, PATRICIA GREENBERG, KAREN HARDING, H.L. SEVERANCE, INC. PROFIT SHARING PLAN & TRUST, H.L. SEVERANCE, INC. PENSION PLAN & TRUST, DANIEL G. HOFSTEIN, KEVIN JOHNSON, CANDICE KAYE, LAURA J. KOBY, CAROLE L. MCLAUGHLIN, BRIAN PEIERLS, JOSEPH E. PETER, ALEXANDER PERELBERG, AMY PERELBERG, DANA PERELBERG, GARY PERELBERG, LINDA PERELBERG, THE REALLY COOL GROUP, RICHARD ALAN RUDY REVOCABLE LIVING TRUST, JAMES D. RICKMAN, JR., JAMES D. RICKMAN, JR. IRREVOCABLE TRUST, PATRICIA D. RICKMAN IRREVOCABLE TRUST, ANDREW REESE RICKMAN TRUST, SCOTT JOSEPH RICKMAN IRREVOCABLE TRUST, MARLON DEAN ALESSANDRA TRUST, BRYAN ROBSON, WAYNE SICZ IRA, WAYNE SICZ ROTH IRA, THE CAROL W. SMITH REVOCABLE TRUST, THOMAS K. SMITH, SURAJ VASANTH, CATHAY C. WANG, LISA DAWN WANG, DARCY J. WEISSENBORN, THE MARGARET S. WEISSENBORN REVOCABLE TRUST, THE STANTON F. WEISSENBORN IRA, THE STANTON F. WEISSENBORN REVOCABLE

TRUST, THE STANTON F. WEISSENBORN IRREVOCABLE TRUST, THE NATALIE WOLMAN LIVING TRUST, ALAN BUDD ZUCKERMAN, JACK WALKER, STEPHEN KAYE, THE MICHAEL S. BARISH IRA, AND THE ALEXANDER PERELBERG IRA

/s/ Wendy Cosby
An employee of Brownstein Hyatt Farber Schreck, LL

is to continue and is to receive enumerated employment and other financial benefits after the transaction, exempting the transaction from the category of "interested transactions" will depend on meeting one of the three conditions specified in subsection (i)(C), for example:

- If an individual has an arrangement under which benefits will be triggered on a "change of control," such as accelerated vesting of options, retirement benefits, deferred compensation and similar items, or is afforded the opportunity to retire or leave the employ of the enterprise with more favorable economic results than would be the case absent a change of control, the existence of these arrangements would not mean that the transaction is an interested transaction if the arrangements had been established as a general condition of the individual's employment or continued employment, rather than in contemplation of the particular transaction.
- If such arrangements are established as part of, or as a condition of, the transaction, the transaction will still not be considered an interested transaction if the arrangements are either not more favorable to the officer or director than those already in existence or, if they treat the director or officer more favorably, are approved by "qualified" directors (*i.e.*, meeting the standard specified in section 1.43), in the same manner as provided for conflicting interest transactions generally with the corporation under section 8.62. This category would include arrangements with the corporation that have been negotiated as part of, or as a condition to, the transaction or arrangements with the acquiring company or one or more of its other subsidiaries.
- If a person who is a director of the corporation and, in connection with the transaction, is to become a director of the acquiror or its parent, or to continue as a director of the corporation when it becomes a subsidiary of the acquiror, the transaction will not be considered an interested transaction as long as that person will not be treated more favorably as a director than are other persons who are serving in the same director positions.

E. SENIOR EXECUTIVE

The definition of "senior executive" in section 13.01 encompasses the group of individuals in control of corporate information and the corporation's day-to-day operations. An employee of a subsidiary organization is a "senior executive" of the parent if the employee is "in charge of a principal business unit or function" of the parent and its subsidiaries on a combined or consolidated basis.

F. SHAREHOLDER

The definition of "shareholder" in section 13.01 encompasses beneficial shareholders and voting trust beneficial owners. This recognizes that these persons have or hold on behalf of others an economic interest in the shares. Use of the term "beneficial shareholder" for this purpose is to be contrasted with the use of the term "beneficial owner" in subsection (ii) of the definition of "interested transaction" to identify possible conflict situations. The distinction between "record shareholder" and "beneficial shareholder" appears primarily in section 13.03, which establishes the manner in which beneficial shareholders, and record shareholders who are acting on behalf of beneficial shareholders, perfect appraisal rights.

§ 13.02. RIGHT TO APPRAISAL

(a) A shareholder is entitled to appraisal rights, and to obtain payment of the fair value of that shareholder's shares, in the event of any of the following corporate actions:

(1) consummation of a merger to which the corporation is a party (i) if shareholder approval is required for the merger by section 11.04, or would be required but for the provisions of section 11.04(j), except that appraisal rights shall not be available to any shareholder of the corporation with respect to shares of any class or series that remain outstanding after consummation of the merger, or (ii) if the corporation is a subsidiary and the merger is governed by section 11.05;

(2) consummation of a share exchange to which the corporation is a party the shares of which will be acquired, except that appraisal rights shall not be available to any shareholder of the corporation with respect to any class or series of shares of the corporation that is not acquired in the share exchange;

(3) consummation of a disposition of assets pursuant to section 12.02 if the shareholder is entitled to vote on the disposition, except that appraisal rights shall not be available to any shareholder of the corporation with respect to shares of any class or series if (i) under the terms of the corporate action approved by the shareholders there is to be distributed to shareholders in cash the corporation's net assets, in excess of a reasonable amount reserved to meet claims of the type described in sections 14.06 and 14.07, (A) within one year after the shareholders' approval of the action and (B) in accordance with their respective interests determined at the time of distribution, and (ii) the disposition of assets is not an interested transaction;

(4) an amendment of the articles of incorporation with respect to a class or series of shares that reduces the number of shares of a class or series owned by the shareholder to a fraction of a share if the corporation has the obligation or right to repurchase the fractional share so created;

(5) any other merger, share exchange, disposition of assets or amendment to the articles of incorporation, in each case to the extent provided by the articles of incorporation, bylaws or a resolution of the board of directors;

(6) consummation of a domestication pursuant to section 9.20 if the shareholder does not receive shares in the foreign corporation resulting from the domestication that have terms as favorable to the shareholder in all material respects, and represent at least the same percentage interest of the total voting rights of the outstanding shares of the foreign corporation, as the shares held by the shareholder before the domestication;

(7) consummation of a conversion of the corporation to a nonprofit corporation pursuant to section 9.30; or

(8) consummation of a conversion of the corporation to an unincorporated entity pursuant to section 9.30.

(b) Notwithstanding subsection (a), the availability of appraisal rights under subsections (a)(1), (2), (3), (4), (6) and (8) shall be limited in accordance with the following provisions:

(1) Appraisal rights shall not be available for the holders of shares of any class or series of shares which is:

(i) a covered security under section 18(b)(1)(A) or (B) of the Securities Act of 1933;

(ii) traded in an organized market and has at least 2,000 shareholders and a market value of at least $20 million (exclusive of the value of such shares held by the corporation's subsidiaries, senior executives and directors and by any beneficial shareholder and any voting trust beneficial owner owning more than 10% of such shares); or

(iii) issued by an open end management investment company registered with the

Securities and Exchange Commission under the Investment Company Act of 1940 and which may be redeemed at the option of the holder at net asset value.

(2) The applicability of subsection (b)(1) shall be determined as of:

(i) the record date fixed to determine the shareholders entitled to receive notice of the meeting of shareholders to act upon the corporate action requiring appraisal rights or, in the case of an offer made pursuant to section 11.04(j), the date of such offer; or

(ii) if there is no meeting of shareholders and no offer made pursuant to section 11.04(j), the day before the consummation of the corporate action or effective date of the amendment of the articles of incorporation, as applicable.

(3) Subsection (b)(1) shall not be applicable and appraisal rights shall be available pursuant to subsection (a) for the holders of any class or series of shares (i) who are required by the terms of the corporate action requiring appraisal rights to accept for such shares anything other than cash or shares of any class or any series of shares of any corporation, or any other proprietary interest of any other entity, that satisfies the standards set forth in subsection (b)(1) at the time the corporate action becomes effective, or (ii) in the case of the consummation of a disposition of assets pursuant to section 12.02, unless the cash, shares, or proprietary interests received in the disposition are, under the terms of the corporate action approved by the shareholders, to be distributed to the shareholders, as part of a distribution to shareholders of the net assets of the corporation in excess of a reasonable amount to meet claims of the type described in sections 14.06 and 14.07, (A) within one year after the shareholders' approval of the action, and (B) in accordance with their respective interests determined at the time of the distribution.

(4) Subsection (b)(1) shall not be applicable and appraisal rights shall be available pursuant to subsection (a) for the holders of any class or series of shares where the corporate action is an interested transaction.

(c) Notwithstanding any other provision of section 13.02, the articles of incorporation as originally filed or any amendment to the articles of incorporation may limit or eliminate appraisal rights for any class or series of preferred shares, except that (i) no such limitation or elimination shall be effective if the class or series does not have the right to vote separately as a voting group (alone or as part of a group) on the action or if the action is a conversion under section 9.30, or a merger having a similar effect as a conversion in which the converted entity is an eligible entity, and (ii) any such limitation or elimination contained in an amendment to the articles of incorporation that limits or eliminates appraisal rights for any of such shares that are outstanding immediately before the effective date of such amendment or that the corporation is or may be required to issue or sell thereafter pursuant to any conversion, exchange or other right existing immediately before the effective date of such amendment shall not apply to any corporate action that becomes effective within one year after the effective date of such amendment if such action would otherwise afford appraisal rights.

CROSS-REFERENCES

Amendment of articles of incorporation, see ch. 10A.

Classes and series of shares, see §§ 6.01 and 6.02.

Conversion, see ch. 9C.

Disposition of assets, see ch. 12.

Domestication, see ch. 9B.

Effective time and date of amendment, see § 1.23.

"Eligible entity" defined, see § 1.40.
"Foreign corporation" defined, see § 1.40.
"Interested transaction" defined, see § 13.01.
Merger and share exchange, see ch. 11.
Merger of subsidiary, see § 11.05.
"Nonprofit corporation" defined, see § 1.40.
"Person" defined, see § 1.40.
"Preferred shares" defined, see § 13.01.
Record date, see § 7.07.
Redemption of shares, see §§ 6.01 and 6.31.
Share dividends, see § 6.23.
Share preferences, see §§ 6.01 and 6.02.
"Unincorporated entity" defined, see § 1.40.
Voting by voting groups, see §§ 1.40, 7.25 and 7.26.
"Voting power" defined, see § 1.40.
Voting rights, see § 7.21.

OFFICIAL COMMENT

1. Transactions Requiring Appraisal Rights

Section 13.02(a) establishes the scope of appraisal rights by identifying those transactions that afford this right. Statutory appraisal is made available only for corporate actions that will result in a fundamental change in the shares to be affected by the action and then only when uncertainty concerning the fair value of the affected shares may cause reasonable differences about the fairness of the terms of the corporate action. The transactions that satisfy both of these criteria are set forth in section 13.02(a), subject to the exceptions set forth in section 13.02(b). In a two-step transaction authorized by section 11.04(j), shareholders at the time of the second step merger could have appraisal rights even though there is no shareholder vote. Shareholders who tender in response to the offer in the first step of such a transaction would not have appraisal rights; their tendering in response to the offer has the same effect on appraisal rights as if they had voted for the transaction.

Under section 13.02(b)(4), the reasons for granting appraisal rights in a reverse stock split in which shares are cashed out are similar to those for granting such rights in cases of cash-out mergers, as both transactions could compel affected shareholders to accept cash for their investment in an amount established by the corporation. Appraisal is afforded only for those shareholders of a class or series whose interest is so affected by the amendment. As provided in section 12.02(g), a disposition of assets by a corporation in the course of dissolution under chapter 14 is governed by that chapter, not chapter 12, and thus does not implicate appraisal rights.

An express grant of voluntary appraisal rights under section 13.02(a)(5) overrides any of the exceptions to the availability of appraisal rights in section 13.02(a). Any voluntary grant of appraisal rights by the corporation to the holders of one or more of its classes or series of shares in connection with a corporate action will automatically make all of the provisions of chapter 13 applicable to the corporation and such holders regarding that corporate action.

2. Market Exception to Appraisal Rights

Chapter 13 provides a limited exception to appraisal rights for those situations where shareholders may either accept the appraisal-triggering corporate action or sell their shares in an organized market described in section 13.02(b)(1). For purposes of this chapter, the market exception is provided for a class or series of shares if two tests are satisfied: the market in which the shares are traded must be liquid, as described in section 13.02(b)(1), and the value of the shares established by the appraisal-triggering event must be the result of a process reasonably calculated to arrive at a price reflective of an arm's length transaction.

Because section 13.02(b)(3)(i) excludes from the market exception those transactions that require shareholders to accept anything other than cash or securities that also meet the liquidity tests of section 13.02(b)(1), shareholders are assured of receiving either appraisal rights, cash from the transaction, or shares or other proprietary interests in the survivor entity that are liquid. Section 13.02(b)(2) specifies the date on which the corporation must satisfy the requirements of section 13.02(b)(1) for the market exception to be applicable. Section 13.02(b)(4) recognizes that the market price of, or consideration for, shares of a corporation that proposes to engage in an interested transaction of the type listed in section 13.02(a) may be subject to influences where a corporation's management, controlling shareholders or directors have conflicting interests that could, if not dealt with appropriately, adversely affect the consideration that otherwise could have been expected. Section 13.02(b)(4) thus provides that the market exception will not apply in those instances where the transaction constitutes an interested transaction (as defined in section 13.01).

3. Elimination of Appraisal Rights for Preferred Shares

Section 13.02(c) permits the corporation to eliminate or limit appraisal rights that would otherwise be available for the holders of one or more series or classes of preferred shares provided that the standards in that section are met. Chapter 13 does not permit the corporation to eliminate or limit the appraisal rights of common shares.

§ 13.03. ASSERTION OF RIGHTS BY NOMINEES AND BENEFICIAL SHAREHOLDERS

(a) A record shareholder may assert appraisal rights as to fewer than all the shares registered in the record shareholder's name but owned by a beneficial shareholder or a voting trust beneficial owner only if the record shareholder objects with respect to all shares of a class or series owned by the beneficial shareholder or the voting trust beneficial owner and notifies the corporation in writing of the name and address of each beneficial shareholder or voting trust beneficial owner on whose behalf appraisal rights are being asserted. The rights of a record shareholder who asserts appraisal rights for only part of the shares held of record in the record shareholder's name under this subsection shall be determined as if the shares as to which the record shareholder objects and the record shareholder's other shares were registered in the names of different record shareholders.

(b) A beneficial shareholder and a voting trust beneficial owner may assert appraisal rights as to shares of any class or series held on behalf of the shareholder only if such shareholder:
   (1) submits to the corporation the record shareholder's written consent to the assertion of such rights no later than the date referred to in section 13.22(b)(2)(ii); and
   (2) does so with respect to all shares of the class or series that are beneficially owned by the beneficial shareholder or the voting trust beneficial owner.

CROSS-REFERENCES

"Beneficial shareholder," "record shareholder" and "voting trust beneficial owner" defined, see §§ 1.40 and 13.01.

Notice to the corporation, see § 1.41.

"Person" defined, see § 1.40.

"Shareholder" defined, see §§ 1.40 and 13.01.

Shares held by nominee, see § 7.23.

Voting agreements, see § 7.31.

Voting trusts, see § 7.30.

OFFICIAL COMMENT

Section 13.03 addresses the relationship between those who are entitled to assert appraisal rights and the widespread practice of nominee or street name ownership of publicly traded shares. Generally, a shareholder must demand appraisal for all the shares of a class or series which the shareholder owns. If a record shareholder is a nominee for several beneficial shareholders, some of whom wish to demand appraisal and some of whom do not, section 13.03(a) permits the record shareholder to assert appraisal rights with respect to a portion of the shares held of record by the record shareholder but only with respect to all the shares beneficially owned by a single person. The same rule applies to shares held by voting trustees. A shareholder who owns shares in more than one class or series, however, may assert appraisal rights for only some rather than all classes or series that the shareholder owns.

Voting trustees hold shares on behalf of voting trust beneficial owners and may want to or be required to pass the decision on asserting appraisal rights on to the voting trust beneficial owners. To make appraisal rights effective without burdening record shareholders, beneficial shareholders and voting trust beneficial owners are allowed to assert their own claims as provided in section 13.03(b). After the corporation has received the form of consent required by section 13.03(b)(1), the corporation must deal with the beneficial shareholder, or, in the case of a voting trust, the voting trust beneficial owner.

Subchapter B.
PROCEDURE FOR EXERCISE OF APPRAISAL RIGHTS

§ 13.20. NOTICE OF APPRAISAL RIGHTS

(a) Where any corporate action specified in section 13.02(a) is to be submitted to a vote at a shareholders' meeting, the meeting notice (or where no approval of such action is required pursuant to section 11.04(j), the offer made pursuant to section 11.04(j)), must state that the corporation has concluded that appraisal rights are, are not or may be available under this chapter. If the corporation concludes that appraisal rights are or may be available, a copy of this chapter must accompany the meeting notice or offer sent to those record shareholders entitled to exercise appraisal rights.

(b) In a merger pursuant to section 11.05, the parent entity shall notify in writing all record shareholders of the subsidiary who are entitled to assert appraisal rights that the corporate action became effective. Such notice shall be sent within 10 days after the corporate action became effective and include the materials described in section 13.22.

(c) Where any corporate action specified in section 13.02(a) is to be approved by written consent of the shareholders pursuant to section 7.04:

(1) written notice that appraisal rights are, are not or may be available shall be sent to each record shareholder from whom a consent is solicited at the time consent of such shareholder is first solicited and, if the corporation has concluded that appraisal rights are or may be available, the notice must be accompanied by a copy of this chapter; and

(2) written notice that appraisal rights are, are not or may be available must be delivered together with the notice to nonconsenting and nonvoting shareholders required by sections 7.04(e) and (f), may include the materials described in section 13.22 and, if the corporation has concluded that appraisal rights are or may be available, must be accompanied by a copy of this chapter.

(d) Where corporate action described in section 13.02(a) is proposed, or a merger pursuant to section 11.05 is effected, the notice referred to in subsection (a) or (c), if the corporation concludes that appraisal rights are or may be available, and in subsection (b) must be accompanied by:

(1) financial statements of the corporation that issued the shares that may be subject to appraisal, consisting of a balance sheet as of the end of a fiscal year ending not more than 16 months before the date of the notice, an income statement for that year, and a cash flow statement for that year; provided that, if such financial statements are not reasonably available, the corporation shall provide reasonably equivalent financial information; and

(2) the latest interim financial statements of such corporation, if any.

(e) The right to receive the information described in subsection (d) may be waived in writing by a shareholder before or after the corporate action.

CROSS-REFERENCES

Availability of appraisal rights, see § 13.02.

"Beneficial shareholder," "record shareholder" and "voting trust beneficial owner" defined, see §§ 1.40 and 13.01.

Meeting notice, see § 7.05.

Merger of subsidiary, see § 11.05.

Notices and other communications, see § 1.41.

Shareholder action without a meeting, see § 7.04.

"Shareholder" defined, see §§ 1.40 and 13.01.

Shareholders' meetings, see §§ 7.01 through 7.03.

OFFICIAL COMMENT

The notices required by sections 13.20(a), (b) and (c) are necessary because many shareholders do not know what appraisal rights they may have or how to assert them. Because appraisal is an "opt in" remedy, shareholders otherwise entitled to an appraisal of their shares by reason of corporate actions specified in section 13.02 must elect whether to seek that remedy or accept the results of that action.

Section 13.20(d) specifies certain disclosure requirements for corporate actions for which appraisal rights are provided. Disclosure of additional information may be necessary under common law disclosure duties.

By specifying certain disclosure requirements, section 13.20(d) reduces the risk, in the transactions to which it applies, of an uninformed shareholder decision whether to exercise appraisal rights. Section 13.31(b)(1) provides that a corporation may be liable for the fees and expenses of counsel and experts for the respective parties for failure to comply substantially with sections 13.20 and 13.24.

§ 13.21. NOTICE OF INTENT TO DEMAND PAYMENT AND CONSEQUENCES OF VOTING OR CONSENTING

(a) If a corporate action specified in section 13.02(a) is submitted to a vote at a shareholders' meeting, a shareholder who wishes to assert appraisal rights with respect to any class or series of shares:
   (1) shall deliver to the corporation, before the vote is taken, written notice of the shareholder's intent to demand payment if the proposed action is effectuated; and
   (2) shall not vote, or cause or permit to be voted, any shares of such class or series in favor of the proposed action.

(b) If a corporate action specified in section 13.02(a) is to be approved by written consent, a shareholder who wishes to assert appraisal rights with respect to any class or series of shares shall not sign a consent in favor of the proposed action with respect to that class or series of shares.

(c) If a corporate action specified in section 13.02(a) does not require shareholder approval pursuant to section 11.04(j), a shareholder who wishes to assert appraisal rights with respect to any class or series of shares (i) shall deliver to the corporation before the shares are purchased pursuant to the offer written notice of the shareholder's intent to demand payment if the proposed action is effected; and (ii) shall not tender, or cause or permit to be tendered, any shares of such class or series in response to such offer.

(d) A shareholder who fails to satisfy the requirements of subsection (a), (b) or (c) is not entitled to payment under this chapter.

CROSS-REFERENCES

"Deliver" defined, see § 1.40.

Notices and other communications, see § 1.41.

Shareholder action without a meeting, see § 7.04.

OFFICIAL COMMENT

Section 13.21 applies to all transactions requiring appraisal, except short-form mergers under section 11.05 in which shareholders of the subsidiary do not vote on the transaction but are nevertheless entitled to appraisal.

The notice from the shareholder required by section 13.21(a) enables the corporation, among other things, to estimate how much of a cash payment may be required by reference to the maximum number of shares for which appraisal may be sought. It also limits the number of persons to whom the corporation must give further notice during the remainder of the appraisal process.

§ 13.22. APPRAISAL NOTICE AND FORM

(a) If a corporate action requiring appraisal rights under section 13.02(a) becomes effective, the corporation shall deliver a written appraisal notice and form required by subsection (b) to all shareholders who satisfy the requirements of sections 13.21(a), (b) or (c). In the case of a merger under section 11.05, the parent shall deliver an appraisal notice and form to all record shareholders who may be entitled to assert appraisal rights.

(b) The appraisal notice shall be delivered no earlier than the date the corporate action specified in section 13.02(a) became effective, and no later than 10 days after such date, and must:

(1) supply a form that (i) specifies the first date of any announcement to shareholders made before the date the corporate action became effective of the principal terms of the proposed corporate action, and (ii) if such announcement was made, requires the shareholder asserting appraisal rights to certify whether beneficial ownership of those shares for which appraisal rights are asserted was acquired before that date, and (iii) requires the shareholder asserting appraisal rights to certify that such shareholder did not vote for or consent to the transaction as to the class or series of shares for which appraisal is sought;

(2) state:

(i) where the form shall be sent and where certificates for certificated shares shall be deposited and the date by which those certificates must be deposited, which date may not be earlier than the date by which the corporation must receive the required form under subsection (b)(2)(ii);

(ii) a date by which the corporation shall receive the form, which date may not be fewer than 40 nor more than 60 days after the date the subsection (a) appraisal notice is sent, and state that the shareholder shall have waived the right to demand appraisal with respect to the shares unless the form is received by the corporation by such specified date;

(iii) the corporation's estimate of the fair value of the shares;

(iv) that, if requested in writing, the corporation will provide, to the shareholder so requesting, within 10 days after the date specified in subsection (b)(2)(ii) the number of shareholders who return the forms by the specified date and the total number of shares owned by them; and

(v) the date by which the notice to withdraw under section 13.23 shall be received, which date shall be within 20 days after the date specified in subsection (b)(2)(ii); and

(3) be accompanied by a copy of this chapter.

CROSS-REFERENCES

After-acquired shares, see § 13.25.

"Deliver" defined, see § 1.40.

Merger of subsidiary, see § 11.05.

Notices and other communications, see § 1.41.

OFFICIAL COMMENT

The purpose of section 13.22 is to require the corporation to provide shareholders with information and a form for perfecting appraisal rights.

Section 13.22(b)(1) requires that the corporation specify the date of the first announcement of the terms of the proposed corporate action. This date determines the rights of shareholdertransferees. Persons who became shareholders before that date are entitled to full appraisal rights, while persons who became shareholders on or after that date are entitled only to the more limited rights provided by section 13.25. See the Official Comments to sections 13.23 and 13.25. The date the principal terms of the transaction were announced by the corporation to shareholders may be the day the terms were communicated directly to the shareholders, included in a public filing with the Securities and Exchange Commission, published in a newspaper of general circulation that can be expected to reach the financial community, or any earlier date on which such terms were first announced by any other person or entity to such persons or sources. Any announcement to news media or to shareholders that relates to the proposed transaction but does not contain the principal terms of the transaction to be authorized at the shareholders' meeting is not considered to be an announcement for the purposes of section 13.22. If a corporation or other person does not make a public announcement of the terms of a proposed corporation action, the requirement of section 13.22(b)(1) is not applicable.

The information required by sections 13.22(b)(2)(iii) and (iv) is intended to help shareholders assess whether they wish to demand payment or to withdraw their demand for appraisal, although the information under section 13.22(b)(2)(iv) is required to be sent only to those shareholders from whom the corporation has received a written request.

§ 13.23. PERFECTION OF RIGHTS; RIGHT TO WITHDRAW

(a) A shareholder who receives notice pursuant to section 13.22 and who wishes to exercise appraisal rights shall sign and return the form sent by the corporation and, in the case of certificated shares, deposit the shareholder's certificates in accordance with the terms of the notice by the date referred to in the notice pursuant to section 13.22(b)(2)(ii). In addition, if applicable, the shareholder shall certify on the form whether the beneficial owner of such shares acquired beneficial ownership of the shares before the date required to be set forth in the notice pursuant to section 13.22(b)(1)(i). If a shareholder fails to make this certification, the corporation may elect to treat the shareholder's shares as after-acquired shares under section 13.25. Once a shareholder deposits that shareholder's certificates or, in the case of uncertificated shares, returns the signed forms, that shareholder loses all rights as a shareholder, unless the shareholder withdraws pursuant to subsection (b).

(b) A shareholder who has complied with subsection (a) may nevertheless decline to exercise appraisal rights and withdraw from the appraisal process by so notifying the corporation in writing by the date set forth in the appraisal notice pursuant to section 13.22(b)(2)(v). A shareholder who fails to so withdraw from the appraisal process may not thereafter withdraw without the corporation's written consent.

(c) A shareholder who does not sign and return the form and, in the case of certificated shares, deposit that shareholder's share certificates where required, each by the date set forth in the notice described in section 13.22(b), shall not be entitled to payment under this chapter.

CROSS-REFERENCES

After-acquired shares, see § 13.25.

Notice of appraisal rights, see § 13.22.

Notices and other communications, see § 1.41.

OFFICIAL COMMENT

In the case of a transaction involving a vote by shareholders, returning the signed form and, in the case of certificated shares, depositing the shares are the shareholder's confirmation of the intention expressed earlier under section 13.21(a) to pursue appraisal rights. In the case of a merger of a subsidiary under section 11.05, the form required by section 13.23 is the shareholder's first statement of this intention.

Information on the appraisal form regarding whether the beneficial shareholder acquired beneficial ownership of the shares before, on or after the date the transaction was announced permits the corporation to exercise its right under section 13.25 to defer payment of compensation for certain shares. The corporation may elect to proceed under section 13.25 with respect to those shareholders who were required to make the certification but did not do so.

Once a shareholder deposits that shareholder's shares as required by section 13.23(a), that shareholder loses all rights as a shareholder unless the shareholder withdraws from the appraisal process pursuant to section 13.23(b).

Under section 13.23(c), a shareholder who fails to comply with the requirements of section 13.23(a) loses all rights to pursue appraisal and obtain payment under this chapter. If a beneficial shareholder wishes to assert appraisal rights in place of the record shareholder, the beneficial shareholder must also comply with section 13.03(b).

§ 13.24. PAYMENT

(a) Except as provided in section 13.25, within 30 days after the form required by section 13.22(b)(2)(ii) is due, the corporation shall pay in cash to those shareholders who complied with section 13.23(a) the amount the corporation estimates to be the fair value of their shares, plus interest.

(b) The payment to each shareholder pursuant to subsection (a) must be accompanied by:

 (1) (i) financial statements of the corporation that issued the shares to be appraised, consisting of a balance sheet as of the end of a fiscal year ending not more than 16 months before the date of payment, an income statement for that year, and a cash flow statement for that year; provided that, if such annual financial statements are not reasonably available, the corporation shall provide reasonably equivalent financial information, and (ii) the latest interim financial statements of such corporation, if any;

 (2) a statement of the corporation's estimate of the fair value of the shares, which estimate shall equal or exceed the corporation's estimate given pursuant to section 13.22(b)(2)(iii); and

 (3) a statement that shareholders described in subsection (a) have the right to demand further payment under section 13.26 and that if any such shareholder does not do so within the time period specified in section 13.26(b), such shareholder shall be deemed to have accepted the payment under subsection (a) in full satisfaction of the corporation's obligations under this chapter.

CROSS-REFERENCES

After-acquired shares, see § 13.25.

"Fair value" defined, see § 13.01.

"Interest" defined, see § 13.01.

Notice of appraisal rights, see § 13.22.

Payment demand, see § 13.23.

Rejection of corporation's offer, see § 13.26.

OFFICIAL COMMENT

Section 13.24 is applicable to shareholders who have complied with section 13.23(a) and to shareholders described in section 13.25(a) if the corporation so chooses. The corporation must, however, elect to treat all shareholders described in section 13.25(a) either under section 13.24 or under section 13.25; it may not treat some shareholders described in section 13.25(a) under section 13.24 but treat others under section 13.25.

The requirement of section 13.24 that the corporation pay its estimate of the fair value of the stock plus interest reflects a judgment that a difference of opinion over the total amount to be paid should not delay payment of the amount that is undisputed. Because a former shareholder must decide whether to accept that payment in full satisfaction, the corporation must include with the payment the information specified in section 13.24(b), which includes a reminder of the former shareholder's further rights.

Even though the information specified in section 13.24(b) was previously furnished under section 13.20(d) at the time notice of appraisal rights was given, it must still be furnished under section 13.24(b) at the time of payment. That information may need to be updated to satisfy the requirements of section 13.24(b).

§ 13.25. AFTER-ACQUIRED SHARES

(a) A corporation may elect to withhold payment required by section 13.24 from any shareholder who was required to, but did not certify that beneficial ownership of all of the shareholder's shares for which appraisal rights are asserted was acquired before the date set forth in the appraisal notice sent pursuant to section 13.22(b)(1).

(b) If the corporation elected to withhold payment under subsection (a), it shall, within 30 days after the form required by section 13.22(b)(2)(ii) is due, notify all shareholders who are described in subsection (a):

  (1) of the information required by section 13.24(b)(1);

  (2) of the corporation's estimate of fair value pursuant to section 13.24(b)(2);

  (3) that they may accept the corporation's estimate of fair value, plus interest, in full satisfaction of their demands or demand appraisal under section 13.26;

  (4) that those shareholders who wish to accept such offer shall so notify the corporation of their acceptance of the corporation's offer within 30 days after receiving the offer; and

  (5) that those shareholders who do not satisfy the requirements for demanding appraisal under section 13.26 shall be deemed to have accepted the corporation's offer.

(c) Within 10 days after receiving the shareholder's acceptance pursuant to subsection (b)(4), the corporation shall pay in cash the amount it offered under subsection (b)(2) plus interest to each shareholder who agreed to accept the corporation's offer in full satisfaction of the shareholder's demand.

(d) Within 40 days after delivering the notice described in subsection (b), the corporation shall pay in cash the amount it offered to pay under subsection (b)(2) plus interest to each shareholder described in subsection (b)(5).

CROSS-REFERENCES

"Fair value" defined, see § 13.01.

"Interest" defined, see § 13.01.

Notices and other communications, see § 1.41.

Rejection of corporation's offer, see § 13.26.

OFFICIAL COMMENT

If a public announcement of the proposed corporate action is made, section 13.25(a) gives the corporation the option not to make payment under section 13.24(a) to holders of shares acquired on or after the date of that announcement or to holders of shares who are required to but do not certify under section 13.23(a) when they acquired beneficial ownership. Instead, the corporation may give these shareholders an offer of payment which is conditioned on their agreement to accept it in full satisfaction of their claim.

The date used as a cut-off for determining the application of this section is when "the principal terms" of the proposed transaction are first announced to shareholders. See the Official Comment to section 13.22. The cut-off is not set at an earlier date, such as when the first public statement that the corporate action was under consideration was made, because the goal of this section is to discourage use of appraisal rights as a speculative device only after the principal terms of the proposed transaction are announced.

A shareholder may accept the offered payment in full satisfaction of that shareholder's claim; alternatively, a shareholder may reject the corporation's offer and demand a judicial determination under section 13.26 and payment of the amount so determined at the termination of the proceeding. A shareholder who does not satisfy the requirements of section 13.26 shall be deemed to have accepted the corporation's offer.

§ 13.26. PROCEDURE IF SHAREHOLDER DISSATISFIED WITH PAYMENT OR OFFER

(a) A shareholder paid pursuant to section 13.24 who is dissatisfied with the amount of the payment shall notify the corporation in writing of that shareholder's estimate of the fair value of the shares and demand payment of that estimate (less any payment under section 13.24) plus interest. A shareholder offered payment under section 13.25 who is dissatisfied with that offer shall reject the offer and demand payment of the shareholder's stated estimate of the fair value of the shares plus interest.

(b) A shareholder who fails to notify the corporation in writing of that shareholder's demand to be paid the shareholder's stated estimate of the fair value plus interest under subsection (a) within 30 days after receiving the corporation's payment or offer of payment under section 13.24 or section 13.25, respectively, waives the right to demand payment under this section and shall be entitled only to the payment made or offered pursuant to those respective sections.

CROSS-REFERENCES

After-acquired shares, see § 13.25.

"Fair value" defined, see § 13.01.

"Interest" defined, see § 13.01.

Judicial appraisal, see § 13.30.

Notices and other communications, see § 1.41.

Offer of payment for after-acquired shares, see § 13.25.

Other remedies, see § 13.40.

Payment for shares, see § 13.24.

OFFICIAL COMMENT

A shareholder who is not content with the corporation's remittance under section 13.24, or offer of remittance under section 13.25, and wishes to pursue appraisal rights further must state in writing the amount the shareholder is willing to accept. A shareholder whose demand is deemed arbitrary, unreasonable or not in good faith, however, runs the risk of being assessed litigation expenses under section 13.31. These provisions are designed to encourage settlement without a judicial proceeding.

A shareholder to whom the corporation has made payment (or who has been offered payment under section 13.25) must make a supplemental demand within 30 days after receipt of the payment or offer of payment to permit the corporation to make an early decision on initiating appraisal proceedings. A failure to make such demand causes the shareholder to relinquish under section 13.26(b) anything beyond the amount the corporation paid or offered to pay.

Subchapter C.
JUDICIAL APPRAISAL OF SHARES

§ 13.30. COURT ACTION

(a) If a shareholder makes demand for payment under section 13.26 which remains unsettled, the corporation shall commence a proceeding within 60 days after receiving the payment demand and petition the court to determine the fair value of the shares and accrued interest. If the corporation does not commence the proceeding within the 60-day period, it shall pay in cash to each shareholder the amount the shareholder demanded pursuant to section 13.26 plus interest.

(b) The corporation shall commence the proceeding in the [name or describe court].

(c) The corporation shall make all shareholders (regardless of whether they are residents of this state) whose demands remain unsettled parties to the proceeding as in an action against their shares, and all parties shall be served with a copy of the petition. Nonresidents may be served by registered or certified mail or by publication as provided by law.

(d) The jurisdiction of the court in which the proceeding is commenced under subsection (b) is plenary and exclusive. The court may appoint one or more persons as appraisers to receive evidence and recommend a decision on the question of fair value. The appraisers shall have the powers described in the order appointing them, or in any amendment to it. The shareholders demanding appraisal rights are entitled to the same discovery rights as parties in other civil proceedings. There shall be no right to a jury trial.

(e) Each shareholder made a party to the proceeding is entitled to judgment (i) for the amount, if any, by which the court finds the fair value of the shareholder's shares exceeds the amount paid by the corporation to the shareholder for such shares, plus interest, or (ii) for the fair value, plus interest, of the shareholder's shares for which the corporation elected to withhold payment under section 13.25.

CROSS-REFERENCES

After-acquired shares, see § 13.25.

"Fair value" defined, see § 13.01.

"Interest" defined, see § 13.01.

"Person" defined, see § 1.40.

"Proceeding" defined, see § 1.40.

OFFICIAL COMMENT

Section 13.30 provides for judicial appraisal as the ultimate means of determining fair value. All demands for payment made under section 13.26 are to be resolved in a single proceeding brought in the court specified by section 13.30(b). All shareholders making demands under section 13.26 must be made parties, with service by publication authorized if necessary. Because the nature of the proceeding is similar to a proceeding in equity or for an accounting, section 13.30(d) provides that there is no right to a jury trial. The final judgment establishes not only the fair value of the shares in the abstract but also determines how much each shareholder who made a section 13.26 demand should receive.

§ 13.31. COURT COSTS AND EXPENSES

(a) The court in an appraisal proceeding commenced under section 13.30 shall determine all court costs of the proceeding, including the reasonable compensation and expenses of appraisers appointed by the court. The court shall assess the court costs against the corporation, except that the court may assess court costs against all or some of the shareholders demanding appraisal, in amounts which the court finds equitable, to the extent the court finds such shareholders acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by this chapter.

(b) The court in an appraisal proceeding may also assess the expenses of the respective parties in amounts the court finds equitable:

(1) against the corporation and in favor of any or all shareholders demanding appraisal if the court finds the corporation did not substantially comply with the requirements of sections 13.20, 13.22, 13.24, or 13.25; or

(2) against either the corporation or a shareholder demanding appraisal, in favor of any other party, if the court finds the party against whom expenses are assessed acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by this chapter.

(c) If the court in an appraisal proceeding finds that the expenses incurred by any shareholder were of substantial benefit to other shareholders similarly situated and that such expenses should not be assessed against the corporation, the court may direct that such expenses be paid out of the amounts awarded the shareholders who were benefited.

(d) To the extent the corporation fails to make a required payment pursuant to sections 13.24, 13.25, or 13.26, the shareholder may sue directly for the amount owed, and to the extent successful, shall be entitled to recover from the corporation all expenses of the suit.

CROSS-REFERENCES

Appraisers, see § 13.30.

"Expenses" defined, see § 1.40.

Judicial appraisal, see § 13.30.

"Proceeding" defined, see § 1.40.

OFFICIAL COMMENT

The purpose of the grants of discretion to the court under section 13.31 with respect to expenses of appraisal proceedings is to increase the incentives of both sides to proceed in good faith under this chapter to attempt to resolve their disagreement without the need of a formal judicial appraisal of the value of shares.

While subsections (a) through (c) allocate court costs and expenses in an appraisal proceeding, subsection (d) covers the situation where the corporation was obligated to make payment and did not meet this obligation.

Subchapter D.
OTHER REMEDIES

§ 13.40. OTHER REMEDIES LIMITED

(a) The legality of a proposed or completed corporate action described in section 13.02(a) may not be contested, nor may the corporate action be enjoined, set aside or rescinded, in a legal or equitable proceeding by a shareholder after the shareholders have approved the corporate action.

(b) Subsection (a) does not apply to a corporate action that:
  (1) was not authorized and approved in accordance with the applicable provisions of:
    (i) chapter 9, 10, 11, or 12;
    (ii) the articles of incorporation or bylaws; or
    (iii) the resolution of the board of directors authorizing the corporate action;
  (2) was procured as a result of fraud, a material misrepresentation, or an omission of a material fact necessary to make statements made, in light of the circumstances in which they were made, not misleading;
  (3) is an interested transaction, unless it has been recommended by the board of directors in the same manner as is provided in section 8.62 and has been approved by the shareholders in the same manner as is provided in section 8.63 as if the interested transaction were a director's conflicting interest transaction; or
  (4) is approved by less than unanimous consent of the voting shareholders pursuant to section 7.04 if:
    (i) the challenge to the corporate action is brought by a shareholder who did not consent and as to whom notice of the approval of the corporate action was not effective at least 10 days before the corporate action was effected; and
    (ii) the proceeding challenging the corporate action is commenced within 10 days after notice of the approval of the corporate action is effective as to the shareholder bringing the proceeding.

CROSS-REFERENCES

Directors' action respecting a director's conflicting interest transaction, see § 8.62.

"Director's conflicting interest transaction" defined, see § 8.60.

"Interested transaction" defined, see § 13.01.

Shareholders' action respecting a director's conflicting interest transaction, see § 8.63.

OFFICIAL COMMENT

The principle underlying section 13.40 generally is that when the holders of a majority of the shares have approved a corporate change, the corporation should be permitted to proceed even if a minority considers the change unwise or disadvantageous. The existence of an appraisal remedy recognizes that shareholders may disagree about the financial consequences that a corporate action may have and that some may hold such strong views that they will want to vindicate them in a judicial proceeding. Accordingly, if an appraisal proceeding results in an award of additional consideration to the shareholders who pursued appraisal, no inference should be drawn that the judgment of the majority was wrong or that compensation is now owed to shareholders who did not seek appraisal. The limitations are not confined to cases where appraisal is available. The liquidity and reliability considerations that justify the market exception also justify imposing the same limitation on post-shareholder approval remedies that apply when appraisal is available.

Section 13.40 permits proceedings contesting the legality of a transaction, or seeking to enjoin, rescind or set aside the corporate action after the action has been approved by shareholders under the four circumstances described in section 13.40(b)(1). In the case of a corporate action that is an interested transaction, the same reasoning that supports the provision of appraisal rights in situations where the market exception would otherwise apply under section 13.02(b) also supports the approach in section 13.40(b)(3) not to preclude judicial review or relief in connection with such transactions, unless other strong safeguards are present. Those safeguards are drawn from the treatment of director conflicting interest transactions in sections 8.60 through 8.63. In those sections, a conflict of interest transaction may be protected if either qualified director or disinterested shareholder approval is obtained after required disclosure. Here, the protection is made available only if both those requirements are met. Absent compliance with those safeguards, the standard of review to be applied, and the extent of the relief that may be available is not addressed by this section.

The scope of section 13.40(b) is limited and does not otherwise affect applicable state law. Section 13.40(b) does not create any cause of action; it merely removes the bar to the types of post-transaction claims provided in section 13.40(a). Even then, whether the specific facts of a transaction subject to section 13.40(b) warrant invalidation or rescission is left to the discretion of the court. Similarly, section 13.40 leaves to applicable state law the question of remedies, such as injunctive relief, that may be available before the corporate action is approved by shareholders in light of other remedies that may be available after the transaction is approved or completed. Where post-shareholder approval claims outside the scope of section 13.40 are asserted, the availability of judicial review, the remedies (such as damages) that shareholders may have, and questions relating to election of remedies, will be determined by applicable state law. Section 13.40 addresses challenges only to the corporate action and does not address remedies, if any, that shareholders may have against directors or other persons as a result of the corporate action, even where subsection (b)(4) applies. See section 8.31 and the related Official Comment and the introductory Official Comment to chapter 8F under the heading "Scope of Subchapter F."

Model Business Corporation Act (updated through December 2020)

Exhibit F

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

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material under §240.14a-12

AEROGROW INTERNATIONAL, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☐ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☒ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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AeroGrow International, Inc.
5405 Spine Road
Boulder, Colorado 80301

January 22, 2021

To the Stockholders of AeroGrow International, Inc.:

You are cordially invited to attend a special meeting of the stockholders (the "Special Meeting") of AeroGrow International, Inc., a Nevada corporation (the "Company," "we," "us," or "our"), to be held on February 23, 2021, at 10:00 a.m., Mountain Time. The Special Meeting is scheduled to be held exclusively online via live webcast. There will not be a physical meeting location. The Special Meeting can be accessed by visiting www.virtualshareholdermeeting.com/AERO2021SM (the "Virtual Special Meeting Website"), where you will be able to attend the Special Meeting, vote and submit your questions during the Special Meeting. Please note you will not be able to attend the Special Meeting in person. We have chosen to hold a virtual rather than an in-person Special Meeting given the current public health implications of the novel coronavirus (COVID-19) and our desire to promote the health and welfare of our directors, officers and stockholders.

At the Special Meeting, you will be asked to consider and vote on a proposal to approve the Agreement and Plan of Merger (as it may be amended from time to time, the "Merger Agreement"), dated as of November 11, 2020, by and among the Company, SMG Growing Media, Inc., an Ohio corporation ("Parent"), AGI Acquisition Sub, Inc., a Nevada corporation and wholly-owned subsidiary of Parent ("Merger Sub" and, together with Parent, the "Purchaser Parties"), and, solely for the purposes stated in Section 6.4 of the Merger Agreement, The Scotts Miracle-Gro Company, an Ohio corporation ("Scotts Miracle-Gro"), and the transactions contemplated thereby (including the Merger (as defined below)), relating to the proposed acquisition of the Company by Parent, a direct, wholly-owned subsidiary of Scotts Miracle-Gro. Pursuant to the terms of the Merger Agreement, Merger Sub will merge with and into the Company (the "Merger"), with the Company continuing as the surviving corporation in the Merger as a direct, wholly-owned subsidiary of Parent and an indirect, wholly-owned subsidiary of Scotts Miracle-Gro.

If the Merger is completed, you will be entitled to receive $3.00 in cash, without interest and subject to any required withholding of taxes, for each share of our common stock, par value $0.001 per share (the "common stock"), that you own (unless you have properly asserted and preserved your dissenter's rights pursuant to and in accordance with Nevada Revised Statutes 92A.300 through 92A.500, inclusive).

The special committee (the "Special Committee") of the board of directors of the Company (the "Board"), consisting solely of independent and disinterested directors, evaluated the Merger Agreement and the Merger in consultation with the Special Committee's legal and financial advisors and unanimously recommended the Merger Agreement and the Merger to the Board. The Special Committee unanimously (i) determined that the Merger Agreement and the transactions contemplated thereby (including the Merger) were fair to, and in the best interests of, the Company and the holders of shares of common stock (including unaffiliated security holders, but excluding Parent and the Company), and (ii) recommended that the Board adopt and approve the Merger Agreement and approve the Merger. The Board (including Patricia M. Ziegler, Chris J. Hagedorn and Cory T. Miller, who reminded the Board of their affiliation with Scotts Miracle-Gro), on behalf of the Company, based on the recommendation of the Special Committee and after consultation with the Company's legal and financial advisors, unanimously (i) adopted and approved the Merger Agreement and the transactions contemplated by the

Merger Agreement (including the Merger), (ii) determined that the Merger Agreement and the transactions contemplated by the Merger Agreement (including the Merger) were fair to, and in the best interests of, the Company and the holders of shares of common stock (including unaffiliated security holders, but excluding Parent and the Company), (iii) directed that the Merger Agreement and the Merger be submitted for approval by a vote of the holders of common stock at the Special Meeting and (iv) recommended that the holders of common stock affirmatively vote to approve the Merger Agreement and the Merger. The approval of the proposal to approve the Merger Agreement and the transactions contemplated thereby (including the Merger) requires the vote of a majority of the outstanding shares of common stock entitled to vote on such matter at the Special Meeting. The transaction has not been structured to require the approval of the holders of at least a majority of the shares of common stock beneficially owned by security holders unaffiliated with the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro and our directors who are affiliated with Scotts Miracle-Gro, to the extent such directors beneficially own any shares of common stock). Furthermore, such approval is not required under Nevada law for us to complete the Merger.

The Board unanimously recommends that you vote “FOR” the approval of the Merger Agreement and the transactions contemplated thereby (including the Merger).

The Merger Agreement provides that Parent will vote or cause to be voted any shares of common stock beneficially owned by it or any of its affiliates or with respect to which it or any of its affiliates has the power (by agreement, proxy or otherwise) to cause to be voted in favor of the approval of the Merger Agreement and the transactions contemplated thereby (including the Merger) at the Special Meeting and at all adjournments, recesses or postponements thereof. As of January 20, 2021, the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) may be deemed to beneficially own approximately 80.5% of the outstanding shares of our common stock.

Whether or not you plan to attend the Special Meeting via the Virtual Special Meeting Website, please sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope. You also may submit a proxy electronically over the Internet or by telephone. We have provided instructions on the proxy card for using these convenient services. Submitting a proxy will not prevent you from voting your shares via the Virtual Special Meeting Website if you subsequently choose to attend the Special Meeting via the Virtual Special Meeting Website. Your proxy may be revoked at any time before the vote at the Special Meeting by following the procedures outlined in the accompanying proxy statement. If you attend the Special Meeting and vote via the Virtual Special Meeting Website, your vote will revoke any proxy that you have previously submitted. We cannot complete the Merger unless the proposal to approve the Merger Agreement and the transactions contemplated thereby (including the Merger) is approved by a majority of the outstanding shares of common stock entitled to vote on such matter at the Special Meeting as of **January 8, 2021**, **the record date for the Special Meeting (the “Record Date”). The transaction has not been structured to require the approval of the holders of at least a majority of the shares of common stock beneficially owned by security holders unaffiliated with the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro and our directors who are affiliated with Scotts Miracle-Gro, to the extent such directors beneficially own any shares of common stock). Furthermore, such approval is not required under Nevada law for us to complete the Merger. Because the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) may be deemed to beneficially own more than a majority of our outstanding shares of common stock as of the Record Date, they can satisfy the required vote under Nevada law and the Merger Agreement to approve the Merger Agreement and the transactions contemplated thereby (including the Merger) without the affirmative vote of any of our unaffiliated security holders. Despite the fact that the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) can satisfy the required vote, we are soliciting proxies and furnishing a proxy statement to our stockholders to give unaffiliated security holders the opportunity to express their views on the Merger, even though their approval is not required as a condition to the completion of the Merger. Please note that any abstention or other failure to vote your shares will have the same effect as a vote “AGAINST” the proposal to approve the Merger Agreement and the transactions contemplated thereby (including the Merger).**

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If you hold your shares in "street name" through a broker, bank, trustee or other nominee, you should instruct your broker, bank, trustee or other nominee how to vote your shares in accordance with the voting instruction form that you will receive from your broker, bank, trustee or other nominee. **Your broker, bank, trustee or other nominee cannot vote on the proposal to approve the Merger Agreement and the transactions contemplated thereby (including the Merger) without your instructions. Without those instructions, your shares will not be voted, which will have the same effect as a vote "AGAINST" the proposal to approve the Merger Agreement and the transactions contemplated thereby (including the Merger).**

The accompanying proxy statement provides detailed information about the Special Meeting, the Merger Agreement and the Merger. In addition, you may obtain information about us from documents that we have filed with the Securities and Exchange Commission. See "Where You Can Find More Information" in the accompanying proxy statement. A copy of the Merger Agreement is attached as Annex A to the proxy statement. The proxy statement also describes the actions and determinations of the Special Committee and the Board in connection with their evaluation of the Merger Agreement and the Merger. I encourage you to read the proxy statement and its annexes, including the Merger Agreement, carefully and in their entirety, as they contain important information related to the Merger Agreement and the Merger.

If you have any questions or need assistance voting your shares, please contact the Company at:

AeroGrow International, Inc.
Attention: Senior Vice President of Finance and Administration
5405 Spine Road
Boulder, Colorado 80301
grey@aerogrow.com
(303) 444-7755

On behalf of the Company, I thank you for your continued support and appreciate your consideration of this matter.

Sincerely,

J. Michael Wolfe
President and Chief Executive Officer

The accompanying proxy statement is dated January 22, 2021 and, together with the enclosed form of proxy card, is first being mailed to stockholders on or about January 22, 2021.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Merger, passed upon the merits or fairness of the Merger Agreement or the transactions contemplated thereby, including the proposed Merger, or passed upon the adequacy or accuracy of the information contained in the accompanying proxy statement. Any representation to the contrary is a criminal offense.

AeroGrow International, Inc.
5405 Spine Road
Boulder, Colorado 80301

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To Be Held February 23, 2021

To the Stockholders of AeroGrow International, Inc.:

Notice is hereby given that a special meeting of the stockholders (the "Special Meeting") of AeroGrow International, Inc., a Nevada corporation (the "Company," "we," "us," or "our"), will be held on February 23, 2021, at 10:00 a.m., Mountain Time. The Special Meeting will be held exclusively online via live webcast and can be accessed by visiting www.virtualshareholdermeeting.com/AERO2021SM (the "Virtual Special Meeting Website"), where you will be able to attend the Special Meeting, vote and submit your questions during the Special Meeting. There will not be a physical meeting location.

The Special Meeting will be held to consider and vote on a proposal to approve the Agreement and Plan of Merger (as it may be amended from time to time, the "Merger Agreement"), dated as of November 11, 2020, by and among the Company, SMG Growing Media, Inc., an Ohio corporation ("Parent"), AGI Acquisition Sub, Inc., a Nevada corporation and wholly-owned subsidiary of Parent ("Merger Sub" and, together with Parent, the "Purchaser Parties"), and, solely for the purposes stated in Section 6.4 of the Merger Agreement, The Scotts Miracle-Gro Company, an Ohio corporation ("Scotts Miracle-Gro"), and the transactions contemplated thereby (including the Merger (as defined below)), relating to the proposed acquisition of the Company by Parent, a direct, wholly-owned subsidiary of Scotts Miracle-Gro (the "Merger Agreement Proposal"). Pursuant to the terms of the Merger Agreement, Merger Sub will merge with and into the Company (the "Merger"), with the Company continuing as the surviving corporation in the Merger as a direct, wholly-owned subsidiary of Parent and an indirect, wholly-owned subsidiary of Scotts Miracle-Gro. A copy of the Merger Agreement is attached as Annex A to the proxy statement.

Any action on the item of business described above may be considered at the Special Meeting or at any time and date to which the Special Meeting may be properly adjourned or postponed.

Only holders of record of our common stock, par value $0.001 per share (the "common stock"), as of the close of business on January 8, 2021 (the "Record Date"), are entitled to notice of, and to vote at, the Special Meeting or any adjournment or postponement thereof.

A list of stockholders of record will be available for inspection at our corporate headquarters located at 5405 Spine Road, Boulder, Colorado 80301, during ordinary business hours during the 10-day period before the Special Meeting.

The special committee (the "Special Committee") of the board of directors of the Company (the "Board"), consisting solely of independent and disinterested directors, evaluated the Merger Agreement and the Merger in consultation with the Special Committee's legal and financial advisors and unanimously recommended the Merger Agreement and the Merger to the Board. The Special Committee unanimously (i) determined that the Merger Agreement and the transactions contemplated thereby (including the Merger) were fair to, and in the best interests of, the Company and the holders of shares of common stock (including unaffiliated security holders, but excluding Parent and the Company), and (ii) recommended that the Board adopt and approve the Merger Agreement and approve the Merger. The Board (including Patricia M. Ziegler, Chris J. Hagedorn and Cory T. Miller, who reminded the Board of their affiliation with Scotts Miracle-Gro), on behalf of the Company, based on the recommendation of the Special Committee and after consultation with the Company's legal and financial advisors, unanimously (i) adopted and approved the Merger Agreement and the transactions contemplated by the Merger Agreement (including the Merger), (ii) determined that the Merger Agreement and the transactions contemplated by the Merger Agreement (including the Merger) were fair to, and in the best interests of, the Company and the holders of shares of common stock (including unaffiliated security holders, but excluding Parent and the Company), (iii) directed that the Merger Agreement and the Merger be submitted for approval by a vote of the holders of common stock at the Special Meeting and (iv) recommended that the holders of common stock affirmatively vote to approve the Merger Agreement and the Merger. The approval of the Merger Agreement Proposal requires the vote of a majority of the outstanding shares of common stock entitled to vote on such matter at the Special Meeting. The transaction has not been structured to require the approval of the holders of at least a majority of the shares of common stock beneficially owned by security holders unaffiliated with the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro and our directors who are affiliated with Scotts Miracle-Gro, to the extent such directors beneficially own any shares of common stock). Furthermore, such approval is not required under Nevada law for us to complete the Merger.

The Board unanimously recommends that you vote "FOR" the Merger Agreement Proposal.

The Merger Agreement provides that Parent will vote or cause to be voted any shares of common stock beneficially owned by it or any of its affiliates or with respect to which it or any of its affiliates has the power (by agreement, proxy or otherwise) to cause to be voted in favor of the Merger Agreement Proposal at the Special Meeting and at all adjournments, recesses or postponements thereof. As of January 20, 2021, the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) may be deemed to beneficially own approximately 80.5% of the outstanding shares of our common stock.

Whether or not you plan to attend the Special Meeting via the Virtual Special Meeting Website, please sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope. You also may submit a proxy electronically over the Internet or by telephone. We have provided instructions on the proxy card for using these convenient services. Submitting a proxy will not prevent you from voting your shares via the Virtual Special Meeting Website if you subsequently choose to attend the Special Meeting via the Virtual Special Meeting Website. Your proxy may be revoked at any time before the vote at the Special Meeting by following the procedures outlined in the proxy statement. If you attend the Special Meeting and vote via the Virtual Special Meeting Website, your vote will revoke any proxy that you have previously submitted. **We cannot complete the Merger unless the Merger Agreement Proposal is approved by a majority of the outstanding shares of common stock entitled to vote on such matter at the Special Meeting as of the Record Date. The transaction has not been structured to require the approval of the holders of at least a majority of the shares of common stock beneficially owned by security holders unaffiliated with the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro and our directors who are affiliated with Scotts Miracle-Gro, to the extent such directors beneficially own any shares of common stock). Furthermore, such approval is not required under Nevada law for us to complete the Merger. Because the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) may be deemed to beneficially own more than a majority of our outstanding shares of common stock as of the Record Date, they can satisfy the required vote under Nevada law and the Merger Agreement to approve the Merger Agreement and the transactions contemplated thereby (including the Merger) without the affirmative vote of any of our unaffiliated security holders. Despite the fact that the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) can satisfy the required vote, we are soliciting proxies and furnishing a proxy statement to our stockholders to give unaffiliated security holders the opportunity to express their views on the Merger, even though their approval is not required as a condition to the completion of the Merger. Please note that any abstention or other failure to vote your shares will have the same effect as a vote "AGAINST" the Merger Agreement Proposal.**

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If you hold your shares in "street name" through a broker, bank, trustee or other nominee, you should instruct your broker, bank, trustee or other nominee how to vote your shares in accordance with the voting instruction form that you will receive from your broker, bank, trustee or other nominee. **Your broker, bank, trustee or other nominee cannot vote on the Merger Agreement Proposal without your instructions. Without those instructions, your shares will not be voted, which will have the same effect as a vote "AGAINST" the Merger Agreement Proposal.**

Any stockholder who does not vote (and who does not cause or permit the stockholder's shares to be voted) in favor of the Merger Agreement Proposal will have the right to dissent from the Merger and, in lieu of receiving the consideration prescribed under the Merger Agreement, obtain payment of the fair value (as defined in Nevada Revised Statutes 92A.320) of the stockholder's shares, but only if (1) the stockholder delivers to the Company, before the vote on the Merger Agreement Proposal is taken at the Special Meeting, written notice of the stockholder's intent to demand payment for the stockholder's shares if the Merger is effectuated, and (2) the stockholder complies with all other applicable requirements of Nevada law, which are summarized in the proxy statement and reproduced in their entirety in Annex C to the proxy statement.

You are encouraged to read the proxy statement and its annexes, including all documents incorporated by reference into the proxy statement, carefully and in their entirety. If you have any questions concerning the Merger, the Special Meeting or the proxy statement, would like additional copies of the accompanying proxy statement or need help voting your shares, please contact the Company at:

AeroGrow International, Inc.
Attention: Senior Vice President of Finance and Administration
5405 Spine Road
Boulder, Colorado 80301
grey@aerogrow.com
(303) 444-7755

Whether or not you plan to attend the Special Meeting via the Virtual Special Meeting Website, please sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope. You also may submit a proxy electronically over the Internet or by telephone. Submitting a proxy will not prevent you from voting your shares via the Virtual Special Meeting Website if you subsequently choose to attend the Special Meeting via the Virtual Special Meeting Website. Your proxy may be revoked at any time before the vote at the Special Meeting by following the procedures outlined in the proxy statement.

By Order of the Board of Directors,

J. Michael Wolfe

J. Michael Wolfe
President and Chief Executive Officer

Dated: January 22, 2021

The accompanying proxy statement is dated January 22, 2021 and, together with the enclosed form of proxy card, is first being mailed to stockholders on or about January 22, 2021.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Merger, passed upon the merits or fairness of the Merger Agreement or the transactions contemplated thereby, including the proposed Merger, or passed upon the adequacy or accuracy of the information contained in the accompanying proxy statement. Any representation to the contrary is a criminal offense.

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Annexes

This proxy statement contains information related to a special meeting of the stockholders (the "Special Meeting") of AeroGrow International, Inc., a Nevada corporation ("AeroGrow," the "Company," "we," "us," or "our"), to be held on February 23, 2021, at 10:00 a.m., Mountain Time. The Special Meeting is scheduled to be held exclusively online via live webcast. There will not be a physical meeting location. The Special Meeting can be accessed by visiting www.virtualshareholdermeeting.com/AERO2021SM (the "Virtual Special Meeting Website"), where you will be able to attend the Special Meeting, vote and submit your questions during the Special Meeting. Please note you will not be able to attend the Special Meeting in person. We have chosen to hold a virtual rather than an in-person Special Meeting given the current public health implications of the novel coronavirus (COVID-19) and our desire to promote the health and welfare of our directors, officers and stockholders.

We are furnishing this proxy statement to our stockholders as part of the solicitation of proxies by the board of directors of the Company (the "Board") for use at the Special Meeting. At the Special Meeting you will be asked to consider and vote on a proposal to approve the Agreement and Plan of Merger (as it may be amended from time to time, the "Merger Agreement"), dated as of November 11, 2020, by and among the Company, SMG Growing Media, Inc., an Ohio corporation ("Parent"), AGI Acquisition Sub, Inc., a Nevada corporation and wholly-owned subsidiary of Parent ("Merger Sub" and, together with Parent, the "Purchaser Parties"), and, solely for the purposes stated in Section 6.4 of the Merger Agreement, The Scotts Miracle-Gro Company, an Ohio corporation ("Scotts Miracle-Gro"), and the transactions contemplated thereby (including the Merger (as defined below)), relating to the proposed acquisition of the Company by Parent, a direct, wholly-owned subsidiary of Scotts Miracle-Gro (the "Merger Agreement Proposal"). Pursuant to the terms of the Merger Agreement, Merger Sub will merge with and into the Company (the "Merger"), with the Company continuing as the surviving corporation in the Merger as a direct, wholly-owned subsidiary of Parent and an indirect, wholly-owned subsidiary of Scotts Miracle-Gro. A copy of the Merger Agreement is attached as Annex A to this proxy statement.

This proxy statement is dated January 22, 2021 and, together with the enclosed form of proxy card, is first being mailed to stockholders on or about January 22, 2021.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Merger, passed upon the merits or fairness of the Merger Agreement or the transactions contemplated thereby, including the proposed Merger, or passed upon the adequacy or accuracy of the information contained in this proxy statement. Any representation to the contrary is a criminal offense.

SUMMARY TERM SHEET

This summary term sheet, together with the following section entitled "Questions and Answers," highlights selected information from this proxy statement, including with respect to the Merger Agreement and the transactions contemplated thereby (including the Merger), and may not contain all of the information that may be important to you. To understand the Merger more fully and for a more complete description of the legal terms of the Merger and the Merger Agreement, you should carefully read this entire proxy statement, the annexes to this proxy statement and the documents that we refer to, or incorporate by reference, in this proxy statement. Each item in this summary term sheet includes a page reference directing you to a more complete description of that topic. You may obtain the information incorporated by reference in this proxy statement without charge by following the instructions under "Where You Can Find More Information" beginning on page 136. The Merger Agreement is attached as Annex A to this proxy statement. We encourage you to read the Merger Agreement, which is the legal document that governs the Merger, carefully and in its entirety.

Parties Involved in the Merger (Page 27)

AeroGrow International, Inc.

AeroGrow is a Nevada corporation. AeroGrow is a developer, marketer, direct-seller, and wholesaler of advanced indoor garden systems designed for consumer use and priced to appeal to the gardening, cooking, healthy eating, and home and office decor markets. We offer multiple lines of proprietary indoor gardens, grow lights, a patented nutrient formula, more than 40 corresponding proprietary seed pod kits, and various cooking, gardening and decor accessories, primarily in the United States and Canada, as well as selected countries in Europe. Please see "Where You Can Find More Information" beginning on page 136 for additional information regarding us.

Our common stock is listed on The OTCQB Marketplace operated by OTC Markets Group Inc. ("OTCQB") under the symbol "AERO."

Our principal executive office is located at 5405 Spine Road, Boulder, Colorado 80301, and our telephone number is (303) 444-7755.

The Scotts Miracle-Gro Company

Scotts Miracle-Gro, an Ohio corporation, is the leading manufacturer and marketer of branded consumer lawn and garden products in North America. Scotts Miracle-Gro products are marketed under some of the most recognized brand names in the industry. Scotts Miracle-Gro's key consumer lawn and garden brands include Scotts® and Turf Builder® lawn and grass seed products; Miracle-Gro® soil, plant food and insecticide, LiquaFeed® plant food and Osmocote® (Osmocote® is a registered trademark of Everris International B.V., a subsidiary of Israel Chemicals Ltd.) gardening and landscape products; and Ortho®, Home Defense® and Tomcat® branded insect control, weed control and rodent control products. Scotts Miracle-Gro is the exclusive agent of the Monsanto Company, a subsidiary of Bayer AG ("Monsanto"), for the marketing and distribution of certain of Monsanto's consumer Roundup® branded products within the United States and certain other specified countries. Scotts Miracle-Gro has a presence in similar branded consumer products in China. Scotts Miracle-Gro's common shares are listed on the New York Stock Exchange (the "NYSE") under the symbol "SMG."

Scotts Miracle-Gro's principal executive office is located at 14111 Scottslawn Road, Marysville, Ohio 43041, and its telephone number is (937) 644-0011.

SMG Growing Media, Inc.

Parent is an Ohio corporation and a direct, wholly-owned subsidiary of Scotts Miracle-Gro and serves as a holding company for Scotts Miracle-Gro's growing media and hydroponic businesses.

Parent's principal executive office is located at 14111 Scottslawn Road, Marysville, Ohio 43041, and its telephone number is (937) 644-0011.

AGI Acquisition Sub, Inc.

Merger Sub is a Nevada corporation and a direct, wholly-owned subsidiary of Parent. Merger Sub was incorporated in 2020 by Parent solely for the purpose of entering into the transactions contemplated by the Merger Agreement, and has not entered into any business activities other than in connection with the transactions contemplated by the Merger Agreement. Upon completion of the Merger, Merger Sub will cease to exist as a separate entity and the Company will continue as the surviving corporation in the Merger.

Merger Sub's principal executive office is located at 14111 Scottslawn Road, Marysville, Ohio 43041, and its telephone number is (937) 644-0011.

Each of the Purchaser Parties is an affiliate of Scotts Miracle-Gro. As of January 20, 2021, the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) may be deemed to beneficially own approximately 80.5% of the outstanding shares of our common stock. See "Other Important Information Regarding the Purchaser Parties and Scotts Miracle-Gro" beginning on page 121.

Special Factors (Page 27)

Merger Consideration (Page 28)

Upon completion of the Merger, the Company will cease to be a publicly traded company and at the effective time of the Merger (the "Effective Time") each share of common stock (other than Excluded Shares and Dissenting Shares (each as defined in "Special Factors—Merger Consideration" beginning on page 28)) issued and outstanding immediately prior to the Effective Time will be automatically converted into the right to receive $3.00 in cash, without interest thereon and subject to any required withholding of taxes (the "Merger Consideration"), and will cease to be outstanding, will be cancelled and will cease to exist.

Following the completion of the Merger, you will no longer own any shares of the capital stock of the surviving corporation or have any other rights as a stockholder of the Company. You will, however, have the right to receive the Merger Consideration (except stockholders who have duly preserved, demanded and perfected, and not withdrawn or otherwise waived or lost, dissenter's rights pursuant to and in accordance with Nevada Revised Statutes ("NRS") 92A.300 through NRS 92A.500, inclusive) (as described in "Special Factors—Dissenter's Rights" beginning on page 80), who will instead have the rights available pursuant to those statutes).

Treatment of Equity Awards (Page 64)

The Company has no outstanding equity awards.

Background of the Merger (Page 28)

A description of the background of the Merger, including our discussions with the Purchaser Parties and Scotts Miracle-Gro, is included in "Special Factors—Background of the Merger" beginning on page 28.

Recommendation of the Board and Reasons for the Merger; Fairness of the Merger (Page 43)

The special committee (the "Special Committee") of the Board evaluated the Merger Agreement and the Merger in consultation with the Special Committee's legal and financial advisors and unanimously recommended the Merger Agreement and the Merger to the Board. The Special Committee unanimously (i) determined that the Merger Agreement and the transactions contemplated thereby (including the Merger) were fair to, and in the best interests of, the Company and the holders of shares of common stock (including unaffiliated security holders, but excluding Parent and the Company), and (ii) recommended that the Board adopt and approve the Merger Agreement and approve the Merger. The Board (including Ms. Ziegler and Messrs. Hagedorn and Miller, who reminded the Board of their affiliation with Scotts Miracle-Gro), on behalf of the Company, based on the recommendation of the Special Committee and after consultation with the Company's legal and financial advisors, unanimously (i) adopted and approved the Merger Agreement and the transactions contemplated by the Merger Agreement (including the Merger), (ii) determined that the Merger Agreement and the transactions contemplated by the Merger Agreement (including the Merger) were fair to, and in the best interests of, the Company and the holders of shares of common stock (including unaffiliated security holders, but excluding Parent and the Company), (iii) directed that the Merger Agreement and the Merger be submitted for approval by

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a vote of the holders of common stock at the Special Meeting and (iv) recommended that the holders of common stock affirmatively vote to approve the Merger Agreement and the Merger. The approval of the Merger Agreement Proposal requires the vote of a majority of the outstanding shares of common stock entitled to vote on such matter at the Special Meeting. The transaction has not been structured to require the approval of the holders of at least a majority of the shares of common stock beneficially owned by security holders unaffiliated with the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro and our directors who are affiliated with Scotts Miracle-Gro, to the extent such directors beneficially own any shares of common stock). Furthermore, such approval is not required under Nevada law for us to complete the Merger.

For a discussion of the material factors considered by the Board in reaching its conclusions, please refer to "Special Factors—Recommendation of the Board and Reasons for the Merger; Fairness of the Merger" beginning on page 43.

The Board unanimously recommends that you vote "**FOR**" the Merger Agreement Proposal.

Position of the Purchaser Parties and Scotts Miracle-Gro as to the Fairness of the Merger (Page 51)

The Purchaser Parties and Scotts Miracle-Gro did not participate in the deliberations of the Special Committee or the Board regarding, or receive advice from the Company's legal or financial advisors as to, the fairness of the proposed Merger to the Company's unaffiliated stockholders. The Purchaser Parties and Scotts Miracle-Gro have not performed, or engaged a financial advisor to perform, any valuation or other analysis for the purpose of assessing the fairness of the Merger to the Company's unaffiliated stockholders. However, based on the knowledge and analysis by the Purchaser Parties and Scotts Miracle-Gro of available information regarding the Company, its business and the factors considered by, and the analysis and resulting conclusions of, the Board, as discussed in the section "Special Factors—Purpose and Reasons of the Company for the Merger" beginning on page 62, the Purchaser Parties and Scotts Miracle-Gro believe that the Merger is substantively and procedurally fair to the Company's unaffiliated stockholders.

Opinion of Stifel, Nicolaus & Company, Incorporated (Page 54 and Annex B)

At the November 10, 2020 meeting of the Special Committee, Stifel, Nicolaus & Company, Incorporated ("Stifel") rendered its oral opinion to the Special Committee, confirmed by the delivery of a written opinion dated November 11, 2020, that, subject to the qualifications, assumptions, exceptions and limitations set forth therein, the Merger Consideration to be paid by Parent under the Merger Agreement was fair, from a financial point of view, to the holders of shares of common stock of the Company, other than (i) Parent, Parent's affiliates and the Company and (ii) Dissenting Shares.

The full text of Stifel's written opinion dated November 11, 2020, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex B to this proxy statement and is incorporated herein by reference. Stifel's opinion was provided for the use and benefit of the Special Committee (solely in its capacity as such) in its evaluation of the Merger. Stifel's opinion is limited solely to the fairness of the Merger Consideration to be paid by Parent under the Merger Agreement, from a financial point of view, to the holders of the Company's common stock (other than (i) Parent, Parent's affiliates and the Company and (ii) Dissenting Shares) and does not address the Company's underlying business decision to effect the Merger or the relative merits of the Merger as compared to any alternative business strategies or transactions that might be available to the Company. Stifel's opinion does not constitute a recommendation as to how any holder of securities should vote or act with respect to the Merger or any other matter.

For a more complete description and additional information, see the section entitled "Special Factors—Opinion of Stifel, Nicolaus & Company, Incorporated" beginning on page 54 and Annex B to this proxy statement.

Purpose and Reasons of the Company for the Merger (Page 62)

The Company's purpose for engaging in the Merger is to enable its stockholders (other than holders of Excluded Shares and Dissenting Shares) to receive the Merger Consideration. The Board considered the Merger Agreement, as well as strategic alternatives, including sale to a third party or continuation as an independent company, consistent with its fiduciary duties under NRS 78.138. The Company has determined to undertake the Merger at this time based on the analyses, determinations and conclusions of the Special Committee and the Board described in detail under "Special Factors—Recommendation of the Board and Reasons for the Merger; Fairness of the Merger" beginning on page 43.

Purpose and Reasons of the Purchaser Parties and Scotts Miracle-Gro for the Merger (Page 63)

Under the Securities and Exchange Commission (the "SEC") rules governing "going private" transactions, each of the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) may be deemed to be an "affiliate" (as defined under Rule 13e-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) of the Company engaged in the "going private" transaction and, therefore, each of the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) is required to express its purposes and reasons for the Merger to the Company's "unaffiliated security holders" (as defined under Rule 13e-3 of the Exchange Act). The Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) are making the statements included in this section solely for the purpose of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act. The views of the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) should not be construed as a recommendation to any unaffiliated stockholder as to how that stockholder should vote on the Merger Agreement Proposal.

The Purchaser Parties and Scotts Miracle-Gro have undertaken to pursue the Merger at this time in light of the opportunities they perceive to enhance Parent's and, in turn, Scotts Miracle-Gro's, financial performance by means of acquiring the Company's brands and other assets through the Merger. For the Purchaser Parties and Scotts Miracle-Gro, the purpose of the Merger is to enable them to exercise complete control of the Company, through a transaction in which the stockholders of the Company (other than the (i) Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) and (ii) holders of Dissenting Shares) will be entitled to receive $3.00 in cash, without interest and subject to any required withholding of taxes, per share of common stock, and bear the rewards and risks of the ownership of the Company after becoming its sole stockholder. In the opinion of the Purchaser Parties and Scotts Miracle-Gro, the Merger will provide a number of benefits to the Purchaser Parties and Scotts Miracle-Gro and the Company that would follow from the Company becoming an indirect, wholly-owned subsidiary of Scotts Miracle-Gro, including, but not limited to, those set forth in "Special Factors—Purpose and Reasons of the Purchaser Parties and Scotts Miracle-Gro for the Merger" beginning on page 63.

The transaction has been structured as a cash merger to provide the Company's unaffiliated security holders with cash for their shares of common stock and to provide a prompt and orderly transfer of ownership of the Company in a single step, without the necessity of financing separate purchases of shares of common stock in a tender offer and implementing a second-step merger to acquire any shares of common stock not tendered into any such tender offer, and without incurring any additional transaction costs associated with such activities.

Certain Effects of the Merger (Page 64)

Upon the terms and subject to the conditions of the Merger Agreement, if the Merger is completed, Merger Sub will merge with and into the Company, and the Company will continue as the surviving corporation and as a direct, wholly-owned subsidiary of Parent and an indirect, wholly-owned subsidiary of Scotts Miracle-Gro. Following the completion of the Merger, you will no longer own any shares of the capital stock of the surviving corporation or have any other rights as a stockholder of the Company. You will, however, have the right to receive the Merger Consideration (except stockholders who have duly preserved, demanded and perfected, and not withdrawn or otherwise waived or lost, dissenter's rights pursuant to NRS 92A.300 through NRS 92A.500, inclusive (as described in "Special Factors—Dissenter's Rights" beginning on page 80) who will instead have the rights available pursuant to those statutes). For a further discussion of the effects of the Merger, see "Special Factors—Certain Effects of the Merger" beginning on page 64.

Certain Effects on the Company if the Merger is Not Completed (Page 66)

If the Merger Agreement Proposal is not approved by the required vote of our stockholders, or if the Merger is not completed for any other reason, our stockholders will not receive any payment for their shares. Instead, we will remain an independent public company, our common stock will continue to be listed and traded on the OTCQB and registered under the Exchange Act, and we will continue to file periodic and current reports with the SEC. If the Merger is not completed, depending on the circumstances that caused the Merger not to be completed, the price of our common stock may decline significantly, and if that were to occur, it is uncertain when, if ever, the price of our common stock would return to the price at which it traded as of the date of this proxy statement. For more details, see "Special Factors— Certain Effects on the Company if the Merger is Not Completed" beginning on page 66.

Interests of the Company's Directors and Executive Officers in the Merger; Potential Conflicts of Interest (Page 72)

When considering the unanimous recommendation of the Board that you vote to approve the Merger Agreement Proposal, you should be aware that our directors and executive officers may have interests in the Merger that are different from, or in addition to, the interests of stockholders generally, as more fully described below. In (i) evaluating and negotiating the Merger Agreement; (ii) adopting and approving the Merger Agreement and approving the Merger; and (iii) recommending that the Merger Agreement Proposal be approved by stockholders, the Special Committee and the Board, as applicable, were aware of and considered these interests to the extent that they existed at the time, among other matters. These interests include the following:

- the significant commercial relationships and loans among the Company and affiliates of the Purchaser Parties;
- the cash payments to the members of the Special Committee for their Special Committee service, which compensation was not contingent upon the Special Committee's recommendation regarding the Merger;
- the fact that certain executive officers of the Company are anticipated to remain executive officers of the surviving corporation;
- certain severance payments available to certain executive officers of the Company in connection with a termination of employment on or following the Merger;
- our directors and executive officers will receive the Merger Consideration for any shares of common stock that they own;
- that Ms. Ziegler and Messrs. Hagedorn and Miller are affiliated with Scotts Miracle-Gro and that as of January 20, 2021, the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) beneficially owned 27,639,294 shares of common stock, representing approximately 80.5% of the outstanding shares of common stock; and
- the continued rights to exculpation, indemnification and advancement of expenses and directors' and officers' liability insurance.

If the Merger Agreement Proposal is approved, the shares held by our directors and executive officers will be treated in the same manner as outstanding shares held by all other stockholders. For more information, see "Special Factors—Interests of the Company's Directors and Executive Officers in the Merger; Potential Conflicts of Interest" beginning on page 72.

Intent to Vote in Favor of the Merger (Page 75)

As of the close of business on January 8, 2021 (the "Record Date"), the directors and executive officers of the Company beneficially owned and were entitled to vote, in the aggregate, 155,437 shares of common stock, or less than 1.0% of the aggregate shares of common stock entitled to vote at the Special Meeting. The directors have informed the Company that they currently intend to vote all of their shares "**FOR**" the Merger Agreement Proposal. Furthermore, although none of Ms. Ziegler and Messrs. Hagedorn and Miller holds voting or investment power over the shares owned by Parent and therefore each disclaims beneficial ownership over such shares, Parent is required to vote all of its shares "**FOR**" the Merger Agreement Proposal. The executive officers have not informed the Company of their intent to vote their shares on the Merger Agreement Proposal. However, the Proxy Holders (as defined in "Questions and Answers" beginning on page 17), who are both executive officers of the Company, intend to vote all of the shares over which they have proxy authority, "**FOR**" the Merger Agreement Proposal.

Parent's Obligation to Vote in Favor of the Merger (Page 75)

The Merger Agreement provides that Parent will vote or cause to be voted any shares of common stock beneficially owned by it or any of its affiliates or with respect to which it or any of its affiliates has the power (by agreement, proxy or otherwise) to cause to be voted in favor of the Merger Agreement Proposal at the Special Meeting and at all adjournments, recesses or postponements thereof. As of January 20, 2021, the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) beneficially owned 27,639,294 shares of common stock, representing approximately 80.5% of the outstanding shares of common stock.

Material U.S. Federal Income Tax Consequences of the Merger (Page 75)

For U.S. federal income tax purposes, the receipt of cash by a U.S. Holder (as defined in "Special Factors—Material U.S. Federal Income Tax Consequences of the Merger" beginning on page 75) in exchange for such U.S. Holder's shares in the Merger generally will result in the recognition of gain or loss in an amount measured by the difference, if any, between the amount of cash that such U.S. Holder receives in the Merger (computed as if there were no applicable withholding taxes) and such U.S. Holder's adjusted tax basis in the shares surrendered in the Merger. Gain or loss realized generally must be calculated separately for each block of shares (i.e., shares acquired at the same cost in a single transaction) surrendered pursuant to the Merger. A Non-U.S. Holder (as defined in "Special Factors—Material U.S. Federal Income Tax Consequences of the Merger" beginning on page 75) generally will not be subject to U.S. federal income tax with respect to the exchange of shares for cash in the Merger, unless such Non-U.S. Holder has certain connections to the United States.

The determination of actual tax consequences of the Merger to a holder will depend on the holder's specific situation. For more information, see "Special Factors—Material U.S. Federal Income Tax Consequences of the Merger" beginning on page 75. Holders of shares should consult their own tax advisors concerning the U.S. federal income tax consequences relating to the Merger in light of their particular circumstances and any consequences arising under U.S. federal non-income tax laws or the laws of any state, local or foreign taxing jurisdiction.

Financing of the Merger (Page 78)

The consummation of the Merger is not subject to a financing condition. The Company and Parent estimate that the total amount of funds required to complete the Merger and the transactions contemplated thereby and pay related fees and expenses will be approximately $20.3 million, consisting of approximately $20.1 million in cash Merger Consideration and approximately $0.2 million in transaction related fees and expenses. Parent expects this amount to be funded through available cash on hand. See “Special Factors—Financing of the Merger” beginning on page 78.

Litigation Relating to the Merger

On January 11, 2021, an alleged stockholder of the Company, Overbrook Capital, LLC, filed a putative class action complaint in the Eighth Judicial District Court, Clark County Nevada, against the Company, each of the members of the Board, Parent and Scotts-Miracle Gro, purportedly in relation to the Company’s entry into the Merger Agreement. The complaint asserts claims for breach of fiduciary duty against the defendants. The complaint alleges, among other things, that (i) the directors breached their fiduciary duties in connection with the Merger due to, among other things, the fairness and adequacy of Merger Consideration for the Company’s unaffiliated minority stockholders and a lack of certain measures in the Merger Agreement that the complaint alleges would have better protected the interests of Company’s unaffiliated minority stockholders, (ii) Parent and Scotts Miracle-Gro (as controlling stockholders) breached their fiduciary duties to the Company’s unaffiliated minority stockholders in connection with the Merger due to, among other things, an alleged lack of fairness to the Company’s unaffiliated stockholders, both in terms of price and process, and (iii) Parent, Scotts Miracle-Gro and the Company breached their fiduciary duties in connection with the Merger by, among other things, allegedly aiding and abetting the foregoing alleged breaches of fiduciary duty by the directors. The complaint seeks, among other things, in the event the Merger is consummated, an order rescinding it and setting it aside or awarding rescissory damages, and unspecified attorneys’ and experts’ fees.

On January 12, 2021, an alleged stockholder of the Company, Nicoya Capital, LLC, filed a putative class action complaint in the Eighth Judicial District Court, Clark County Nevada, against each of the members of the Board, James Hagedorn, Chairman and Chief Executive Officer of Scotts Miracle-Gro, Peter Supron, Chief of Staff to the President of Scotts Miracle-Gro, the Company, Merger Sub, Parent and Scotts-Miracle Gro, purportedly in relation to the Company’s entry into the Merger Agreement. The complaint asserts a claim for breach of fiduciary duty against the defendants. The complaint alleges, among other things, that (i) Scotts Miracle-Gro, James Hagedorn and Parent (as controlling stockholders) breached their fiduciary duties of loyalty and care to the Company’s unaffiliated minority stockholders in connection with the Merger due to, among other things, an alleged lack of fairness to the Company’s unaffiliated stockholders, (ii) James Hagedorn, Peter Supron, the Company, Merger Sub and the directors breached their fiduciary duties in connection with the Merger due by, among other things, allegedly aiding and abetting a breach of fiduciary duty via selling the Company for what was alleged to be an unfair price, and (iii) the directors breached their fiduciary duties in connection with the Merger by, among other things, allegedly failing to protect the Company’s unaffiliated minority stockholders. The complaint seeks, among other things, an award of damages and unspecified attorneys’, accountant’s and experts’ fees.

Dissenter’s Rights (Page 80)

Any stockholder who does not vote (and who does not cause or permit the stockholder’s shares to be voted) in favor of the Merger Agreement Proposal will have the right to dissent from the Merger and, in lieu of receiving the Merger Consideration, obtain payment of the fair value (as defined in NRS 92A.320) of the stockholder’s shares, but only if (1) the stockholder delivers to the Company, before the vote on the Merger Agreement Proposal is taken at the Special Meeting, written notice of the stockholder’s intent to demand payment for the stockholder’s shares if the Merger is effectuated, and (2) the stockholder complies with all other applicable requirements of under NRS 92A.300 through NRS 92A.500, inclusive (the “Dissenter’s Rights Statutes”), which are summarized in this proxy statement and reproduced in their entirety in Annex C to this proxy statement. If the Company and a former stockholder that remains entitled to and properly asserts

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dissenter's rights cannot agree on as to the fair value, the Company must then commence a proceeding in Nevada state district court to determine the fair value, which may be more than, equal to, or less than the Merger Consideration.

A copy of the full text of the Dissenter's Rights Statutes is included as Annex C to this proxy statement. Failure to follow the procedures set forth in the Dissenter's Rights Statutes will result in the forfeiture of dissenter's rights. You are encouraged to read these provisions carefully and in their entirety. Moreover, due to the complexity of the procedures for exercising dissenter's rights, stockholders who are considering exercising such rights are encouraged to seek the advice of legal counsel. Any stockholder who submits a proxy indicating a vote "**FOR**" the Merger Agreement Proposal will waive dissenter's rights unless, prior to the taking of the vote at the Special Meeting, the stockholder (1) revokes the proxy, if revocable, (2) delivers to the Company, before the vote on the Merger Agreement Proposal is taken at the Special Meeting, written notice of the stockholder's intent to demand payment for the stockholder's shares if the Merger is effectuated, and (3) otherwise complies with the Dissenter's Rights Statutes.

If you currently hold your shares in "street name" and wish to avoid loss of rights resulting from the registered owner's failure to follow the mandated procedural steps under the Dissenter's Rights Statutes, prior to the Record Date you may wish to instruct the registered owner of your shares (i.e., your broker, bank, trustee or other nominee) to transfer your security position in such shares to a direct registration system book-entry registered directly in your name on the Company's books with its transfer agent. Please contact your broker, bank, trustee or other nominee for further information.

Anticipated Date of Completion of the Merger (Page 83)

As of the date of this proxy statement, assuming timely satisfaction of necessary closing conditions, including the approval by our stockholders of the Merger Agreement Proposal, the Merger is expected to be completed in the first calendar quarter of 2021. There are no governmental approvals needed to effectuate the Merger or consummate the other transactions contemplated by the Merger Agreement. However, the exact timing of completion of the Merger cannot be predicted because the Merger is subject to the closing conditions described in "The Merger Agreement—Conditions to Completion of the Merger" beginning on page 109, many of which are outside of our control.

The Special Meeting of Stockholders (Page 86)

Date, Time and Place

The Special Meeting will be held on February 23, 2021, at 10:00 a.m., Mountain Time. The Special Meeting is scheduled to be held exclusively online via live webcast and can be accessed by visiting www.virtualshareholdermeeting.com/AERO2021SM, where you will be able to attend the Special Meeting, vote and submit your questions during the Special Meeting. Please note that you will not be able to attend the Special Meeting in person. Please have your 16-digit control number (which is included on your proxy card if you are a stockholder of record of shares of common stock or with your voting instruction card and voting instructions you received from your broker, bank, trustee or other nominee of your shares if you hold your shares of common stock in "street name") to join the Special Meeting. Instructions on how to attend and participate online are also posted online at www.proxyvote.com. We have chosen to hold a virtual rather than an in-person Special Meeting given the current public health implications of the novel coronavirus (COVID-19) and our desire to promote the health and welfare of our directors, officers and stockholders.

Purpose of the Special Meeting

At the Special Meeting, we will ask stockholders to vote on the Merger Agreement Proposal.

Record Date; Shares Entitled to Vote

Holders of the outstanding shares of common stock as of the close of business on January 8, 2021, the Record Date for the Special Meeting, are entitled to notice of, and to vote at, the Special Meeting.

As of the Record Date, there were 34,328,036 shares of our common stock outstanding, of which the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) beneficially owned 27,639,294 shares of common stock, representing approximately 80.5% of the outstanding shares of common stock.

Quorum

As of the Record Date, there were 34,328,036 shares of common stock outstanding and entitled to vote at the Special Meeting. A majority of the shares of common stock entitled to vote, represented via the Virtual Special Meeting Website or by proxy, regardless of whether the proxy has authority to vote on the Merger Agreement Proposal, will constitute a quorum at the Special Meeting. Abstentions will be counted as present for the purpose of determining whether a quorum is present, however "broker non-votes" (described in more detail below in "—Voting of Proxies" beginning on page 10), if any, will not be counted as present for the purpose of determining whether a quorum is present at the Special Meeting.

Vote Required

For us to complete the Merger, under NRS 92A.120, holders of a majority of the outstanding shares of common stock at the close of business on the Record Date must vote "**FOR**" the Merger Agreement Proposal. The transaction has not been structured to require the approval of the holders of at least a majority of the shares of common stock beneficially owned by security holders unaffiliated with the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro and our directors who are affiliated with Scotts Miracle-Gro, to the extent such directors beneficially own any shares of common stock). Furthermore, such approval is not required under Nevada law for us to complete the Merger. As of the Record Date, there were 34,328,036 shares of common stock outstanding, of which the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) beneficially owned 27,639,294 shares of common stock, representing approximately 80.5% of the outstanding shares of common stock. Subject to the terms of the Merger Agreement, Parent has agreed to vote all shares of common stock it beneficially owns in favor of the Merger Agreement Proposal. See "Special Factors—Parent's Obligation to Vote in Favor of the Merger" beginning on page 75. The failure of any stockholder to vote their shares, abstentions, and broker non-votes, if any, will have the same effect as a vote "**AGAINST**" the Merger Agreement Proposal.

Each share of common stock is entitled to one vote per share.

Voting of Proxies

Any stockholder of record entitled to vote at the Special Meeting may submit a proxy by returning a signed proxy card by mail in the accompanying prepaid reply envelope or granting a proxy electronically over the Internet or by telephone, or may vote via the Virtual Special Meeting Website at the Special Meeting. If you are a beneficial owner and hold your shares in "street name" through a broker, bank, trustee or other nominee, you should instruct your broker, bank, trustee or other nominee on how you wish to vote your shares using the instructions provided by your broker, bank, trustee or other nominee. Under applicable stock exchange rules, brokers, banks, trustees and other nominees have the discretion to vote on routine matters. The Merger Agreement Proposal is a non-routine matter, and brokers, banks, trustees and other nominees cannot vote on the Merger Agreement Proposal without your instructions. As a result, absent specific instructions from the beneficial owner of such shares, brokers are not empowered to vote those shares, referred to generally as "broker non-votes." Broker non-votes, if any, will not be treated as shares that are present at the Special Meeting for

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purposes of determining whether a quorum exists and will have the same effect as votes "**AGAINST**" the Merger Agreement Proposal. Because the Merger Agreement Proposal is a non-routine matter for which brokers do not have discretionary authority to vote, we do not expect any broker non-votes at the Special Meeting. **Therefore, it is important that you cast your vote or instruct your broker, bank, trustee or other nominee on how you wish to vote your shares.**

All shares represented by properly executed proxies received in time for the Special Meeting will be voted at the Special Meeting in the manner specified by the proxy holders. Properly executed proxies that do not contain voting instructions will be voted "**FOR**" the Merger Agreement Proposal.

Shares represented at the Special Meeting but not voted, including shares for which proxies have been received but for which stockholders have abstained, will be treated as present at the Special Meeting for purposes of determining the presence or absence of a quorum for the transaction of all business.

Only shares affirmatively voted for the Merger Agreement Proposal, including properly executed proxies that do not contain specific voting instructions, will be counted "**FOR**" that proposal.

If you abstain from voting, it will have the same effect as a vote "**AGAINST**" the Merger Agreement Proposal.

If you do not execute a proxy card, it will have the same effect as a vote "**AGAINST**" the Merger Agreement Proposal.

Revocability of Proxies

If you are a stockholder of record on the Record Date, you may change your vote or revoke your proxy at any time before it is voted at the Special Meeting by: (i) signing another proxy card with a later date and returning it to us prior to the Special Meeting; (ii) submitting a new proxy electronically over the Internet or by telephone after the date of the earlier submitted proxy; (iii) delivering a written notice of revocation to our Secretary at 5405 Spine Road, Boulder, Colorado 80301; or (iv) attending the Special Meeting and voting via the Virtual Special Meeting Website (however, simply attending the Special Meeting will not cause your proxy to be revoked).

If you hold your shares in "street name," you should contact your broker, bank, trustee or other nominee for instructions regarding how to change your vote. You may also vote at the Special Meeting via the Virtual Special Meeting Website if you obtain a valid proxy from your broker, bank, trustee or other nominee.

The Merger Agreement (Page 92)

A summary of the material provisions of the Merger Agreement, which is attached as Annex A to this proxy statement and incorporated by reference herein, is described under "The Merger Agreement" beginning on page 92. Among other things, the Merger Agreement includes the following terms:

Acquisition Proposals; Change of Recommendation (Page 101)

Under the Merger Agreement, except as provided therein, the Company must not, and must direct its directors, employees (including officers) and representatives not to, directly or indirectly:

- initiate, solicit, propose or knowingly encourage or otherwise knowingly facilitate any inquiry or the making of any proposal or offer that constitutes, or would reasonably be expected to lead to, an Acquisition Proposal (as defined in "The Merger Agreement—Covenants and Agreements— Acquisition Proposals; Change of Recommendation" beginning on page 101);

- engage in, continue or otherwise participate in any discussions or negotiations relating to any Acquisition Proposal or any inquiry, proposal or offer that would reasonably be expected to lead to an Acquisition Proposal;
- provide any information or data concerning the Company or access to the Company's properties, books and records to any person in connection with any Acquisition Proposal or any inquiry, proposal or offer that would reasonably be expected to lead to an Acquisition Proposal;
- enter into any Alternative Acquisition Agreement (as defined in "The Merger Agreement—Covenants and Agreements— Acquisition Proposals; Change of Recommendation" beginning on page 101);
- take any action to exempt any third party from the restrictions on "business combinations" or acquisitions or voting of shares of common stock under any applicable takeover statutes or otherwise cause such restrictions to not apply;
- grant any waiver, amendment or release under any standstill or confidentiality agreement concerning an Acquisition Proposal; or
- agree, authorize or commit to do any of the foregoing.

However, subject to certain requirements regarding confidentiality and providing certain notifications, information and materials to Parent, prior to obtaining the approval of the Merger Agreement by the holders of a majority of the outstanding shares of common stock entitled to vote on such matter at the Special Meeting (the "Requisite Company Vote"), in response to an unsolicited, *bona fide* written Acquisition Proposal, the Company (only through the Special Committee and its representatives) may:

- provide non-public Company and other information and data concerning the Company and access to the Company's properties, books and records to the person who made such Acquisition Proposal, subject to certain exceptions;
- engage or otherwise participate in any discussions or negotiations with any such person who made such Acquisition Proposal regarding such Acquisition Proposal (including to request clarification of the terms and conditions of such Acquisition Proposal); and
- if, and only if, prior to taking any action described in the first two bullets above, the Special Committee determines in good faith, after consultation with outside legal counsel that (i) based on the information then available and after consultation with its financial advisor, that such Acquisition Proposal either constitutes a Superior Proposal (as defined in "The Merger Agreement—Covenants and Agreements— Acquisition Proposals; Change of Recommendation" beginning on page 101) or is reasonably expected to result in a Superior Proposal and (ii) based on the information then available (including the terms and conditions of such Acquisition Proposal and the Merger Agreement), the failure to take such action would violate the fiduciary duties of the Company's directors constituting the Special Committee under applicable law.

Parent has advised the Special Committee that it will not vote any shares of common stock beneficially owned by the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) in favor of approval of any Acquisition Proposal. As of the Record Date, there were 34,328,036 shares of common stock outstanding, of which the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) beneficially owned 27,639,294 shares of common stock, representing approximately 80.5% of the outstanding shares of common stock, which is sufficient to disapprove any Acquisition Proposal. Therefore, the Company believes it is unlikely that any Acquisition Proposal will be received by the Company.

Except as provided in the Merger Agreement, none of the Board, the Special Committee or any other committee of the Board may:

- withhold, withdraw, qualify or modify (or publicly propose or resolve to withhold, withdraw, qualify or modify) the Board's recommendation that the holders of shares of common stock vote affirmatively at the Special Meeting to approve the Merger Agreement and the Merger (the "Company Recommendation"), in a manner adverse to Parent;

- fail to include the Company Recommendation in the Company's proxy statement relating to the Special Meeting;
- at any time following the receipt of an Acquisition Proposal (other than a tender or exchange offer as contemplated by the following bullet that has been publicly disclosed), fail to reaffirm its approval or recommendation of the Merger Agreement and the Merger as promptly as practicable (but in any event within five business days) after receipt of any written request to do so from Parent;
- fail to recommend rejection of any tender offer or exchange offer for outstanding shares of common stock that has been commenced by any person (other than by Parent or an affiliate of Parent) on or prior to the 10th business day after such commencement;
- approve, authorize or recommend (or determine to approve, authorize or recommend) or publicly declare advisable any Acquisition Proposal or other proposal that would be reasonably expected to lead to an Acquisition Proposal or any Alternative Acquisition Agreement; or
- agree, authorize or commit to do any of the foregoing (any such action, a "Change of Recommendation").

However, prior to obtaining the Requisite Company Vote, the Special Committee may make a Change of Recommendation and the Company may terminate the Merger Agreement if:

- an unsolicited, *bona fide* written Acquisition Proposal that was not obtained in breach of the Merger Agreement is received by the Company and not withdrawn; and
- the Special Committee determines in good faith, after consultation with outside legal counsel and its financial advisor, that such Acquisition Proposal constitutes a Superior Proposal; provided, however, that (i) a Change of Recommendation and termination by the Company of the Merger Agreement may not be made unless and until prior to taking such action, the Company gives Parent advance written notice that the Special Committee intends to convene a meeting to consider or take any other action with respect to making such Change in Recommendation, together with a reasonably detailed description of the Superior Proposal, at the least four business days in advance of convening such meeting of the Special Committee or taking such other action (the "Superior Proposal Notice Period"); (ii) during the pendency of the Superior Proposal Notice Period, if requested by Parent, the Special Committee and its representatives negotiate in good faith with Parent and its representatives to revise the Merger Agreement (in the form of a proposed binding amendment) to enable the Special Committee to determine in good faith, after consultation with its outside legal counsel and its financial advisor, that after giving effect to such modifications, such Acquisition Proposal would no longer constitute a Superior Proposal; and (iii) at the expiration of the Superior Proposal Notice Period, the Special Committee, after having taken into account the modifications to the Merger Agreement proposed by Parent, has determined in good faith, after consultation with outside legal counsel and its financial advisor, that a failure to make a Change of Recommendation and terminate the Merger Agreement and abandon the Merger would violate the fiduciary duties of the Company's directors constituting the Special Committee directors under applicable law.

Governmental and Regulatory Approvals (Page 79)

There are no governmental approvals needed to effectuate the Merger or consummate the other transactions contemplated by the Merger Agreement.

Subject to certain exceptions, the Company and Parent are required to cooperate with each other and use their respective reasonable best efforts to take or cause to be taken all actions necessary or advisable on its part under the Merger Agreement and applicable laws to consummate the transactions contemplated by the Merger Agreement as promptly as practicable after the date of the Merger Agreement, including preparing and filing, as promptly as practicable after the date of the Merger Agreement, documentation to effect all necessary notices, reports, consents, registrations, approvals, permits, authorizations, expirations of waiting periods and other filings and to obtain, as promptly as practicable after the date of the Merger Agreement, all consents, registrations, approvals, permits and authorizations necessary or advisable to be obtained from any governmental entity in order to consummate the transactions contemplated by the Merger Agreement.

Conditions to Completion of the Merger (Page 109)

The respective obligations of each party to consummate the Merger are subject to the satisfaction or waiver of the following customary conditions:

- the Requisite Company Vote having been obtained at the Special Meeting;
- the absence of certain orders or laws enjoining, preventing or otherwise prohibiting, restraining or making unlawful the consummation of the Merger and the other transactions contemplated by the Merger Agreement; and
- the obtainment or occurrence, as the case may be, of all authorizations, consents, orders, declarations or approvals of, notifications to or filings or registrations with, or terminations or expirations of waiting periods imposed by governmental entities in connection with the Merger without the imposition of any material condition thereto, subject to certain exceptions.

The Merger Agreement provides that the obligations of Parent and Merger Sub to effect the Merger are also subject to the satisfaction or waiver by Parent at or prior to the Effective Time of the following conditions:

- each of the representations and warranties made by us in the Merger Agreement is true and correct at and as of the date of the Merger Agreement and as of the date on which the closing of the transactions contemplated by the Merger Agreement (the "Closing") actually occurs (the "Closing Date"), subject to certain exceptions (including material adverse effect qualifications regarding their accuracy and matters contained in any confidential disclosure schedule delivered to Parent by the Company prior to or concurrently with the execution and delivery of the Merger Agreement (the "Company Disclosure Schedule"));
- we have performed or complied in all material respects with our agreements and covenants required by the Merger Agreement to be performed or complied with by us on or prior to the Effective Time;
- since the date of the Merger Agreement, there has not occurred any event, change, development, circumstance, fact or effect that has had or would reasonably be expected to have a Material Adverse Effect (as defined in "The Merger Agreement—Material Adverse Effect Definitions" beginning on page 97);
- we have delivered to Parent a certificate signed on our behalf by our Chief Executive Officer certifying that conditions set forth in the foregoing three bullets have been satisfied; and
- we have delivered certain Foreign Investment in Real Property Tax Act certifications and notifications to Parent and the Internal Revenue Service, as applicable.

The Merger Agreement provides that the obligation of the Company to effect the Merger is also subject to the satisfaction or waiver by the Company at or prior to the Effective Time of the following conditions:

- each of the representations and warranties of Parent and Merger Sub in the Merger Agreement is true and correct at and as of the date of the Merger Agreement and as of the Closing Date, subject to certain exceptions (including material adverse effect qualifications regarding their accuracy);

- each of Parent and Merger Sub has performed or complied in all material respects with its agreements and covenants required by the Merger Agreement to be performed or complied with by it on or prior to the Effective Time; and
- Parent has delivered to us a certificate signed on behalf of Parent and Merger Sub by an executive officer of Merger Sub certifying that the conditions set forth in the foregoing two bullets have been satisfied.

For more information, please see "The Merger Agreement—Conditions to Completion of the Merger" beginning on page 109.

Termination of the Merger Agreement (Page 111)

The Merger Agreement may be terminated and the transactions contemplated by the Merger Agreement may be abandoned at any time prior to the Effective Time, whether before or after the Requisite Company Vote has been obtained, by mutual written consent of the Company and Parent.

The Merger Agreement may be terminated and the transactions contemplated by the Merger Agreement may be abandoned at any time prior to the Effective Time, by action of either the Company or Parent, in each case, subject to certain exceptions, if:

- the Merger is not consummated by 5:00 p.m. local time on March 31, 2021 (the "Outside Date"); or
- any order permanently restraining, enjoining or otherwise prohibiting consummation of the Merger has become final and non-appealable.

The Merger Agreement may be terminated and the transactions contemplated by this Agreement may be abandoned by the Company, in each case, subject to certain exceptions, if:

- either Parent or Merger Sub breaches or fails to perform in any material respect any of its representations, warranties, covenants or agreements in the Merger Agreement, or if any representation or warranty of Parent or Merger in the Merger Agreement has become untrue following the date of the Merger Agreement, in either case, such that the conditions to our obligation to effect the Merger would not be satisfied and such breach is either not curable prior to the Outside Date or has not been cured within the earlier of (i) 30 days of written notice thereof and (ii) three business days prior to the Outside Date; or
- prior to the time the Requisite Company Vote is obtained, following a Change of Recommendation, but only if (i) we are not then in breach of our non-solicitation obligations under the Merger Agreement and (ii) such Change of Recommendation is made in accordance with the applicable terms and conditions of the Merger Agreement.

The Merger Agreement may be terminated and the transactions contemplated by the Merger Agreement may be abandoned by Parent, if:

- subject to certain exceptions, we have breached any representation, warranty, covenant or agreement made by us in the Merger Agreement, or if any representation or warranty made by us has become untrue, in each case, such that the conditions to Parent's obligation to effect the Merger would not be satisfied and such breach is either not curable prior to the Outside Date or has not been cured within the earlier of (i) 30 days of written notice thereof and (ii) three business days prior to the Outside Date; or
- following a Change of Recommendation, if the Requisite Company Vote has not yet been obtained at the Special Meeting.

Specific Performance (Page 112)

In the event of breach or violation or threatened breach or violation of the provisions of the Merger Agreement, the non-breaching party will be entitled (in addition to any other remedy that may be available to it whether in law or equity, including monetary damages) to specific performance and the issuance of injunctive and other equitable relief without the necessity of proving the inadequacy of money damages as a remedy.

Market Price of the Company's Common Stock and Dividends (Page 117)

The closing price of our common stock on the OTCQB, on November 11, 2020, the last trading day prior to the announcement of the Merger, was $2.82 per share. On January 21, 2021, the most recent practicable date before this proxy statement was mailed to our stockholders, the closing price of our common stock on the OTCQB was $3.02 per share. You are encouraged to obtain current market quotations for our common stock in connection with voting your shares.

On November 29, 2016, the Board declared a cash distribution of $1.21 per share of common stock as a special one-time dividend based on Parent's exercise of the Warrant (as defined in "Other Important Information Regarding the Purchaser Parties and Scotts Miracle-Gro—Significant Past Transactions and Contracts" beginning on page 126). The dividend was paid on January 3, 2017 to stockholders of record on December 20, 2016. Otherwise, we have never declared or paid dividends or distributions on our common stock. We have agreed in the Merger Agreement not to declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise on our common stock.

Deregistration of AeroGrow Common Stock (Page 84)

If the Merger is completed, our common stock will no longer be quoted on the OTCQB and will be deregistered under the Exchange Act. Thereafter, we will no longer file periodic reports with the SEC.

Where You Can Find More Information (Page 136)

You can find more information about us in the periodic reports and other information we file with the SEC. The information is available, free of charge, on the SEC's website at *www.sec.gov*. In addition, you may obtain free copies of the documents we file with the SEC by going to our Internet website at *www.aerogrow.com*. Our Internet website address is provided as an inactive textual reference only. The information provided on our Internet website is not part of this proxy statement and, therefore, is not incorporated herein by reference. For a more detailed description of the additional information available, see "Where You Can Find More Information" beginning on page 136.

QUESTIONS AND ANSWERS

The following questions and answers address some commonly asked questions regarding the Merger, the Merger Agreement and the Special Meeting. These questions and answers may not address all questions that may be important to you. We encourage you to read carefully the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents we refer to, or incorporate by reference, in this proxy statement. You may obtain the information incorporated by reference in this proxy statement without charge by following the instructions in "Where You Can Find More Information" beginning on page 136.

Q: Why am I receiving this proxy statement and proxy card or voting instruction form?

A: On November 11, 2020, the Company entered into the Merger Agreement providing for the merger of Merger Sub, a direct, wholly-owned subsidiary of Parent, with and into the Company, with the Company surviving the Merger as a direct, wholly-owned subsidiary of Parent and an indirect, wholly-owned subsidiary of Scotts Miracle-Gro. You are receiving this proxy statement and form of proxy card or voting instruction form in connection with the solicitation of proxies by the Board in favor of the Merger Agreement Proposal. This proxy statement describes the Merger Agreement Proposal on which we urge you to vote and is intended to assist you in deciding how to vote your shares with respect to the Merger Agreement Proposal.

Q: What is the proposed transaction?

A: The proposed transaction is the merger of Merger Sub with and into the Company pursuant to the Merger Agreement. Following the Effective Time, the Company would be privately held as a direct, wholly-owned subsidiary of Parent and an indirect, wholly-owned subsidiary of Scotts Miracle-Gro.

Q: What will I receive in the Merger?

A: If the Merger is completed, you will be entitled to receive $3.00 in cash, without interest and subject to any required withholding of taxes, for each share of our common stock that you own (unless you have properly preserved, demanded and perfected your dissenter's rights pursuant to the Dissenter's Rights Statutes). For example, if you own 100 shares of common stock at the Effective Time and do not assert dissenter's rights, you will be entitled to receive $300 in cash in exchange for your shares of common stock, without interest and subject to any required withholding of taxes. You will not be entitled to receive shares in the surviving corporation or in Parent.

Q: What will the holders of the Company's equity awards receive in the Merger?

A: The Company has no outstanding equity awards.

Q: Where and when is the Special Meeting?

A: The Special Meeting will take place on February 23, 2021, at 10:00 a.m., Mountain Time. The Special Meeting is scheduled to be held exclusively online. There will not be a physical meeting location. The Special Meeting can be accessed by visiting www.virtualshareholdermeeting.com/AERO2021SM, where you will be able to attend the Special Meeting, vote and submit your questions during the Special Meeting. We encourage you to allow ample time for online check-in, which will open at 9:45 a.m., Mountain Time. Please note that you will not be able to attend the Special Meeting in person. We have chosen to hold a virtual rather than an in-person Special Meeting given the current public health implications of the novel coronavirus (COVID-19) and our desire to promote the health and welfare of our directors, officers and stockholders.

Q: May I attend the Special Meeting and vote via the Virtual Special Meeting Website? What do I need in order to be able to attend the Special Meeting online?

A: Yes. All stockholders of record as of the Record Date or their duly authorized proxies may attend the Special Meeting and vote via the Virtual Special Meeting Website. Beneficial owners of shares are invited to attend the Special Meeting via the Virtual Special Meeting Website.

The Special Meeting will be held via live webcast only. Any stockholder can attend the Special Meeting live online at www.virtualshareholdermeeting.com/AERO2021SM. The webcast will start at 10:00 a.m., Mountain Time on February 23, 2021. Stockholders may vote and submit questions while attending the Special Meeting online. In order to be able to enter the Special Meeting, you will need the 16-digit control number, which is included on your proxy card if you are a stockholder of record of shares of common stock or included with your voting instruction card and voting instructions you received from your broker, bank, trustee or other nominee of your shares if you hold your shares of common stock in "street name." Instructions on how to attend and participate online are also posted online at www.proxyvote.com.

Even if you plan to attend the Special Meeting via the Virtual Special Meeting Website, to ensure that your shares will be represented at the Special Meeting, we encourage you to sign, date and return the enclosed proxy card in the accompanying prepaid reply envelope or grant your proxy prior to the Special Meeting electronically over the Internet at www.proxyvote.com or by telephone at 1-800-690-6903. If you attend the Special Meeting and vote via the Virtual Special Meeting Website, your vote will revoke any proxy previously submitted by you with respect to the shares you vote via the Virtual Special Meeting Website.

If you hold your shares in "street name," you should instruct your broker, bank, trustee or other nominee how to vote your shares in accordance with the voting instruction form that you will receive from your broker, bank, trustee or other nominee. Your broker, bank, trustee or other nominee cannot vote on the Merger Agreement Proposal without your instructions. If you hold your shares in "street name," you may not vote your shares via the Virtual Special Meeting Website at the Special Meeting unless you obtain a valid proxy from your broker, bank, trustee or other nominee.

Q: Who is entitled to vote at the Special Meeting?

A: Holders of the outstanding shares of common stock as of the Record Date are entitled to notice of, and to vote at, the Special Meeting. Each share of common stock is entitled to one vote per share.

Q: What matter will be voted on at the Special Meeting?

A: You will be asked to consider and vote on a proposal to approve the Merger Agreement and the transactions contemplated thereby (including the Merger).

Q: What vote of our stockholders is required to approve the Merger Agreement Proposal?

A: For us to complete the Merger, under NRS 92A.120, holders of a majority of the outstanding shares of common stock at the close of business on the Record Date must vote "**FOR**" the Merger Agreement Proposal. The transaction has not been structured to require the approval of the holders of at least a majority of the shares of common stock beneficially owned by security holders unaffiliated with the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro and our directors who are affiliated with Scotts Miracle-Gro, to the extent such directors beneficially own any shares of common stock). Furthermore, such approval is not required under Nevada law for us to complete the Merger. As of the Record Date, there were 34,328,036 shares of common stock outstanding, of which the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) beneficially owned 27,639,294 shares of common stock, representing approximately 80.5% of the outstanding shares of common stock. Subject to the terms of the Merger Agreement, Parent has agreed to vote all shares of common stock it beneficially owns in favor of the Merger Agreement Proposal. See "Special Factors—Parent's Obligation to Vote in Favor of the Merger" beginning on page 75. In addition, under the Merger Agreement, the receipt of approval of the Merger Agreement Proposal is a condition to the consummation of the Merger.

A failure to vote your shares, an abstention from voting or a broker non-vote will have the same effect as a vote "**AGAINST**" the Merger Agreement Proposal. Because the Merger Agreement Proposal is a non-routine matter for which brokers do not have discretionary authority to vote, we do not expect any broker non-votes at the Special Meeting.

Q: How will Parent vote the shares of common stock it holds?

A: Subject to the terms of the Merger Agreement, Parent has agreed to vote all shares of common stock it beneficially owns in favor of the Merger Agreement Proposal. As of January 20, 2021, there were 34,328,036 shares of common stock outstanding, of which the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) beneficially owned 27,639,294 shares of common stock, representing approximately 80.5% of the outstanding shares of common stock.

Q: Why am I not being asked to cast a vote to approve, on a non-binding, advisory basis, any agreements or understandings and compensation that will or may be paid by the Company to its named executive officers in connection with the Merger?

A: SEC rules would require us to seek a non-binding, advisory vote to approve any agreements or understandings and compensation that will or may be paid by us to our named executive officers in connection with the Merger. However, consummation of the Merger will not trigger any such compensation because our named executive officers do not have any outstanding equity awards, the Employment Agreements (as defined in "Special Factors—Interests of the Company's Directors and Executive Officers in the Merger—Employment Agreements" beginning on page 73) do not provide for any payments upon a change in control of the Company and any amounts payable pursuant to the Retention Memorandum and the Severance Policy (each as defined in "Special Factors—Interests of the Company's Directors and Executive Officers in the Merger—Retention Program and Severance Policy" beginning on page 74) are not based on and do not otherwise relate to the Merger. Accordingly, there is no compensation that will or may be paid by us to our named executive officers in connection with the Merger and, therefore, we are not asking our stockholders to approve any such compensation.

Q: How many votes am I entitled to cast for each share that I own?

A: Each share of common stock is entitled to one vote per share.

Q: What is a quorum?

A: A quorum is necessary to hold a valid Special Meeting. A quorum will be present if a majority of the shares of common stock entitled to vote at the Special Meeting are represented via the Virtual Special Meeting Website or by proxy, regardless of whether the proxy has authority to vote on the Merger Agreement Proposal. If a quorum is not present at the Special Meeting, the Special Meeting may be adjourned or postponed from time to time until a quorum is obtained.

If you submit a proxy but abstain or fail to provide voting instructions on the proposal listed on the proxy card, your shares will be counted for the purpose of determining whether a quorum is present at the Special Meeting.

If your shares are held in "street name" by your broker, bank, trustee or other nominee and you do not tell your broker, bank, trustee or other nominee how to vote your shares, these shares will not be counted for purposes of determining whether a quorum is present for the transaction of business at the Special Meeting.

Q: How does the Board recommend that I vote?

A: The Board unanimously recommends that our stockholders vote "**FOR**" the Merger Agreement Proposal.

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Q: Why is the Board recommending that I vote "FOR" the Merger Agreement Proposal?

A: The Special Committee, consisting solely of independent and disinterested directors, evaluated the Merger Agreement and the Merger in consultation with the Special Committee's legal and financial advisors and unanimously recommended the Merger Agreement and the Merger to the Board. The Special Committee unanimously (i) determined that the Merger Agreement and the transactions contemplated thereby (including the Merger) were fair to, and in the best interests of, the Company and the holders of shares of common stock (including unaffiliated security holders, but excluding Parent and the Company), and (ii) recommended that the Board adopt and approve the Merger Agreement and approve the Merger. The Board (including Ms. Ziegler and Messrs. Hagedorn and Miller, who reminded the Board of their affiliation with Scotts Miracle-Gro), on behalf of the Company, based on the recommendation of the Special Committee and after consultation with the Company's legal and financial advisors, unanimously (i) adopted and approved the Merger Agreement and the transactions contemplated by the Merger Agreement (including the Merger), (ii) determined that the Merger Agreement and the transactions contemplated by the Merger Agreement (including the Merger) were fair to, and in the best interests of, the Company and the holders of shares of common stock (including unaffiliated security holders, but excluding Parent and the Company), (iii) directed that the Merger Agreement and the Merger be submitted for approval by a vote of the holders of common stock at the Special Meeting and (iv) recommended that the holders of common stock affirmatively vote to approve the Merger Agreement and the Merger. For a discussion of the material factors considered by the Board in reaching its conclusions, please refer to "Special Factors—Recommendation of the Board and Reasons for the Merger; Fairness of the Merger" beginning on page 43.

Q: What effects will the Merger have on the Company?

A: Our common stock is currently registered under the Exchange Act and is quoted on the OTCQB under the symbol "AERO." As a result of the Merger, the Company will cease to be a publicly traded company and will be directly, wholly-owned by Parent and indirectly wholly-owned by Scotts Miracle-Gro. Following the consummation of the Merger, the registration of our common stock and our reporting obligations under the Exchange Act will be terminated. In addition, upon the consummation of the Merger, our common stock will no longer be listed on any stock exchange or quotation system, including OTCQB.

Q: What happens if the Merger is not consummated?

A: If the Merger Agreement Proposal is not approved by the required vote of our stockholders, or if the Merger is not consummated for any other reason, our stockholders will not receive any payment for their shares in connection with the Merger. Instead, we will remain an independent public company and shares of our common stock will continue to be listed and traded on the OTCQB and registered under the Exchange Act and we will continue to file periodic and current reports with the SEC. In addition, if the Merger is not completed, we expect that management will operate the business in a manner similar to that in which it is being operated today and that stockholders will continue to be subject to the same risks and opportunities to which they are currently subject, including, among other things, the risks described in the risk factors included in our filings with the SEC, including our Annual Report on Form 10-K for the fiscal year ended March 31, 2020, filed with the SEC on June 23, 2020, which is incorporated by reference herein, as updated by our subsequent filings with the SEC.

Furthermore, depending on the circumstances that caused the Merger not to be completed, the price of our common stock may decline significantly, and if that were to occur, it is uncertain when, if ever, the price of our common stock would return to the price at which it traded as of the date of this proxy statement or reach the price level of the Merger Consideration.

Accordingly, if the Merger is not completed, there can be no assurance as to the effect of these risks and opportunities on the future value of your shares. If the Merger is not completed, the Board will continue to evaluate and review our business operations, strategic direction and capitalization, among other things, and will make such changes, if any, as are deemed appropriate. If the Merger Agreement Proposal is not approved by stockholders or if the Merger is not completed for any other reason, there can be no assurance that any other transaction acceptable to the Board will be offered or that our business, prospects or results of operations will not be adversely impacted.

Q: What do I need to do now? How do I vote my shares?

A: We urge you to read this proxy statement carefully, including its annexes and the documents referred to, or incorporated by reference, in this proxy statement, and to consider how the Merger affects you. If you are a stockholder of record (*i.e.*, if your shares are registered in your name with EQ Shareowner Services, our transfer agent), there are four ways to vote:

- by signing, dating and returning the enclosed proxy card in the accompanying prepaid reply envelope;
- by visiting the Internet at the address on your proxy card;
- by calling toll-free (within the U.S. or Canada) the phone number on your proxy card; or
- by attending the Special Meeting and voting via the Virtual Special Meeting Website (however, simply attending the Special Meeting will not cause your proxy to be revoked).

A 16-digit control number, located on your proxy card, is designed to verify your identity and confirm that your voting instructions have been properly recorded when voting electronically over the Internet or by telephone. Please be aware that, although there is no charge for voting your shares, if you vote electronically over the Internet or by telephone, you may incur costs such as Internet access and telephone charges for which you will be responsible.

To vote your shares during the Special Meeting, click on the vote button provided on the screen and follow the instructions provided. If you encounter any difficulties accessing the Special Meeting during the check-in or Special Meeting time, please call the technical support number that will be posted on the log in page.

Even if you plan to attend the Special Meeting via the Virtual Special Meeting Website, you are strongly encouraged to vote your shares by proxy. If you are a record holder or if you obtain a valid proxy to vote shares that you beneficially own, you may still vote your shares at the Special Meeting via the Virtual Special Meeting Website even if you have previously voted by proxy. If you are present at the Special Meeting and vote via the Virtual Special Meeting Website, your previous vote by proxy will not be counted.

If your shares are held in “street name” through a broker, bank, trustee or other nominee, you may vote through your broker, bank, trustee or other nominee by completing and returning the voting form provided by your broker, bank, trustee or other nominee, or, if such a service is provided by your broker, bank, trustee or other nominee, electronically over the Internet or by telephone. To vote over the Internet or by telephone through your broker, bank, trustee or other nominee, you should follow the instructions on the voting form provided by your broker, bank, trustee or other nominee. Your broker, bank, trustee or other nominee cannot vote on the Merger Agreement Proposal without your instructions. If you hold your shares in “street name,” you may not vote your shares at the Special Meeting via the Virtual Special Meeting Website unless you obtain a valid proxy from your broker, bank, trustee or other nominee.

Q: What happens if I do not vote?

A: The vote on the Merger Agreement Proposal is based on the total number of outstanding shares of common stock entitled to vote at the Special Meeting as of the Record Date, not just the shares that are voted. If you do not vote, it will have the same effect as a vote “**AGAINST**” the Merger Agreement Proposal.

Q: Should I send in my stock certificates or other evidence of ownership now?

A: No. If you hold your shares in certificated form and in your name as a stockholder of record, then shortly after the Merger is completed, you will receive a letter of transmittal from the paying agent for the Merger with detailed written instructions for exchanging your shares for the Merger Consideration. If your shares are held in "street name" by your broker, bank, trustee or other nominee, you may receive instructions from your broker, bank, trustee or other nominee as to what action, if any, you need to take to effect the surrender of your "street name" shares in exchange for the Merger Consideration. Do not send in your certificates, if any, now or with your proxy card.

Q: I hold my shares in certificated form but do not know where my stock certificate is—how will I get the Merger Consideration for my shares?

A: If the Merger is completed, the transmittal materials you will receive after the completion of the Merger will include the procedures that you must follow if you cannot locate your stock certificate, including signing an affidavit attesting to the loss of your stock certificate. The paying agent may also require that you provide a bond in customary amount or an indemnity agreement to cover any potential loss.

Q: What happens if I sell my shares before completion of the Merger?

A: If you transfer your shares, you will have transferred your right to receive the Merger Consideration in the Merger. In order to receive the Merger Consideration, you must hold your shares through completion of the Merger.

The Record Date for stockholders entitled to vote at the Special Meeting is earlier than the consummation of the Merger. If you transfer your shares after the Record Date but before the closing of the Merger, you will have transferred your right to receive the Merger Consideration in the Merger, but retained the right to vote at the Special Meeting.

Q: Am I entitled to exercise dissenter's rights instead of receiving the Merger Consideration for my shares?

A: Yes. Under Nevada law, holders of common stock are entitled to assert dissenter's rights in connection with the Merger, but only if they comply with all requirements of the Dissenter's Rights Statutes, which are summarized in this proxy statement. Any stockholder who does not vote (and who does not cause or permit the stockholder's shares to be voted) in favor of the Merger Agreement Proposal will have the right to dissent from the Merger and, in lieu of receiving the Merger Consideration, obtain payment of the fair value (as defined in NRS 92A.320) of the stockholder's shares, but only if (1) the stockholder delivers to the Company, before the vote on the Merger Agreement Proposal is taken at the Special Meeting, written notice of the stockholder's intent to demand payment for the stockholder's shares if the Merger is effectuated, and (2) the stockholder complies with all other applicable requirements of under the Dissenter's Rights Statutes. If the Company and a former stockholder that remains entitled to and properly asserts dissenter's rights cannot agree on as to the fair value, the Company must then commence a proceeding in Nevada state district court to determine the fair value, which may be more than, equal to, or less than the Merger Consideration. A copy of the full text of the Dissenter's Rights Statutes is included as Annex C to this proxy statement. Failure to follow the procedures set forth in the Dissenter's Rights Statutes will result in the forfeiture of dissenter's rights. You are encouraged to read these provisions carefully and in their entirety. Moreover, due to the complexity of the procedures for exercising dissenter's rights, stockholders who are considering exercising such rights are encouraged to seek the advice of legal counsel. Any stockholder who submits a proxy indicating a vote "**FOR**" the Merger Agreement Proposal will waive dissenter's rights unless, prior to the taking of the vote at the Special Meeting, the stockholder (1) revokes the proxy, if revocable, (2) delivers to the Company, before the vote on the Merger Agreement Proposal is taken at the Special Meeting, written notice of the stockholder's intent to demand payment for the stockholder's shares if the Merger is effectuated, and (3) otherwise complies with the Dissenter's Rights Statutes. Failure to follow exactly the procedures specified under the Dissenter's Rights Statutes will result in the forfeiture of dissenter's rights. Because of the complexity of the Nevada law relating to dissenter's rights, if you are considering exercising your dissenter's rights, we encourage you to seek the advice of your own legal counsel. For more information, see "Special Factors—Dissenter's Rights" beginning on page 80. In addition, a copy of the full text of the Dissenter's Rights Statutes is attached as Annex C to this proxy statement. You are encouraged to read these provisions carefully and in their entirety.

Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?

A: If your shares are registered directly in your name with our transfer agent, EQ Shareowner Services, you are considered, with respect to those shares, to be the "stockholder of record." In this case, this proxy statement and your proxy card have been sent directly to you by the Company.

If your shares are held through a broker, bank, trustee or other nominee, you are considered the "beneficial owner" of shares held in "street name." In that case, this proxy statement has been forwarded to you by your broker, bank, trustee or other nominee who is considered, with respect to those shares, to be the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank, trustee or other nominee how to vote your shares by following their instructions for voting. You are also invited to attend the Special Meeting via the Virtual Special Meeting Website. However, because you are not the stockholder of record, you may not vote your shares at the Special Meeting via the Virtual Special Meeting Website unless you obtain a valid proxy from your broker, bank, trustee or other nominee.

Q: If my broker holds my shares in "street name," will my broker vote my shares for me?

A: No. Your broker, bank, trustee or other nominee is permitted to vote your shares on the Merger Agreement Proposal only if you instruct your broker, bank, trustee or other nominee how to vote. You should follow the procedures provided by your broker, bank, trustee or other nominee to vote your shares. Without instructions, your shares will not be voted on the Merger Agreement Proposal, which will have the same effect as a vote "**AGAINST**" the Merger Agreement Proposal.

Q: What is a proxy?

A: A proxy is your legal designation of another person, which we refer to as a "proxy holder," to vote your shares. The written document describing the matter to be considered and voted on at the Special Meeting is called a "proxy statement." The document used to designate a proxy to vote your shares is called a "proxy card." J. Michael Wolfe, our President and Chief Executive Officer, and Grey H. Gibbs, our Senior Vice President of Finance and Administration, are the proxy holders for the Special Meeting, with full power of substitution (together, the "Proxy Holders").

Q: Can I revoke my proxy?

A: Yes. You can revoke your proxy at any time before the vote is taken at the Special Meeting. If you are a stockholder of record, you may revoke your proxy by notifying the Company's Secretary in writing at 5405 Spine Road, Boulder, Colorado 80301, or by submitting a new proxy by telephone, the Internet or mail, in each case, dated after the date of the proxy being revoked. In addition, you may revoke your proxy by attending the Special Meeting and voting via the Virtual Special Meeting Website (however, simply attending the Special Meeting will not cause your proxy to be revoked). Please note that if you hold your shares in "street name" and you have instructed a broker, bank, trustee or other nominee to vote your shares, the above-described options for revoking your voting instructions do not apply, and instead you must follow the instructions received from your broker, bank, trustee or other nominee to revoke your voting instructions.

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Q: If a stockholder gives a proxy, how are the shares voted?

A: Regardless of the method you use to vote, the Proxy Holders will vote your shares in the way that you indicate. When completing the Internet or telephone process or the proxy card, you may specify whether your shares should be voted "**FOR**," "**AGAINST**" or "**ABSTAIN**" from voting on the Merger Agreement Proposal.

If you properly sign your proxy card but do not mark the boxes showing how your shares should be voted on a matter, the shares represented by your properly signed proxy will be voted "**FOR**" the Merger Agreement Proposal.

Q: How are votes counted?

A: For the Merger Agreement Proposal, you may vote "**FOR**," "**AGAINST**" or "**ABSTAIN**." Abstentions and broker non-votes, if any, will have the same effect as votes "**AGAINST**" the Merger Agreement Proposal.

Because the Merger Agreement Proposal is a non-routine matter for which brokers do not have discretionary authority to vote, we do not expect any broker non-votes at the Special Meeting.

Q: What should I do if I receive more than one set of voting materials?

A: Please sign, date and return (or grant your proxy electronically over the Internet or by telephone) each proxy card and voting instruction card that you receive.

You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you will receive more than one proxy card.

Q: Who will solicit and pay the cost of soliciting proxies?

A: We will bear all expenses incurred in connection with the solicitation of proxies. We may also reimburse brokers, banks and other custodians, nominees and fiduciaries representing beneficial owners of shares for their expenses in forwarding soliciting materials to beneficial owners and in obtaining voting instructions from those owners. Our directors, officers and employees may also solicit proxies by telephone, by facsimile, by mail, on the Internet or in person. They will not be paid any additional amounts for soliciting proxies.

Q: Where can I find the voting results of the Special Meeting?

A: We intend to publish the final voting results of the Special Meeting in a Current Report on Form 8-K to be filed with the SEC within four business days after the Special Meeting. All reports that we file with the SEC are publicly available when filed. See "Where You Can Find More Information" beginning on page 136.

Q: Will I have to pay taxes on the Merger Consideration I receive?

A: The receipt of cash in exchange for shares pursuant to the Merger generally will be a taxable transaction for U.S. federal income tax purposes if you are a U.S. Holder (as defined in "Special Factors—Material U.S. Federal Income Tax Consequences of the Merger" beginning on page 75). If you are a Non-U.S. Holder (as defined in "Special Factors—Material U.S. Federal Income Tax Consequences of the Merger" beginning on page 75) the receipt of cash in exchange for shares pursuant to the Merger generally will not be a taxable transaction for U.S. federal income tax purposes, unless you have certain connections to the United States. You are urged to read "Special Factors—Material U.S. Federal Income Tax Consequences of the Merger" beginning on page 75 for a more detailed discussion of the U.S. federal income tax consequences of the

Merger. Because individual circumstances may differ, you are urged to consult your own tax advisors regarding the particular tax consequences to you of the exchange of shares for cash, pursuant to the Merger, in light of your particular circumstances (including the application and effect of any state, local or foreign income and other tax laws).

Q: What is householding and how does it affect me?

A: The SEC permits companies to send a single set of proxy materials to any household at which two or more stockholders reside, unless contrary instructions have been received and only if the applicable stockholder provides advance notice and follows certain procedures.

In such cases, each stockholder continues to receive a separate notice of the meeting and proxy card. Certain brokerage firms may have instituted householding for beneficial owners of common stock held through brokerage firms. If your family has multiple accounts holding common stock, you may have already received a householding notification from your broker. Please contact your broker directly if you have any questions or require additional copies of this proxy statement. The broker will arrange for delivery of a separate copy of this proxy statement promptly upon your written or oral request. You may decide at any time to revoke your decision to household, and thereby receive multiple copies.

For more information, please see “Householding” beginning on page 135.

Q: When do you expect the Merger to be completed?

A: We are working toward completing the Merger as quickly as reasonably practicable. Assuming timely satisfaction of necessary closing conditions, including the approval by our stockholders of the Merger Agreement Proposal, we currently expect to complete the Merger in the first calendar quarter of 2021. There are no governmental approvals needed to effectuate the Merger or consummate the other transactions contemplated by the Merger Agreement. However, the exact timing of completion of the Merger cannot be predicted because the Merger is subject to the closing conditions described in “The Merger Agreement—Conditions to Completion of the Merger” beginning on page 109, many of which are outside of our control.

Q: If the Merger is completed, how will I receive the cash for my shares?

A: If the Merger is completed and you are not exercising dissenter’s rights and your shares are held in book-entry, the paying agent will issue and deliver to you a check or wire transfer for your shares without any further action on your part. If the Merger is completed and you are not exercising dissenter’s rights, and you are a stockholder of record with your shares held in certificated form, you will receive a letter of transmittal with instructions on how to send your shares to the paying agent in connection with the Merger. The paying agent will issue and deliver to you a check or wire transfer for your shares after you comply with these instructions. **Please do not send your stock certificates with your proxy card.** See “The Merger Agreement—Exchange and Payment Procedures” beginning on page 95.

If the Merger is completed and you are not exercising dissenter’s rights, and your shares are held in “street name” by your broker, bank, trustee or other nominee, you will receive instructions from your broker, bank, trustee or other nominee as to how to effect the surrender of, and receive payment for, your shares held in “street name.”

Q: What happens if the market price of shares our common stock significantly changes before the Closing?

A: Parent is not obligated to change the Merger Consideration as a result of a change in the market price of our common stock.

Q: Do any of the Company's directors or officers have interests in the Merger that may differ from those of the Company's stockholders generally?

A: In considering the unanimous recommendation of each of the Special Committee and the Board with respect to the Merger Agreement Proposal, you should be aware that our directors and executive officers may have interests in the Merger that are different from, or in addition to, the interests of stockholders generally. In (i) evaluating and negotiating the Merger Agreement; (ii) adopting and approving the Merger Agreement and approving the Merger; and (iii) recommending that the Merger Agreement and the transactions contemplated thereby (including the Merger) be approved by stockholders, the Special Committee and the Board, as applicable, were aware of and considered these interests to the extent that they existed at the time, among other matters. For more information, see "Special Factors—Interests of the Company's Directors and Executive Officers in the Merger; Potential Conflicts of Interest" beginning on page 72.

Q: Are there any other risks to me from the Merger that I should consider?

A: Yes. There are risks associated with all business combinations, including the Merger. For further details, see "Cautionary Note Regarding Forward-Looking Statements" beginning on page 85.

Q: Who can help answer my other questions?

A: If you have more questions about the Merger, require assistance in submitting your proxy or voting your shares or need additional copies of the proxy statement or the enclosed proxy card, please contact the Company at:

AeroGrow International, Inc.
Attention: Senior Vice President of Finance and Administration
5405 Spine Road
Boulder, Colorado 80301
grey@aerogrow.com
(303) 444-7755

If your broker, bank, trustee or other nominee holds your shares, you should also contact your broker, bank, trustee or other nominee for additional information.

SPECIAL FACTORS

This discussion of the Merger is qualified in its entirety by reference to the Merger Agreement, which is attached to this proxy statement as Annex A. You should read the entire Merger Agreement carefully as it is the legal document that governs the Merger.

Parties Involved in the Merger

AeroGrow International, Inc.

AeroGrow is a Nevada corporation and a developer, marketer, direct-seller, and wholesaler of advanced indoor garden systems designed for consumer use and priced to appeal to the gardening, cooking, healthy eating, and home and office decor markets. We offer multiple lines of proprietary indoor gardens, grow lights, a patented nutrient formula, more than 40 corresponding proprietary seed pod kits, and various cooking, gardening and decor accessories, primarily in the United States and Canada, as well as selected countries in Europe. Please see “Where You Can Find More Information” for additional information regarding us.

Our common stock is listed on the OTCQB under the symbol “AERO.”

Our principal executive office is located at 5405 Spine Road, Boulder, Colorado 80301, and our telephone number is (303) 444-7755.

The Scotts Miracle-Gro Company

Scotts Miracle-Gro, an Ohio corporation, is the leading manufacturer and marketer of branded consumer lawn and garden products in North America. Scotts Miracle-Gro products are marketed under some of the most recognized brand names in the industry. Scotts Miracle-Gro’s key consumer lawn and garden brands include Scotts® and Turf Builder® lawn and grass seed products; Miracle-Gro® soil, plant food and insecticide, LiquaFeed® plant food and Osmocote® (Osmocote® is a registered trademark of Everris International B.V., a subsidiary of Israel Chemicals Ltd.) gardening and landscape products; and Ortho®, Home Defense® and Tomcat® branded insect control, weed control and rodent control products. Scotts Miracle-Gro is the exclusive agent of Monsanto, a subsidiary of Bayer AG, for the marketing and distribution of certain of Monsanto’s consumer Roundup® branded products within the United States and certain other specified countries. Scotts Miracle-Gro has a presence in similar branded consumer products in China. Scotts Miracle-Gro’s common shares are listed on the NYSE under the symbol “SMG.”

Scotts Miracle-Gro’s principal executive office is located at 14111 Scottslawn Road, Marysville, Ohio 43041, and its telephone number is (937) 644-0011.

SMG Growing Media, Inc.

Parent is an Ohio corporation and a direct, wholly-owned subsidiary of Scotts Miracle-Gro and serves as a holding company for Scotts Miracle-Gro’s growing media and hydroponics business.

Parent’s principal executive office is located at 14111 Scottslawn Road, Marysville, Ohio 43041, and its telephone number is (937) 644-0011.

AGI Acquisition Sub, Inc.

Merger Sub is a Nevada corporation and a direct, wholly-owned subsidiary of Parent. Merger Sub was incorporated in 2020 by Parent solely for the purpose of entering into the transactions contemplated by the Merger Agreement, and has not entered into any business activities other than in connection with the transactions contemplated by the Merger Agreement. Upon completion of the Merger, Merger Sub will cease to exist as a separate entity and the Company will continue as the surviving corporation in the Merger.

Merger Sub's principal executive office is located at 14111 Scottslawn Road, Marysville, Ohio 43041, and its telephone number is (937) 644-0011.

Merger Consideration

At the Effective Time, each share of common stock (other than (i) the shares of common stock owned by Parent and any shares of common stock owned by the Company (collectively, the "Excluded Shares") and (ii) each share of common stock (the "Dissenting Shares") outstanding immediately prior to the Effective Time and held immediately prior to the Effective Time by a person which (a) immediately prior to the Effective Time is the holder of Dissenting Shares and (b) has duly preserved, demanded and perfected, and has not withdrawn or otherwise waived or lost, dissenter's rights pursuant to NRS 92A.300 through NRS 92A.500, inclusive (such person, a "Dissenting Stockholder")) issued and outstanding immediately prior to the Effective Time (such shares of common stock, the "Eligible Shares") will be automatically converted into the right to receive $3.00 in cash, without interest thereon and subject to any required withholding of taxes, will cease to be outstanding, will be cancelled and will cease to exist, and each certificate representing Eligible Shares, and each book-entry share of stock representing Eligible Shares, will thereafter only represent the right to receive $3.00 in cash (the "Merger Consideration").

Background of the Merger

The Board, with input from AeroGrow's management team, regularly reviews AeroGrow's performance, prospects and strategy in light of current business and economic conditions, as well as developments in its industry. These regular reviews have, from time to time, included evaluation of potential opportunities for commercial arrangements, potential changes to the AeroGrow's strategy and strategic opportunities. The Board also regularly discusses and evaluates potential risks that AeroGrow faces in executing its current strategy, including, among other things, its dependence on sales through Amazon.com, Inc. ("Amazon"), its ability to market and sell its product offerings and the seasonality of its sales. The Board evaluates the benefits and risks of strategic alternatives based upon what they believe will create stockholder value, further AeroGrow's strategic objectives, and better serve, satisfy and grow AeroGrow's customer base.

Scotts Miracle-Gro has held a significant equity ownership interest in AeroGrow since 2013. In 2016, when Scotts Miracle-Gro increased its equity ownership interest in AeroGrow above 80% (on a fully diluted basis), the Board was reconstituted, with three members affiliated with Scotts Miracle-Gro (currently, Ms. Ziegler and Messrs. Hagedorn and Miller) and two independent directors (currently, Messrs. Clarke and Kent) comprising AeroGrow's current five-member Board.

At all relevant times during 2020 through the date of this proxy statement, Scotts Miracle-Gro and its affiliates held 27,639,294 shares of our common stock (representing approximately 80.5% of the outstanding shares of common stock as of January 20, 2021). Affiliates of Scotts Miracle-Gro are also party to several agreements with AeroGrow, including the Brand License Agreement, the Technology License Agreement, the Supply Chain Services Agreement, the Collaboration Services Agreement and the 2020 Loan Agreement (each as defined and described in "Other Important Information Regarding the Purchaser Parties and Scotts Miracle-Gro—Significant Past Transactions and Contracts").

Following a regularly scheduled in-person Board meeting on February 27, 2020, the Board, with all Board members present, met in executive session without representatives of AeroGrow's management present. The Board was joined by Peter Supron, Chief of Staff at Scotts Miracle-Gro and a former member of the Board, who was present at the invitation of the Board Chair, Mr. Hagedorn. Mr. Supron presented to the Board a proposed framework that included restructuring AeroGrow's operations by consolidating substantially all business operations into Scotts Miracle-Gro and reducing the number of AeroGrow's stockholders through a reverse stock split in order to eliminate the expense associated with AeroGrow's public reporting obligations, possibly followed by a parent-subsidiary merger in which unaffiliated minority stockholder approval would not be required. As a result of the proposed consolidation of substantially all of AeroGrow's business operations with operations of Scotts Miracle-Gro (with or without a subsequent merger), AeroGrow's future revenues would come primarily from royalties on Scotts Miracle-Gro's sales of AeroGrow products. Mr. Supron indicated that the framework presented was designed to reduce AeroGrow's operational burdens and complexity, and consequently improve and stabilize AeroGrow's profitability. Mr. Supron postulated that the consummation of a reverse stock split would reduce the number of record stockholders to a number that would allow the common stock to (i) cease being quoted on the OTCQB and (ii) become eligible for termination of registration under the Exchange Act, which would reduce the operating and compliance costs that AeroGrow incurs as a result of being a publicly-traded and SEC-reporting company. Pursuant to the Scotts Miracle-Gro framework, if, after giving effect to the reverse stock split, any stockholders would hold fractional shares of common stock, AeroGrow would pay to such holders in exchange for their fractional shares an amount in cash based on the value of the common stock. Mr. Supron conveyed to the Board that Scotts Miracle-Gro would seek alignment from the non-Scotts Miracle-Gro affiliated Board members on the advisability of implementing its suggested operational adjustments and consummating a reverse stock split and recommended that the Board discuss the Scotts Miracle-Gro framework with independent legal counsel. Mr. Supron also noted that Scotts Miracle-Gro would be filing an amendment to their Schedule 13D with the SEC describing the proposed framework later on February 27, 2020 or on the morning of February 28, 2020.

During the meeting, members of the Board discussed the Scotts Miracle-Gro framework along with various alternatives, including the sale of all or part of AeroGrow or the potential for the repurchase of outstanding shares of AeroGrow common stock held by non-Scotts Miracle-Gro affiliates. The Board also asked Scotts Miracle-Gro to provide additional information, such as an analysis of the value of its proposal, and Scotts Miracle-Gro agreed to prepare this information and share it with AeroGrow's outside directors. Mr. Supron recommended that the Board engage an outside advisor to evaluate the Scotts Miracle-Gro framework and other alternatives, confirmed that Scotts Miracle-Gro would cooperate with the advisor in its process, and indicated that Scotts Miracle-Gro might be willing to consider viable strategic alternatives other than the proposed framework. Messrs. Clarke and Kent encouraged Mr. Supron to consider a stockholder liquidity event for AeroGrow's unaffiliated minority stockholders.

Mr. Wolfe, AeroGrow's Chief Executive Officer, rejoined the Board at the end of the executive session and the discussion was recapped to him by Mr. Supron. In addition, given the pending filing of the amendment to Scotts Miracle-Gro's Schedule 13D, Mr. Supron encouraged Mr. Wolfe to immediately begin communication with AeroGrow's employees regarding the Scotts Miracle-Gro framework and the impact it would have on AeroGrow employees, including potential severance and retention bonus considerations.

On February 27, 2020, AeroGrow's common stock closed trading on the OTCQB at $1.62 per share.

On February 28, 2020, Messrs. Clarke and Kent held a telephonic meeting with AeroGrow's outside legal counsel, Hutchinson Black and Cook, LLC ("HBC") and initiated communications with Bryan Cave Leighton Paisner LLP ("Bryan Cave") to represent the independent directors and a special committee of the Board should such special committee be approved by the Board. Representatives of HBC and Bryan Cave advised Messrs. Clarke and Kent of their legal and fiduciary duties.

On March 1, 2020, a representative of Bryan Cave contacted Scotts Miracle-Gro regarding the proposed Schedule 13D amendment and discussed issues with internal counsel at Scotts Miracle-Gro.

On March 2, 2020, Scotts Miracle-Gro and its affiliates filed an amendment to their Schedule 13D with the SEC describing the above-outlined framework.

Between February 27, 2020 and March 4, 2020, Messrs. Clarke and Kent discussed a response to Scotts Miracle-Gro's proposed framework and appropriate next steps, including, potentially, the formation of a special committee, as described below.

On March 5, 2020, Messrs. Clarke and Kent delivered a letter to Mr. Hagedorn copying Mr. Miller and Ms. Ziegler noting their discomfort with the approach taken by Scotts Miracle-Gro vis-a-vis AeroGrow's unaffiliated minority stockholders and also criticizing Scotts Miracle-Gro's approach as abrupt, unnecessarily urgent and potentially conflicting with prior Board direction regarding management priorities and the relative emphasis given to sales growth and profit improvement. Messrs. Clarke and Kent expressed their interest in participating in a detailed review of AeroGrow's business model and range of options together with AeroGrow's management and potentially outside advisors. Messrs. Clarke and Kent expressed the importance of considering options in addition to those suggested by Scotts Miracle-Gro to ensure that the interests of unaffiliated minority stockholders were considered and protected.

On March 10, 2020, Mr. Hagedorn sent a letter to Messrs. Clarke and Kent via email expressing that the Board has long identified AeroGrow's overhead as a significant drag on performance and that Scotts Miracle-Gro has provided support to AeroGrow and its management to encourage growth and profitability. The letter stated that Scotts Miracle-Gro believed that radical change was the only viable course available to AeroGrow's stockholders and that the operational and structural proposals recommended by Scotts Miracle-Gro at the February Board meeting reflected Scotts Miracle-Gro's good faith effort to provide tangible value to all stockholders. The letter also instructed Messrs. Clarke and Kent to engage a financial advisor to independently evaluate the Scotts Miracle-Gro framework as well as any alternative strategic plans or transactions as suggested by Messrs. Clarke and Kent. The letter expressed that, with respect to the transactions involving AeroGrow and Scotts Miracle-Gro, the historical practice had been to require approval by the independent directors and should remain as such to protect the interests of AeroGrow's minority stockholders.

On March 25, 2020, a representative of Bryan Cave again advised Messrs. Clarke and Kent of their legal and fiduciary duties. Messrs. Clarke and Kent also discussed and identified potential financial advisors should they be required to engage an advisor in their roles as members of a special committee.

The Board held a meeting by videoconference on March 26, 2020, which was attended by members of AeroGrow's management, HBC and Mr. Supron. A representative of HBC advised the Board of its fiduciary duties under Nevada law, both generally and with respect to considering a strategic corporate transaction with a majority stockholder. The Board discussed the viability of running a strategic exploration process in the midst of the outbreak of the COVID-19 pandemic and the need for management cash flow models to do so.

After robust discussion, the Board resolved to form the Special Committee comprised of Messrs. Clarke and Kent, the Board's independent and disinterested directors, to review the proposed Scotts Miracle-Gro framework and further authorized the Special Committee to engage independent advisors to assist with such review. The Special Committee was not delegated authority to approve or reject the Scotts Miracle-Gro framework, but rather to review it and engage an independent financial advisor. The Special Committee requested that Scotts Miracle-Gro submit a more comprehensive proposal for review and agreed to finalize the process for selecting and engaging an independent financial advisor.

On March 31, 2020, a representative of HBC advised the Board of its legal and fiduciary duties via email.

On April 7, 2020, Mr. Hagedorn, on behalf of Scotts Miracle-Gro, delivered a detailed written proposal dated April 6, 2020 to the Special Committee and Mr. Wolfe. The proposal provided background on Scotts Miracle-Gro's aggregate investment in AeroGrow over the years and its view of AeroGrow's business and prospects, including Scotts Miracle-Gro's assertion that AeroGrow had failed to meet anticipated revenue growth and leverage its selling, general and administrative costs to drive higher profit margin. The letter also noted that in order to raise capital, AeroGrow had sold several rights and entered into license agreements with Scotts Miracle-Gro that may not be transferable to third-party buyers of AeroGrow, without Scotts Miracle-Gro's consent. The letter proposed an organizational simplification and cost reduction plan, which would include consolidating AeroGrow's leadership and supply chain, finance and product development functions into Scotts Miracle-Gro to produce an estimated annual savings to AeroGrow of $1.5 million. The letter further proposed that Scotts Miracle-Gro would pay AeroGrow a 2.5% royalty. The letter lacked detail on the specific terms of the royalty. The letter also included a proposal to conduct a reverse stock split to allow AeroGrow to cease its SEC reporting obligations, which Scotts Miracle-Gro estimated would save AeroGrow an additional $300,000 to $500,000 annually. The letter outlined estimated costs to implement the proposal, including $1.5 million in consolidation costs. The letter offered to purchase any outstanding working capital from AeroGrow at the time of the transaction. The letter further noted Scotts Miracle-Gro's willingness to consider and participate in the Special Committee's review of alternatives. The letter also provided that AeroGrow's cash on hand at the time of the transaction could be used to repurchase shares from unaffiliated minority stockholders seeking an exit. Scotts Miracle-Gro requested that the Special Committee respond by May 22, 2020.

On April 6, 2020, AeroGrow's common stock closed trading on the OTCQB markets at $1.45 per share.

On April 7, 2020, the Board held a meeting by videoconference attended by all members of the Board, certain members of AeroGrow's management, a representative of HBC and Mr. Supron. The Board discussed the April 6, 2020 written proposal from Scotts Miracle-Gro and questions and requests for additional information from Scotts Miracle-Gro ensued. The Board also discussed the ownership by Scotts Miracle-Gro of certain intellectual property used by AeroGrow and the various other contractual relationships between AeroGrow and Scotts Miracle-Gro. It was recognized that these licenses and agreements may negatively impact the value of AeroGrow to, or frustrate a transaction with, third parties. The Board also discussed AeroGrow's fiscal year 2021 operating plan and requested further development of the plan, including the potential impacts of COVID-19.

Between April 9, 2020 and May 6, 2020, members of the Special Committee evaluated four potential financial advisors and interviewed the two finalists.

Prior to May 6, 2020, at the suggestion of the Board, Mr. Wolfe and Mr. Supron began collaborating on possible avenues of integration for the two companies that would simplify AeroGrow's business, reduce AeroGrow's costs, and provide a potential exit for AeroGrow's stockholders. Mr. Supron and AeroGrow's management met several times to develop a joint proposal. On May 6, 2020 Mr. Supron informed Mr. Wolfe that Scotts Miracle-Gro was no longer interested in developing a joint proposal.

On May 6, 2020, the Special Committee communicated to the Board that, after evaluating potential financial advisors, it had selected Stifel as its financial advisor to assist the Special Committee in considering AeroGrow's strategic options and assess the transaction proposed by Scotts Miracle-Gro. The Special Committee considered many factors in selecting a financial advisor, including independence from Scotts Miracle-Gro, relationships with other potential strategic or financial buyers, relevant similar experience and national reputation.

On May 8, 2020, the Board held a telephonic meeting with representatives of AeroGrow's management, a representative of HBC and Mr. Supron present. AeroGrow's management presented a business update to the Board, including a report on recent sales results and trends. Management also presented, and the Board reviewed and agreed to, financial projections, which would form the basis of the "management projections" (as defined and further described under "—Management Projections"). The Board also discussed the need for a working capital line of credit and representatives of Scotts Miracle-Gro stated that a line of credit might be available from Scotts Miracle-Gro if Scotts Miracle-Gro's restructuring proposal progressed.

Mr. Supron then presented a revised proposal from Scotts Miracle-Gro to the Board. Mr. Supron explained that, under this revised proposal, AeroGrow would remain a separate, publicly traded legal entity with limited operations and remain 80% owned by Scotts Miracle-Gro. Its operations (other than financial statement preparation and SEC reporting) would be consolidated with Scotts Miracle-Gro, effective October 1, 2020. Scotts Miracle-Gro would pay AeroGrow a royalty of 5% of net sales for products utilizing the AeroGrow brand and any intellectual property not currently owned by Scotts Miracle-Gro. Scotts Miracle-Gro would purchase the working capital of AeroGrow on September 30, 2020 at fair value as adjusted for any costs transferred to Scotts Miracle-Gro prior to October 1, 2020. The proposal also noted that AeroGrow would issue as a dividend to stockholders any excess cash on hand on or around October 1, 2020. The proposal also provided that

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AeroGrow would sever approximately 24 employees between August 1, 2020 and November 30, 2020, including AeroGrow's Chief Executive Officer, Mr. Wolfe.

Between May 8, 2020 and May 26, 2020, the Special Committee met telephonically with representatives of Stifel and Bryan Cave multiple times to discuss the process and timeline of evaluating Scotts Miracle-Gro's proposal and other alternatives, including outreach to potential strategic and financial parties who might be interested in a transaction with AeroGrow and to negotiate and finalize the terms and conditions of the engagement agreement with Stifel.

On May 11, 2020, HBC contacted Scotts Miracle-Gro's internal legal counsel to discuss, together with Bryan Cave, the process that AeroGrow intended to use to evaluate the Scotts Miracle-Gro proposal and to seek a mutual understanding of the impact of the statutory provisions of the Nevada Revised Statutes relating to interested party transactions. On May 11, 2020, Scotts Miracle-Gro's internal legal counsel provided HBC with Scotts Miracle-Gro's understanding regarding such statutory provisions.

On May 12, 2020, HBC provided to Bryan Cave and Scotts Miracle-Gro an outline of the Board's proposed process, including the Special Committee engaging a financial advisor to advise it on the Scotts Miracle-Gro proposal and other proposals, the Special Committee making a tentative decision based on, among other things, the financial advisor's advice (after which the full Board would pursue an alternative proposal or the Special Committee would pursue the Scotts Miracle-Gro proposal) and the final approval by the Board of the transaction based on a fairness opinion from the financial advisor to the Special Committee.

On May 12, 2020, HBC, Bryan Cave and Scotts Miracle-Gro's internal legal counsel discussed the processes under consideration by the Board and Special Committee to review Scotts Miracle-Gro's proposal.

On May 15, 2020, Bryan Cave provided a courtesy copy of the draft Stifel engagement letter to HBC and Scotts Miracle-Gro's internal legal counsel. Bryan Cave, HBC and Scotts Miracle-Gro's internal legal counsel exchanged comments on the draft Stifel engagement letter over the next several days.

On May 16, 2020, the members of the Special Committee sent a letter to Mr. Hagedorn updating him on the progress of the Special Committee since the Board meeting held on May 8, 2020. The letter stated that the Special Committee had engaged Stifel as the exclusive financial advisor to the Special Committee and that Stifel would proceed to review the proposal presented by Scotts Miracle-Gro at the May 8th Board meeting and manage a process to identify third parties interested in acquiring AeroGrow. The letter also requested that Scotts Miracle-Gro provide a complete and comprehensive proposal for Stifel to review, as the presentation to the Board on May 8, 2020 lacked sufficient detail. The letter further indicated that, based on the expected time commitment of the Special Committee members, the members of the Special Committee were seeking additional compensation for their Special Committee service and that this proposal should be reviewed with the other members of the Board. In addition, the letter stated that the Special Committee members were requesting that Scotts Miracle-Gro formally indemnify them against claims, costs and liabilities arising because of their services as directors of AeroGrow and Special Committee members and that Mr. Hagedorn, as Chairman of AeroGrow and an executive of Scotts Miracle-Gro, coordinate the preparation of an indemnification agreement with Scotts Miracle-Gro's counsel.

On May 19, 2020, Mr. Supron reached out to Grey Gibbs, Vice President – Accounting of AeroGrow, regarding a confidentiality agreement addressing vendor data, retail customer data, and supplier master data, so that Scotts Miracle-Gro could continue a system configuration process.

On May 20, 2020, Mr. Supron sent an email to the members of the Special Committee, Mr. Wolfe and Mr. Gibbs regarding the structure of the proposed royalty agreements and the proposed terms of, and timetable for, a potential working capital loan from Scotts Miracle-Gro to AeroGrow and providing a draft confidentiality agreement between the parties. Mr. Clarke responded to Mr. Supron's email with an update from the Special Committee regarding the engagement of an advisor indicating that the Special Committee had agreed to terms

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with Stifel the previous week and was working on the engagement letter with Stifel's counsel, HBC and Bryan Cave. Mr. Clarke also responded to Mr. Supron's note regarding the proposed royalty agreements by requesting that Scotts Miracle-Gro provide the Special Committee with a draft term sheet summarizing the deal terms in more detail than the summary provided in Scotts Miracle-Gro's previous presentation to the Board.

On May 28, 2020, Scotts Miracle-Gro delivered a letter dated May 27, 2020 (the "May 27 Letter") to Stifel outlining, among other things, its perspective on the proposed transaction and the resources that Scotts Miracle-Gro could offer to address what it described as certain deficiencies in AeroGrow's business model in order to increase sales and mitigate the material risks in the then-current AeroGrow business plan. Scotts Miracle-Gro also stated in the letter that the agreements between AeroGrow and Scotts Miracle-Gro with respect to Scotts Miracle-Gro's intellectual property and other commercial rights should be considered when evaluating the value of AeroGrow with respect to any potential third-party transaction but that, if a reasonable third-party offer were to materialize, Scotts Miracle-Gro indicated it would work diligently to resolve commercial and intellectual property rights as appropriate to close the transaction. While Scotts Miracle-Gro noted in the letter that it was supportive of efforts by Stifel and the Board to evaluate the Scotts Miracle-Gro proposal and to identify a third-party buyer capable of quickly closing a transaction, Scotts Miracle-Gro indicated its concerns regarding the feasibility of identifying a buyer who could expeditiously close an all-cash transaction given the then-current market considerations, the various existing agreements and obligations as between Scotts Miracle-Gro and AeroGrow and the limitations of AeroGrow's then-current operations.

On May 29, 2020, Scotts Miracle-Gro's internal legal counsel informed Bryan Cave that, in deference to the independence of the Special Committee's process, Scotts Miracle-Gro would not be able to provide indemnification to the members of the Special Committee. Bryan Cave responded to clarify that the Special Committee was not requesting a new indemnity agreement but instead a covenant not to sue coupled with a payment guaranty of AeroGrow's existing indemnification obligations. On June 1, 2020, Scotts Miracle-Gro's internal legal counsel reiterated that Scotts Miracle-Gro would not provide separate indemnification of AeroGrow's Board members (including the Special Committee) directly through an indemnity agreement or indirectly through a guarantee and that Scotts Miracle-Gro supported the independence of the Special Committee's process.

On May 29, 2020, in advance of a call scheduled between the parties, Scotts Miracle-Gro provided a draft of an intellectual property license agreement to the Special Committee and Stifel, which generally provided more detailed terms for Scotts Miracle-Gro's May 8, 2020 royalty proposal.

On May 29, 2020, representatives of Stifel held a telephonic outreach process kick-off meeting with AeroGrow management. At this meeting, also attended by Mr. Kent, management agreed to determine the costs associated with its public company reporting obligations and the extent to which intellectual property sold to Scotts Miracle-Gro in 2013 was still in use.

Also on May 29, 2020, representatives of Stifel held a separate meeting with Scotts Miracle-Gro, attended by the Special Committee, to discuss the royalty agreement proposal presented at the May 8, 2020 Board meeting. At that meeting, Mr. Supron stated that Scotts Miracle-Gro would not be a seller at an enterprise value of less than $60 million, or roughly $1.75 per share.

On June 1, 2020, representatives of AeroGrow management, Scotts Miracle-Gro, the Special Committee, and each of their respective counsels agreed on an outline for the Special Committee process and on a summary of the relative intellectual property rights of AeroGrow and Scotts Miracle-Gro. Those outlines were subsequently shared with the Board.

From June 1, 2020 through June 25, 2020, the Special Committee held weekly telephonic meetings with representatives of Stifel in order to assist in Stifel's preparation for outreach to third parties who might be interested in a transaction with AeroGrow. Such weekly Special Committee meetings continued through the filing date of this proxy statement. The representatives of Stifel also met regularly with AeroGrow's management to assist it in preparing for such outreach, which included preparation of the written materials for the confidential information memorandum (the "CIM") and other documentation to be used in connection with Stifel's market outreach. The CIM included, among other things, the management projections and a summary of Scotts Miracle-Gro's intellectual property and other commercial rights relating to AeroGrow.

On June 2 and 3, 2020, the Special Committee, Bryan Cave, Mr. Hagedorn, Mr. Supron and Scotts Miracle-Gro's internal legal counsel engaged in discussion via email regarding the Special Committee's requests for additional compensation for service on the Committee and indemnification from Scotts Miracle-Gro. On June 3, 2020, Mr. Miller emailed Bryan Cave and the members of the Special Committee with a proposal to address the Special Committee members' concerns, including a request to the Board to authorize additional compensation to the members of the Special Committee, a proposed agreement by Scotts Miracle-Gro not to sue the independent directors and a refusal by Scotts Miracle-Gro to indemnify the Special Committee members' beyond the existing directors' and officer's insurance policy.

On June 5, 2020, the Board held a videoconference meeting with members of AeroGrow's management and HBC present. The Special Committee recommended, and the Board approved, an agreement between AeroGrow and Scotts Miracle-Gro providing for a full and complete mutual release and covenants not to sue in connection with the exploration of a transaction. The Board also approved compensation for the Special Committee members (with Messrs. Clarke and Kent abstaining), which was not contingent upon the outcome of their evaluation or recommendation regarding the Scotts Miracle-Gro proposal. The Board also considered a management presentation regarding AeroGrow's need for a seasonal working capital loan.

On June 5, 2020, Scotts Miracle-Gro and AeroGrow entered into a Release Agreement and Covenant Not to Sue.

On June 9, 2020, AeroGrow and Scotts Miracle-Gro entered into a confidentiality agreement.

On June 11, 2020, the Board met by videoconference with members of AeroGrow's management, HBC and Mr. Supron present. The Board received a quarterly business update, including an update on sales increases due to COVID-19 and also discussed and approved updates to AeroGrow's fiscal year 2021 operating plan.

On June 23, 2020, Mr. Supron, Scotts Miracle-Gro's internal legal counsel, representatives of Stifel and Bryan Cave discussed the market check process and strategic alternatives that Scotts Miracle-Gro would be willing to consider.

After the close of trading on June 23, 2020, AeroGrow issued a press release announcing its financial results for the fiscal year ended March 31, 2020, reporting a 29% increase in sales and a 134% increase in income from operations over the prior fiscal year's fourth fiscal quarter. The press release also noted that AeroGrow expected sales in the first fiscal quarter of fiscal year 2021 to be three times previous fiscal year's first fiscal quarter. The press release also announced that the Board had formed the Special Committee to conduct "a broad review of strategic alternatives focused on maximizing stockholder value" and that the Special Committee had engaged Stifel to serve as financial advisor to assist in the review.

On June 24, 2020, AeroGrow's common stock closed trading on the OTCQB at $3.15 per share.

On June 25, 2020, Mr. Supron expressed concerns to Stifel regarding third-party valuations of AeroGrow compared to Scotts Miracle-Gro's valuation due to Scotts Miracle-Gro's ownership of certain intellectual property assets used in the AeroGrow business.

On June 25, 2020, the Special Committee held a telephonic meeting with representatives of Stifel and Bryan Cave present. After discussion, the Special Committee authorized Stifel to begin contacting parties that may be interested in exploring a transaction with AeroGrow.

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Commencing on June 29, 2020 and continuing through August 10, 2020, Stifel contacted 102 strategic parties and 220 financial parties. The parties were both U.S.- and internationally-based. Of these, 74 financial parties and five strategic parties executed confidentiality agreements with AeroGrow and were provided with additional information on AeroGrow's business and financial models, including the CIM. The confidentiality agreements did not contain "standstill" provisions.

On July 13, 2020, the Special Committee held a telephonic meeting with representatives of Stifel and Bryan Cave present. The representatives of Stifel reported on the outreach to strategic parties and financial parties and due diligence calls with interested parties. The Special Committee also discussed and approved a bid process that established a deadline of July 30, 2020 for receipt of indications of interest.

Scotts Miracle-Gro utilized Wells Fargo Securities, LLC ("Wells") as an informal resource to provide management with assistance in connection with its participation in the Special Committee's bid process and its consideration of a potential transaction with AeroGrow. Scotts Miracle-Gro reached out to Wells because it is an internationally recognized investment banking firm that has substantial M&A advisory experience, including in the consumer products and direct-to-consumer/e-commerce industries and with respect to microcap public companies, and because of the firm's longstanding relationship as a financial advisor to Scotts Miracle-Gro. During the two years preceding the date hereof, Wells and its affiliates have received, in aggregate, approximately $1.8 million from Scotts Miracle-Gro for the provision of investment, commercial and other financial advisory services. Wells was not engaged by Scotts Miracle-Gro to formally provide any financial advisory or other investment banking services in connection with the potential AeroGrow transaction, and Scotts Miracle-Gro did not pay any amount to Wells for the assistance it provided to Scotts Miracle-Gro in connection with the proposed AeroGrow transaction. Between July 17 and July 22, representatives of Scotts Miracle-Gro and Wells discussed certain performance metrics with respect to AeroGrow—including AeroGrow's historical stock price performance, recent earnings and summary financials, as well as certain preliminary and illustrative valuation information with respect to AeroGrow for purposes of Scotts Miracle-Gro's consideration of an appropriate per share purchase price, and Wells provided an informal assessment to Scotts Miracle-Gro in connection with these discussions on July 30, 2020, as described below. None of these preliminary and illustrative discussion materials contained any formal valuation or other financial analysis by Wells in connection with an AeroGrow transaction; nor did they relate to the fairness of the consideration provided for in the Merger Agreement to AeroGrow's unaffiliated stockholders. These preliminary and illustrative discussion materials were based on Wells' review of, among other things, the projections and certain other information contained in the CIM, publicly available historical business and financial information about AeroGrow and publicly available information about select peer companies and prior precedent transactions. Scotts Miracle-Gro informed Wells that the projections reflected in the CIM may be difficult to achieve as a result of the uncertainty of the Bloom product launch and the future performance of AeroGrow to the extent expectations are based on the continuation of the significant improvement in AeroGrow's operating performance relating to COVID-19. Wells did not perform any due diligence on any of the foregoing, and Wells relied on the accuracy and completeness of such data in order to provide Scotts Miracle-Gro the assistance described herein as it deemed necessary and appropriate. Wells was not requested to provide, and did not provide, any formal valuation or other financial analysis, any opinion as to the fairness of the proposed transaction, any valuation for the purpose of assessing fairness of the consideration or any recommendation as to how a stockholder should vote on the proposed transaction.

On July 23, 2020, Stifel sent a letter to Scotts Miracle-Gro inviting it to submit a preliminary non-binding proposal for the acquisition of AeroGrow by July 30, 2020.

On July 28, 2020, Scotts Miracle-Gro delivered a letter to Stifel, which stated, among other things, Scotts Miracle-Gro's desire to meet to discuss the following issues it believed to be critical to ensure an efficient and transparent process for all parties involved, including any third-party bidders and unaffiliated minority stockholders: (i) whether Scotts Miracle-Gro intended to acquire the AeroGrow common stock that it did not then-currently own or whether Scotts Miracle-Gro would sell its rights and interests in AeroGrow; and (ii) the value of the various assets and contractual rights relating to AeroGrow that Scotts Miracle-Gro owned and how those assets and rights would be addressed, and Scotts Miracle-Gro's likely posture regarding those assets and rights, in a transaction involving a third-party bidder. Scotts Miracle-Gro requested a meeting as soon as possible after the deadline for indications of interest to discuss: (i) Stifel's evaluation and ranking of the third-party bids; (ii) Stifel's methodology for ranking bids, including factors such as likelihood of closing; (iii) the identity of the leading bidders that Stifel believed offered the best opportunity for a successful transaction; (iv) Stifel's expectations regarding the net per-share proceeds that would ultimately be paid to AeroGrow stockholders upon closing following the due diligence and negotiation processes; and (v) how Stifel would intend to address, in a transaction involving a third-party bidder, the various assets and contractual rights relating to AeroGrow that Scotts Miracle-Gro owned. Scotts Miracle-Gro indicated that it was hopeful that a meeting with Stifel would, among other things, provide Scotts Miracle-Gro with the additional information it needed to determine whether it would be a buyer or a seller in any potential transaction. Scotts Miracle-Gro also reiterated its position from the May 27 Letter, that it believed Scotts Miracle-Gro was uniquely positioned to consummate a transaction that could reliably and efficiently close and that would maximize overall value to all AeroGrow stockholders, including unaffiliated minority stockholders.

On July 30, 2020, representatives of Wells provided Scotts Miracle-Gro with preliminary and illustrative discussion materials containing high-level arithmetic calculations relating to AeroGrow's financial forecasts provided to Wells by Scotts Miracle-Gro reflecting: (i) a moderate growth case aligned to industry peers with marginal margin expansion ("Case A"); and (ii) a heavily discounted growth case with no margin expansion ("Case B"). The preliminary and illustrative materials also included the financial projection assumptions which were approved for use in Wells' analysis by Scotts Miracle-Gro underlying Case A and Case B; revenue projection assumptions by product channel for the financial forecasts reflected in the CIM (the "AeroGrow Case"), Case A and Case B which were approved for use in Wells' analysis by Scotts Miracle-Gro; a summary of AeroGrow's recent and projected financial performance under the AeroGrow Case, Case A and Case B which were approved for use in Wells' analysis by Scotts Miracle-Gro; preliminary and illustrative arithmetic calculations presenting per share valuations of AeroGrow under the AeroGrow Case, Case A and Case B; a preliminary and illustrative analysis of the net present value of the royalties payable by AeroGrow to Scotts Miracle-Gro under Case A and Case B; presentations of precedent branded consumer and high growth consumer transactions; and analyses of branded consumer and direct-to-consumer/e-commerce peer companies.

On July 30, 2020, representatives of Wells provided Scotts Miracle-Gro with discussion materials containing high level illustrative financial forecasts for AeroGrow reflecting: (i) a moderate growth case aligned to industry peers with marginal margin expansion ("Case A"); and (ii) a heavily discounted growth case with no margin expansion ("Case B"). The materials also included the financial projection assumptions underlying Case A and Case B; revenue projection assumptions by product channel for the financial forecasts reflected in the CIM (the "AeroGrow Case"), Case A and Case B; a summary of AeroGrow's recent and projected financial performance under the AeroGrow Case, Case A and Case B; preliminary per share valuations of AeroGrow under the AeroGrow Case, Case A and Case B; a preliminary analysis of the net present value of the royalties payable by AeroGrow to Scotts Miracle-Gro under Case A and Case B; analyses of precedent branded consumer and high growth consumer transactions; and analyses of branded consumer and direct-to-consumer/e-commerce peer companies.

On July 31, 2020, the Special Committee held a telephonic meeting with representatives of Stifel and Bryan Cave present. The Special Committee approved an extension of the bid deadline to August 10, 2020 to allow more time as requested by certain bidders. Representatives of Stifel also advised the Special Committee on its communications with Scotts Miracle-Gro, including that representatives of Stifel had informed Scotts Miracle-Gro that its current proposal under-valued AeroGrow. The representatives of Stifel further indicated to the Special Committee that no bid details would be shared with AeroGrow's management or Scotts Miracle-Gro until after the expiration of the extended bid deadline.

On July 31, 2020, Stifel received a written indication of interest from a financial party ("Party B") to acquire all of the common stock of AeroGrow for cash at an implied price between $2.80 to $3.32 per share based on a range of EBITDA multiples of 10x to 12x, with an assumption that EBITDA for the trailing 12 months as of September 30, 2020 would be $8.8 million. This EBITDA assumption was generally consistent with the management projections; however, it assumed the elimination of certain Scotts Miracle-Gro royalty payments. The indication of interest assumed Party B would own all relevant AeroGrow intellectual property and also indicated that the purchase would be partially financed with third-party debt. During the weeks subsequent to Party B's submission of an indication of interest, representatives of Stifel held multiple follow-up calls with representatives of Party B in order to better understand (i) the details and intent regarding elements of Party B's indication of interest; (ii) Party B's willingness to improve the terms of its indication of interest (either to the high end of the purchase price range or above); (iii) Party B's requirement to acquire relevant intellectual property rights from Scotts Miracle-Gro and enter into commercial arrangements of transitional or longer-term nature with Scotts Miracle-Gro; and (iv) whether there was a reasonable expectation that Scotts Miracle-Gro would be a seller of its controlling equity interest of AeroGrow under the terms of Party B's indication of interest. In later discussion, points (iii) and (iv) above became key elements of discussion.

On July 31, 2020, Mr. Miller emailed Mr. Wolfe to request an update regarding the timeline for bids being submitted to Stifel and stating that a meeting should be scheduled to discuss the process, the list of bids and the start of the discussions on a path forward. Messrs. Clarke and Kent responded that the Special Committee granted an extension to Stifel to continue receiving indications of interest until August 10, 2020 and that Stifel had requested a special meeting be called for August 12 or 13 for an update. Mr. Miller responded that this matter should have been discussed by AeroGrow's management with the entire Board and that his request for a meeting the following week remained. Messrs. Clarke and Kent emailed Mr. Miller, members of AeroGrow's management, Mr. Hagedorn and Mr. Supron regarding Mr. Miller's concerns, stating that the Special Committee engaged the financial advisor and, therefore, had granted the extension and that AeroGrow management was not involved in the process and was not consulted. Messrs. Clarke and Kent further indicated that AeroGrow was still awaiting a firm indication from Scotts Miracle-Gro.

On July 31, 2020, AeroGrow's common stock closed trading on the OTCQB at $4.25 per share.

On August 1, 2020, Mr. Supron telephonically informed Mr. Kent that the Special Committee did not promptly inform the Board that the deadline for indications of interest had been extended and expressed concerns about Stifel's outreach process. Mr. Kent replied that Scotts Miracle-Gro should use the additional time to determine if they were a buyer or a seller. Mr. Kent further reiterated that Stifel continued to present AeroGrow to potential bidders "as is" meaning all agreements with Scotts Miracle-Gro would remain in place with a third-party buyer, and that an auction might occur at a later date so Scotts Miracle-Gro needed to decide if they wanted to participate.

On August 2, 2020, Mr. Clarke responded to Mr. Supron agreeing that the Board should receive an update and reminding Mr. Supron that August 12 was proposed as the date for Stifel to brief the Board on the status of the end of the first phase of the bidding process. He stated that, at that time, the Board could determine next steps.

On August 3, 2020, as approved by independent and disinterested directors by written consent on July 31, 2020, AeroGrow entered into the 2020 Loan Agreement with Scotts Miracle-Gro, which provided AeroGrow with a $7.5 million working capital term loan. The amount of the loan was based on a stretch planning analysis provided by AeroGrow's management at the request of Ms. Ziegler and Mr. Supron, who encouraged AeroGrow's management to drive sales aggressively in the third and fourth fiscal quarters in light of the strength of the sales trends. The proceeds would be made available to AeroGrow as needed in increments of $500,000 not to exceed $7.5 million with a due date of June 30, 2021. Interest would accrue at the stated rate of 10% and be due quarterly in arrears on each of September 30, 2020, December 30, 2020, March 31, 2021 and June 30, 2021. The terms of the 2020 Loan Agreement generally matched, or were more favorable than, the terms of previous

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loans from Scotts Miracle-Gro, as discussed in more detail in "Other Important Information Regarding the Purchaser Parties and Scotts Miracle-Gro—Significant Past Transactions and Contracts."

On August 5, 2020, representatives of Scotts Miracle-Gro and Wells met to review the discussion materials and discuss the possible range of bids that might be submitted to the Special Committee from third parties in connection with its process.

On August 6, 2020, Mr. Supron communicated with Mr. Clarke to express concerns that Scotts Miracle-Gro had no meaningful discussions with Stifel since their engagement and that the Board may lose time in the process. Mr. Supron recommended that Scotts Miracle-Gro and Stifel discuss the indications of interest and what Stifel would expect regarding the proceeds to AeroGrow's stockholders through this transaction. He indicated that Scotts Miracle-Gro could more clearly address at that point whether it was a buyer or seller as well as outline any conditions Scotts Miracle-Gro may have in working with various sellers. Mr. Clarke replied that Scotts Miracle-Gro could ensure the Board did not lose any time in the process by confirming its position as a buyer or seller, and also that it would not be appropriate to share the indications of interest with Scotts Miracle-Gro since the market check process was not yet complete.

On August 10, 2020, Stifel received verbal indications of interest from two strategic parties (Parties C and D). Party C (a privately-held company) proposed a stock transaction that valued AeroGrow's common stock at between approximately $2.24 and $2.74 per share. The proposal provided that the consideration for AeroGrow's common stock would be paid with stock of Party C with the potential, but not the preference of Party C, to pay some level of cash to unaffiliated minority stockholders. The indication assumed existing intellectual property and commercial arrangements with Scotts Miracle-Gro would remain in place and that no third-party financing was necessary. Due to the fact that other bidders had proposed all-cash transactions, Stifel provided feedback to Party C at the time of its offer that the all-stock proposal would not be viewed as competitive.

Party D verbally proposed an all cash transaction whereby Party D would purchase all of AeroGrow's common stock at a price between $1.98 and $2.56 per share. Party D expressed a preference for Party D to own all relevant AeroGrow intellectual property and did not indicate the need for third-party financing. Subsequent to the initial communication of Party D's verbal proposal, representatives of Party D were unresponsive to Stifel's multiple attempts made via email and telephone to hold follow-up conversations regarding Party D's verbal proposal.

On August 10, 2020, AeroGrow's common stock closed trading on the OTCQB at $4.50 per share.

After the close of trading on August 11, 2020, AeroGrow issued a press release announcing its financial results for the first fiscal quarter ended June 30, 2020, reporting a 267% increase in sales compared to the first fiscal quarter of the prior fiscal year and income from operations increasing to $2.7 million, up from a loss of $1.1 million in the prior year.

On August 11, 2020, AeroGrow's common stock closed trading on the OTCQB at $4.53 per share.

On August 12, 2020, representatives of Stifel held an informational meeting with the Board, representatives of AeroGrow's management, HBC and Mr. Supron present. The representatives of Stifel provided an update on the outreach process and presented a general overview of the non-binding indications of interest received. The representatives of Stifel reported that of the 322 parties contacted, 79 signed confidentiality agreements and received additional information and of those, 15 held calls with Stifel following receipt of additional information. The representatives of Stifel further reported on the indications of interest received from Parties A, B, C and D.

On August 17, 2020, Scotts Miracle-Gro delivered a letter to Stifel noting that it did not believe any of the four indications of interest received were worth further pursuing in part because of Scotts Miracle-Gro's intellectual property and other commercial rights and their highly conditional nature. Pursuant to the letter, Scotts

Miracle-Gro proposed to acquire all of the shares of AeroGrow that it did not already own for $1.75 per share in cash.

On August 17, 2020, AeroGrow's common stock closed trading on the OTCQB at $5.70 per share.

On August 18, 2020, Scotts Miracle-Gro and its affiliates filed an amendment to their Schedule 13D with the SEC disclosing its $1.75 per share offer.

On August 18, 2020, AeroGrow's common stock closed trading on the OTCQB at $5.74 per share.

On August 19, 2020, AeroGrow issued a press release acknowledging the Schedule 13D filing by Scotts Miracle-Gro and its affiliates and noting that the Special Committee will review the Schedule 13D filing and was working with Stifel in considering the next steps and all alternatives.

Also, on August 19, 2020, Bryan Cave communicated to representatives of AeroGrow and Scotts Miracle-Gro that, in order to motivate potential third-party bidders to stay in the process and dedicate the resources necessary to further explore a transaction, the Special Committee requested that Scotts Miracle-Gro or AeroGrow agree to assure the highest bidder that its due diligence and transaction expenses up to $250,000 will be reimbursed in the event Scotts outbids their proposal or the Board terminates the process. A representative of Scotts Miracle-Gro indicated that Scotts Miracle-Gro would like the opportunity to meet with the bidders and provide them with an overview of Scotts Miracle-Gro's intellectual property and other commercial rights and address expectations on value and transferability of such rights. Scotts Miracle-Gro noted that if after such discussion bidders chose to move forward, Scotts would be amenable to discussing some level of financial assurance.

On August 20, 2020, AeroGrow's common stock closed trading on the OTCQB at $3.13 per share.

On August 21, 2020, a representative of AeroGrow's management provided the Board a summary of stockholder feedback and questions regarding Scotts Miracle-Gro Schedule 13D filing and Stifel's outreach process. Also in this email AeroGrow's management provided the standard response it was using to respond to stockholder inquiries.

On August 27, 2020, a representative of Scotts Miracle-Gro informed a representative of Bryan Cave that Scotts Miracle-Gro did not believe that any bidder would be able to step into AeroGrow's shoes with respect to the contractual arrangements between Scotts Miracle-Gro and AeroGrow and that bidders should, be informed of Scotts Miracle-Gro's position.

On August 28, 2020, affiliates of Scotts Miracle-Gro delivered reservation of rights letters to AeroGrow related to the Brand License Agreement and the Technology License Agreement reserving the right of the affiliate of Scotts Miracle-Gro to terminate the agreements.

On August 28, 2020, Scotts Miracle-Gro also delivered to Bryan Cave by email an updated summary of Scotts Miracle-Gro intellectual property and other rights relating to AeroGrow that had been previously shared with the Board on June 1, 2020. Scotts Miracle-Gro indicated in its email that such summary should be shared with bidders to understand AeroGrow's limited intellectual property rights if the various commercial license agreements with Scotts Miracle-Gro were to be terminated by Scotts Miracle-Gro. Scotts Miracle-Gro also indicated that bidders should be informed of AeroGrow's alleged failure to perform its obligations under certain agreements with Scotts Miracle-Gro per the above referenced reservation of rights letters.

On September 1, 2020, on behalf of AeroGrow, Mr. Wolfe responded to the reservation of rights letters received from Scotts Miracle-Gro disagreeing with the assertion that Scotts Miracle-Gro's affiliate had the right to terminate the Brand License Agreement and the Technology License Agreement.

On September 1, 2020, the Special Committee met telephonically with representatives of Stifel and Bryan Cave. The Special Committee considered Scotts Miracle-Gro's position on existing intellectual property agreements and its August 18, 2020 bid. Discussion included management's position that the Scotts Miracle-Gro trademarks are not of value to AeroGrow and the nutrients patent, which management believes to be the sole remaining piece of Scotts Miracle-Gro intellectual property in use in AeroGrow's current product range and will not be used in Large Size Products ("LSPs") under co-development with Scotts Miracle-Gro, has a simple work around for a third-party bidder, leaving only the retail distribution rights to the LSPs, excluding Amazon and direct-to-consumer, as the lone potential value generator for AeroGrow that would be lost to a third-party acquirer.

On September 1, 2020, at the request of Stifel, Mr. Wolfe sent an email to Stifel setting forth AeroGrow management's position on how AeroGrow would operate without Scotts Miracle-Gro's involvement, including management's opinion on intellectual property rights. This analysis was further updated on September 14, 2020.

On September 2, 2020, the Board held a meeting with representatives of Stifel and HBC present. The representatives of Stifel discussed the third-party outreach process and bids along with information that it would need and analysis to be conducted if Stifel were to be asked to provide a fairness opinion in connection with a proposed transaction. The representatives of Stifel also discussed the royalty and license arrangements between Scotts Miracle-Gro and AeroGrow and summarized their assessment of the relevant intellectual property issues related to AeroGrow's use of several Scotts Miracle-Gro trademarks and a nutrients patent. The representatives of Stifel supported management's view that a third-party bidder would not need these trademarks or the patent to successfully operate AeroGrow. The representatives of Stifel also discounted AeroGrow's continued need for shared services and working capital under third-party ownership. The representatives of Stifel stressed the need for Scotts Miracle-Gro to confirm if it was willing to sell the shares it beneficially owned if a third-party bidder agreed to pay more than $1.75 per share. The Special Committee requested the Board approve a $250,000 expense reimbursement to the most promising third-party bidder to encourage such bidder to continue to engage as it would be cost protected should Scotts Miracle-Gro top their offer or the process be terminated. The Board took no action at that meeting but requested that Stifel meet again with Scotts Miracle-Gro management to chart a path forward.

On September 17, 2020, the Special Committee held a telephonic meeting with representatives of Stifel and Bryan Cave present. Mr. Supron and Scotts Miracle-Gro's internal legal counsel also attended. The Special Committee sought clarity from Scotts Miracle-Gro as to whether Scotts Miracle-Gro would be a buyer or a seller in a potential transaction. Scotts Miracle-Gro indicated it did not believe a sale transaction with any of the bidders would be acceptable to Scotts Miracle-Gro because it had decided that, at the valuations implied by the proposals, it did not want to sell its ownership stake in AeroGrow and, consequently, indicated its position as a buyer only. Scotts Miracle-Gro representatives also informed the Special Committee that any continuation of Scotts Miracle-Gro's intellectual property and other commercial agreements with AeroGrow would not be offered "on the same favorable terms" to potential acquirers. Representatives of Scotts Miracle-Gro then discussed the possibility of purchasing all of AeroGrow common stock it did not own at a price of $3.00 per share.

On September 17, 2020, AeroGrow's common stock closed trading on the OTCQB at $3.26 per share.

Between September 20 and 22, 2020, representatives of Stifel attempted to negotiate with Scotts Miracle-Gro to improve its offer of $3.00 per share. Although Scotts Miracle-Gro was unwilling to increase its offer price, Mr. Supron assured representatives of Stifel that there would be no downward adjustments to the $3.00 per share offer price.

On September 25, 2020, representatives of Scotts Miracle-Gro delivered a draft letter of intent to the Special Committee indicating its intent to purchase the shares of common stock of AeroGrow that it did not already own for $3.00 per share, subject to definitive documentation. The letter proposed a binding exclusivity period through November 15, 2020, which would restrict AeroGrow from transacting with another party through such date.

On September 25, 2020, AeroGrow's common stock closed trading on the OTCQB at $2.97 per share.

Between September 25, 2020 and October 2, 2020, Vorys, Sater, Seymour and Pease LLP ("Vorys"), legal counsel to Scotts Miracle-Gro, and HBC and other representatives of Scotts Miracle-Gro, the Special Committee and Bryan Cave exchanged drafts of the letter of intent and negotiated its terms, including with respect to, among other things, the absence of a financing condition, the scope and nature of Scotts Miracle-Gro's due diligence efforts and the inclusion of an exclusivity period. The negotiations resulted in, among other things, Scotts Miracle-Gro's representations that it would not have to finance the Merger Consideration and the confirmatory scope and nature of its due diligence efforts and the duration of the exclusivity period noted above. The Special Committee was provided regular updates on the negotiations and provided guidance on the negotiations to management, HBC and Bryan Cave.

On September 26, 2020, the Special Committee held a telephonic meeting with a representative of Bryan Cave present. The meeting was held for the purpose of confirming the Special Committee's fulfillment of its fiduciary duties to AeroGrow and its stockholders, including the unaffiliated minority stockholders. The Special Committee discussed the letter of intent received from Scotts Miracle-Gro and considered the fairness and adequacy of the $3.00 per share offer in light of AeroGrow's history, prospects, recent and historical stock price performance, Stifel's market outreach and other factors. Specifically, the Special Committee considered the impact on the common stock's trading price based on market speculation after Scotts Miracle-Gro filed its initial Schedule 13D amendment on March 2, 2020 as compared to AeroGrow's historical trading price, AeroGrow's lack of historical profit and the sustainability of AeroGrow's recent COVID-19 driven sales spikes. The Special Committee considered whether AeroGrow's sales projections were reasonable given that future growth would be dependent on the success of a new product with a different price category and target consumer. The Special Committee also considered the non-binding indications of interest received from Stifel's market outreach, noted the uncertainty regarding the likelihood of completing a transaction with any of the bidders besides Scotts Miracle-Gro, and noted that only one bidder exceeded the $3.00 per share price offered by Scotts Miracle-Gro, but that bid was dependent on Scotts Miracle-Gro selling certain intellectual property to the bidder at a price which had not been determined and that would ultimately reduce dollar-for-dollar the total per-share consideration paid to stockholders. The Special Committee further considered the fact that some bidders had assumed certain intellectual property rights belonging to, and commercial arrangements with, Scotts Miracle-Gro would continue or be transferred to the prevailing bidder and that such arrangements were not possible without cooperation from Scotts Miracle-Gro. Furthermore, the Special Committee noted that Scotts Miracle-Gro had told the Special Committee on September 17, 2020 that any such continuation would not be offered "on the same favorable terms." The Special Committee also discussed the general uncertainty regarding whether Scotts Miracle-Gro would constructively participate in a full sale process, and that without such participation by Scotts Miracle Gro as the 80% beneficial owner, no process could move forward. The Special Committee further considered the timing and other benefits of the proposed transaction with Scotts Miracle-Gro given the historically relatively high share price offered by Scotts Miracle-Gro, the need for Scotts Miracle-Gro to perform only limited due diligence and the certainty of closing. The Special Committee also recognized the challenges regarding Scotts Miracle-Gro's existing ownership of intellectual property and other business relationships with AeroGrow, any of which may impede the possibility of concluding or significantly reduce the valuation in a transaction with another party.

On September 27, 2020, the Special Committee held a telephonic meeting with representatives of Stifel and Bryan Cave present. This meeting was in follow-up to the Special Committee's meeting the prior day as well as discussions with representatives of Stifel regarding the financial analysis that would inform their fairness opinion, if requested. After full discussion, including discussion regarding the sale process conducted by Stifel and other items discussed at the Special Committee's meeting the prior day, the Special Committee agreed to recommend to the Board that AeroGrow pursue a transaction with Scotts Miracle-Gro at $3.00 per share.

On October 2, 2020, based on a recommendation by the Special Committee, the Board approved entry into the letter of intent with Scotts Miracle-Gro. The Board also unanimously approved a retention plan for AeroGrow

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employees intended to retain employees through any potential transaction, motivate them to successfully complete a potential transaction and continue to execute on AeroGrow's operating plans through what may be a period of significant uncertainty. The retention plan clarified the terms for the payment of compensation earned pursuant to AeroGrow's long-term incentive plan and fiscal year 2021 annual bonus plan, each scheduled to be paid after the end of AeroGrow's 2021 fiscal year, should an employee be retained or terminated in connection with a transaction that closes prior to the March 31, 2021 fiscal year end. In addition, the Board approved a severance policy that provides for severance pay for all employees terminated without cause based on a formula derived from years of service or annual salary and for one year of full salary for Mr. Gibbs. Severance benefits for Messrs. Wolfe and Thompson were already provided in their respective employment agreements.

Later on October 2, 2020, AeroGrow and Scotts Miracle-Gro executed a non-binding letter of intent indicating Scotts Miracle-Gro's intent to purchase the shares of common stock of AeroGrow that it did not already own for $3.00 per share. The letter also restricted AeroGrow and its representatives from directly or indirectly, soliciting, initiating or encouraging the submission of any acquisition proposals from other parties through November 15, 2020. At no point after AeroGrow and Scotts Miracle-Gro executed the letter of intent did Stifel receive any unsolicited inbound interest from any parties to submit an acquisition proposal.

On October 5, 2020, Scotts Miracle-Gro and its affiliates filed an amendment to their Schedule 13D with the SEC after market close disclosing the entry into the letter of intent.

On October 5, 2020, AeroGrow's common stock closed trading on the OTCQB at $3.00 per share.

On October 8, 2020, AeroGrow filed a Form 8-K with the SEC disclosing its entry into the letter of intent.

On October 9, 2020, Vorys delivered a draft definitive merger agreement to HBC.

On October 21, 2020, HBC returned a draft of the definitive merger agreement to Vorys. From October 21, 2020 through November 11, 2020, Vorys and HBC and other representatives of Scotts Miracle-Gro, the Special Committee and Bryan Cave exchanged drafts of the Merger Agreement and negotiated its terms, including with respect to the elimination of a termination fee, guarantee by Scotts Miracle-Gro and the extensiveness of AeroGrow's representations and warranties. The negotiations resulted in the removal of the termination fee from the Merger Agreement and the addition of a guarantee by Scotts Miracle-Gro of the Merger Consideration and certain indemnification obligations. The Special Committee was provided regular updates on the negotiations and provided guidance on the negotiations to management, Stifel, HBC and Bryan Cave.

On November 10, 2020, the Special Committee met with representatives of Bryan Cave and Stifel present, reviewed the terms of the Merger Agreement, heard an extensive presentation from the representatives of Stifel of Stifel's market check and valuation processes and conclusions, confirmed that Stifel was prepared to issue an opinion to the Special Committee as to fairness of the consideration under the Merger Agreement, from a financial point of view, as of the date of the opinion, and unanimously determined to recommend that the Board approve the entry into the Merger Agreement.

On November 11, 2020, the Board held a videoconference meeting with representatives of AeroGrow management, HBC and Stifel in attendance. Representatives of Stifel reviewed with the Board their financial analysis with respect to the Merger Consideration of $3.00 per share of common stock, which they had presented to the Special Committee the previous day. HBC discussed the Board's fiduciary duties and reviewed with the Board the key legal terms of the draft merger agreement. The representatives of Stifel then confirmed the oral opinion they had delivered to the Special Committee the previous day by delivery of a written opinion, dated November 11, 2020, to the Special Committee, that, as of the date of such opinion and subject to the qualifications, assumptions, exceptions and limitations set forth in the opinion, the Merger Consideration to be paid by the Parent pursuant to the Merger Agreement was fair, from a financial point of view, to the holders of common stock, other than Parent, Parent's affiliates and AeroGrow or with respect to dissenting shares.

Following additional discussion and deliberation, by a unanimous vote of the Board members, the Board (i) adopted and approved the Merger Agreement, (ii) directed that the Merger Agreement be submitted to the stockholders of AeroGrow for approval and (iii) recommended that AeroGrow's stockholders vote in favor of the approval of the Merger Agreement and approve the Merger and the other transactions contemplated thereby.

On November 11, 2020, AeroGrow and Scotts Miracle-Gro executed the Merger Agreement.

On November 12, 2020, AeroGrow filed a Form 8-K prior to the opening of trading on the OTCQB disclosing entry into the Merger Agreement.

After the close of trading on November 16, 2020, AeroGrow issued a press release announcing its financial results for its second fiscal quarter ended September 30, 2020. AeroGrow reported a 224% increase in sales compared to the prior fiscal year along with income from operations increasing to $1.3 million, up from a loss of $2.3 million in the prior year. The press release noted that favorable sales trends had continued early in the third fiscal quarter. The press release also announced that on November 11, 2020 AeroGrow entered into the Merger Agreement with affiliates of Scotts Miracle-Gro.

Recommendation of the Board and Reasons for the Merger; Fairness of the Merger

Recommendation of the Board

The Board formed the Special Committee, comprised at all times of all of the Company's directors who are independent and not affiliated with Scotts Miracle-Gro, in March 2020 to, among other things, review any proposed transaction between the Company and Parent or any affiliate of Parent, and engage Stifel to provide financial advice in connection with the review. At all times during 2020, the Board consisted of five directors, two of whom are independent and not affiliated with Scotts Miracle-Gro, and three of whom, currently Ms. Ziegler and Messrs. Hagedorn and Miller, are affiliated with Scotts Miracle-Gro. Ms. Ziegler and Mr. Miller were each appointed to the Board by Parent in April 2019 and replaced two members of the Board who were also affiliated with Scotts Miracle-Gro. In this section of the proxy statement entitled "Recommendation of the Board and Reasons for the Merger; Fairness of the Merger," references to the Board refer to the Board, including Ms. Ziegler and Messrs. Hagedorn and Miller, who reminded the Board of their affiliation with Scotts Miracle-Gro. After careful consideration, at a special meeting on November 10, 2020, after consultation with the Special Committee's legal and financial advisors, the Special Committee unanimously (i) determined that the Merger Agreement and the transactions contemplated thereby (including the Merger) were fair to, and in the best interests of, the Company and the holders of shares of common stock (including unaffiliated security holders, but excluding Parent and the Company), and (ii) recommended that the Board adopt and approve the Merger Agreement and approve the Merger. The Board (including Ms. Ziegler and Messrs. Hagedorn and Miller, who reminded the Board of their affiliation with Scotts Miracle-Gro), on behalf of the Company, based on the recommendation of the Special Committee and after consultation with the Company's legal and financial advisors, unanimously (i) adopted and approved the Merger Agreement and the transactions contemplated by the Merger Agreement (including the Merger), (ii) determined that the Merger Agreement and the transactions contemplated by the Merger Agreement (including the Merger) were fair to, and in the best interests of, the Company and the holders of shares of common stock (including unaffiliated security holders, but excluding Parent and the Company), (iii) directed that the Merger Agreement and the Merger be submitted for approval by a vote of the holders of common stock at the Special Meeting and (iv) recommended that the holders of common stock affirmatively vote to approve the Merger Agreement and the Merger.

Accordingly, based on its evaluation and having received the recommendation of the Special Committee, the Board, by unanimous vote, recommends that stockholders vote "FOR" the approval of the Merger Agreement Proposal. In addition, the Special Committee and the Board believe that the Merger is fair to the Company's "unaffiliated security holders," as defined under Rule 13e-3 of the Exchange Act.

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Reasons for the Merger

In evaluating the Merger Agreement and the transactions contemplated thereby (including the Merger), the Special Committee and the Board consulted with representatives of the Special Committee's financial advisor and legal advisors. In unanimously recommending that stockholders vote in favor of the Merger Agreement Proposal, the Special Committee and the Board considered a number of factors, including the following (which factors are not necessarily presented in order of relative importance):

- the understanding of each of the Special Committee and the Board of the Company's business, assets, financial condition, liquidity position and results of operations, its competitive position and historical and prospective performance, and the nature of the industry in which the Company competes.
- the fact that the all-cash Merger Consideration will provide certainty of value and liquidity to stockholders, while eliminating the effect of long-term business and execution risks to stockholders.
- the historical and recent relationship of the $3.00 Merger Consideration to the trading price of our common stock on the OTCQB.
- the current and historical market prices of our common stock, including the market performance of our common stock relative to those of other participants in our industry and the general market.
- that shares of our common stock have historically been thinly traded (our common stock had an average daily trading volume of approximately 31,000 shares over the 12 months ended October 5, 2020, the day we announced our entry into the non-binding letter of intent with Scotts Miracle-Gro), resulting in price volatility, illiquidity for stockholders and the possibility that significant stockholders would not be able to liquidate their positions without negatively impacting the market price of our common stock.
- the evaluation of multiple strategic alternatives and the solicitation of bids from multiple strategic and financial sponsor parties, as discussed under " —Background of the Merger."
- the Special Committee's and the Board's belief that, if any third parties were interested in exploring a transaction with the Company, such potential acquirers were contacted by Stifel or would have been motivated to approach the Company.
- the Special Committee's and the Board's belief, after consultation with representatives of Stifel, that no other potential transaction party was likely to be both willing and able to acquire the Company at a valuation of $3.00 per share or greater, including because of the rights that Scotts Miracle-Gro has under its agreements with the Company, and Scotts Miracle-Gro's expressed unwillingness to sell those rights, which could have a negative effect on the perceived value of the Company to a third-party acquirer.
- the fact that a transaction with a third party could not be consummated without the support of Parent and Scotts Miracle-Gro, given their beneficial ownership of approximately 80.5% of the outstanding shares of our common stock at all relevant times during 2020.
- the advantages of entering into the Merger Agreement in comparison with the risks of remaining an independent public company, including, but not limited to, the risks and uncertainties with respect to:
  - achieving the Company's growth plans in light of the current and foreseeable market conditions, including the risks and uncertainties in the U.S. and global economy generally and the Company's industry specifically, in each case, especially in light of COVID-19;
  - the relatively significant administrative costs of continuing as a stand-alone publicly-traded company;
  - the Company's lack of historical profit and the uncertainty regarding the Company's ability to sustain its recent COVID-19 driven sales spike;

  - the Company's ongoing capital needs and frequent need to seek additional funding from Scotts Miracle-Gro as a result of the Company's historical inability to obtain funding from third party sources;
  - that the Company's projections of future revenue and profit growth would depend on the success of a new product that has not yet been sold and will be in a different price category and have a different consumer than its current products, all of which create uncertainty regarding the Company's future growth prospects;
  - the seasonality of the Company's sales and the degree to which such seasonality increases the risks associated with the Company's working capital financing requirements;
  - achieving projected fiscal year 2021 performance and long-term financial projections as a standalone company is unlikely to result in value to the Company's stockholders that would exceed, on a present-value basis, the value of the Merger Consideration;
  - that Scotts Miracle-Gro was the most logical acquirer of the Company and, in light of Scotts Miracle-Gro's strategic positioning, existing commercial relationships with the Company, synergy potential and Scotts Miracle-Gro's existing investment in the Company, that Scotts Miracle-Gro was the potential transaction partner most likely to offer the highest value to the Company's unaffiliated minority stockholders;
  - Scotts Miracle-Gro's consistent assertions that Scotts Miracle-Gro was not willing to waive in advance any contractual, governance or other rights that Scotts Miracle-Gro has under the existing commercial agreements between Scotts Miracle-Gro and the Company, and the uncertainty regarding whether Scotts Miracle-Gro would be willing to substantially renegotiate those rights or commercial arrangements with a third party acquirer;
  - that, if Scotts Miracle-Gro intended to maintain all of its contractual rights, a transaction with a potential third-party acquirer was highly unlikely;
  - Scotts Miracle-Gro's ownership of certain intellectual property used in the Company's business;
  - Scotts Miracle-Gro's stated position that any continuation of its intellectual property and other commercial arrangements with AeroGrow would not be offered "on the same favorable terms" to potential acquirers;
  - our lack of resources and external financing sources to continue to support our core business and finance a major new product launch to be known as "Bloom by Botanicare" ("Bloom"); and
  - the various additional risks and uncertainties that are set forth in Part I, Item 1A. of our Annual Report on Form 10-K for the fiscal year ended March 31, 2020, filed with the SEC on June 23, 2020, which is incorporated by reference herein, as updated by our subsequent filings with the SEC.
- our ability to service, pay down or pay off our debt levels while maintaining our operations and funding current and future capital expenditures.
- our accelerated rate of growth in net sales for the six months ended September 30, 2020 correlates with shelter-in-place orders issued in many locations in March 2020 in response to the COVID-19 pandemic and it is uncertain whether such sales results will continue in future periods.
- its belief, based on discussions and negotiations with Parent, that $3.00 per share was the highest price Parent would be willing to pay.
- the fact that the Company sought out and engaged over 320 other potential purchasers and the Board determined that there were no other potential purchasers that would be reasonably likely to engage in a transaction in the near term at a price per share equal to or greater than the price being offered by Parent and on other acceptable terms.

- of the four indications of interest received from other potential purchasers, the proposed price per share was below $3.00, after taking all assumptions and terms into account and subject to secondary diligence by the potential purchasers.
- Parent's communication to the Special Committee in September 2020, that it was only a buyer (and not a seller) of the Company and would not vote for or otherwise support a transaction to sell the Company to any party, at any price, or support any other alternative strategic transaction involving the Company.
- Scotts Miracle-Gro's assertion of termination rights under license agreements between OMS Investments, Inc. ("OMS"), an indirect-wholly owned subsidiary of Scotts Miracle-Gro, and the Company.
- the extensive arm's length negotiations with Parent, which, among other things, moved from a reorganization and reverse stock split proposal with no liquidity event for unaffiliated minority stockholders to a merger and resulted in an increase in the initially offered merger consideration from $1.75 per share to $3.00 per share.
- the likelihood that the Merger will be consummated, based on, among other things:
  - the limited number of conditions to the Merger;
  - that the conditions to closing contained in the Merger Agreement are reasonable and customary in number and scope and which, in the case of the condition related to the accuracy of the Company's representations and warranties, are generally subject to a Material Adverse Effect qualification, as described under "The Merger Agreement—Representations and Warranties;"
  - the absence of a financing condition;
  - Parent's representation and Scotts Miracle-Gro's guarantee that Parent will have sufficient financial resources to pay the aggregate Merger Consideration and consummate the Merger;
  - the Board's and the Special Committee's assessment, after discussion with representatives of Stifel, that Parent and Scotts Miracle-Gro have the financial capability to complete the Merger;
  - that there are no governmental approvals needed to effectuate the Merger or consummate the other transactions contemplated by the Merger Agreement;
  - the commitment of Parent to vote or cause to be voted any shares of common stock beneficially owned by it or any of its affiliates or with respect to which it or any of its affiliates has the power (by agreement, proxy or otherwise) to cause to be voted in favor of the Merger Agreement Proposal at the Special Meeting and at all adjournments, recesses or postponements thereof, which limits Parent's ability to seek to avoid completing the Merger should Parent's view of the desirability of the transaction change during the pendency of the Merger (as more fully described under "—Parent's Obligation to Vote in Favor of the Merger"); and
  - the remedies available under the Merger Agreement to the Company in the event of a breach by Parent, including, but not limited to, our ability, under certain circumstances pursuant to the Merger Agreement, to seek specific performance to prevent breaches of the Merger Agreement, and to enforce specifically the terms of the Merger Agreement, as described under "The Merger Agreement—Specific Performance."
- the terms of the Merger Agreement and the related agreements, including, but not limited to:
  - the ability of the Company and its representatives, in accordance with the terms of the Merger Agreement, at any time prior to obtaining the Requisite Company Vote, to provide non-public information to, and engage in discussions and negotiations with, any person that submits an unsolicited, bona fide written Acquisition Proposal for the Company, if the Special Committee determines in good faith, after consultation with outside legal counsel, that such Acquisition Proposal either constitutes a Superior Proposal or is reasonably expected to result in a Superior

Proposal and that the failure to take such action would violate the fiduciary duties of the Company's directors constituting the Special Committee under applicable law;

- the absence of a termination fee;
- that the Merger Agreement permits the Company to award retention payments to current employees and executives, which, the Special Committee and the Board believed, would increase the stability of the Company during the pendency of the Merger and reduce the risks to the Company in the event the Merger is terminated and not completed for any reason (as more fully described under "Interests of the Company's Directors and Executive Officers in the Merger—Retention Program and Severance Policy"); and
- the ability of the Special Committee, in certain circumstances specified in the Merger Agreement, to make a Change of Recommendation and the Company's ability to terminate the Merger Agreement in order to enter into a Superior Proposal For more information, see "The Merger Agreement—Covenants and Agreements—Acquisition Proposals; Change of Recommendation."

- that for us to complete the Merger, under NRS 92A.120, holders of a majority of the outstanding shares of common stock at the close of business on the Record Date must vote "**FOR**" the Merger Agreement Proposal (although the transaction has not been structured to require the approval of the holders of at least a majority of the shares of common stock beneficially owned by security holders unaffiliated with the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro and our directors who are affiliated with Scotts Miracle-Gro, to the extent such directors beneficially own any shares of common stock), and such approval is not required under Nevada law for us to complete the Merger).
- that any stockholder who does not vote (and who does not cause or permit the stockholder's shares to be voted) in favor of the Merger Agreement Proposal will have the right to dissent from the Merger and, in lieu of receiving the Merger Consideration, obtain payment of the fair value (as defined in NRS 92A.320) of the stockholder's shares, but only if (1) the stockholder delivers to the Company, before the vote on the Merger Agreement Proposal is taken at the Special Meeting, written notice of the stockholder's intent to demand payment for the stockholder's shares if the Merger is effectuated, and (2) the stockholder complies with all other applicable requirements of under the Dissenter's Rights Statutes.
- the Board's view that the Merger Agreement was the product of arm's-length negotiations and contained customary terms and conditions.
- the timing of the Merger and the risk that if the Board did not accept Parent's offer at the time it was made, the Board might not have had another opportunity to do so.
- the financial analysis presented to the Board by representatives of Stifel on November 11, 2020 and the oral opinion of Stifel rendered to the Special Committee on November 10, 2020, confirmed by delivery of a written opinion dated November 11, 2020, that, subject to the qualifications, assumptions, exceptions and limitations set forth therein, the Merger Consideration to be paid by Parent under the Merger Agreement was fair, from a financial point of view, to the holders of shares of common stock, other than (i) Parent, Parent's affiliates and the Company and (ii) Dissenting Shares, as more fully described below in " —Opinion of Stifel, Nicolaus & Company, Incorporated."

The Special Committee and the Board also considered a number of uncertainties and risks concerning the Merger that generally weighed against entering into the Merger Agreement, including the following (which factors are not necessarily presented in order of relative importance):

- the fact that the announcement and pendency of the Merger, or the risks and costs to the Company if the Merger does not close, could result in the diversion of management and employee attention, and potentially have a negative effect on the Company's business and relationships with customers, suppliers and vendors.

- the effect of a public announcement of the Company entering into the Merger Agreement on the Company's operations, stock price and employees and its ability to attract and retain key management and personnel while the Merger is pending.
- the fact that the unaffiliated stockholders will not participate in any future earnings or growth of the Company and will not benefit from any appreciation in value of the Company, including any appreciation in value that could be realized as a result of improvements to our operations.
- that the Merger is not conditioned upon the approval of at least a majority of the stockholders other than the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro and our directors who are affiliated with Scotts Miracle-Gro, to the extent such directors beneficially own any shares of common stock).
- the fact that, pursuant to NRS 92A.380(2), a stockholder who is entitled to dissent and obtain payment pursuant to the Dissenter's Rights Statutes must not challenge the Merger unless the Merger is unlawful or constitutes or is the result of actual fraud against the stockholder or the Company.
- the possibility that Parent or Scotts Miracle-Gro will be unable to pay the aggregate Merger Consideration on the Closing Date, including, but not limited to, the risk that Parent or Scotts Miracle-Gro will not have sufficient cash on hand to pay the aggregate Merger Consideration.
- the restrictions on the Company's conduct of business prior to the consummation of the Merger, including the requirement that it conduct its business in the ordinary course, subject to specific limitations, which may delay or prevent the Company from undertaking business opportunities that may arise before the completion of the Merger and that, absent the Merger Agreement, the Company might have pursued.
- the fact that an all cash transaction would be taxable to the Company's stockholders that are U.S. Holders for U.S. federal income tax purposes.
- the fact that under the terms of the Merger Agreement, the Company is unable to solicit other acquisition proposals.
- the fact that, by reason of the factors described immediately above, the likelihood of any third party submitting to the Special Committee or the Company (on an unsolicited basis pursuant to the "window shop" exceptions to the Company's no-solicitation covenant in the Merger Agreement) an Acquisition Proposal constituting or reasonably likely to lead to a Superior Proposal is materially diminished.
- the risk that, while the Merger is expected to be completed, there can be no assurance that all conditions to the parties' obligations to complete the Merger will be satisfied, and as a result, it is possible that the Merger may not be completed even if approved by the Company's stockholders.
- the significant costs involved in connection with entering into the Merger Agreement and completing the Merger and the substantial time and effort of the Company's management required to complete the Merger, which may disrupt the Company's business operations.
- the fact that the Company's business, operations, financial results and liquidity position could suffer in the event that the Merger is not consummated.
- the risk that the Merger might not be completed and the effect of the resulting public announcement of termination of the Merger Agreement on the trading price of the Company's common stock on the OTCQB.
- the risk of litigation arising in respect of the Merger Agreement or the transactions contemplated thereby (including the Merger).

In addition, the Board was aware of and considered the interests that certain of our directors and executive officers may have in the Merger that differ from, or are in addition to, those of our other stockholders. For more information, please see " —Interests of the Company's Directors and Executive Officers in the Merger; Potential Conflicts of Interest."

The foregoing discussion is not meant to be an exhaustive list, but summarizes many, if not all, of the material factors considered by the Board in its consideration of the Merger. After considering these and other factors, the Special Committee and the Board concluded that the potential benefits of the Merger outweighed the uncertainties and the risks. In view of the variety of factors considered by the Special Committee and the Board and the complexity of these factors, the Special Committee and the Board did not find it practicable to, and did not, quantify or otherwise assign relative weights to the foregoing factors in reaching their respective determinations and recommendations. Moreover, each member of the Special Committee and the Board (including Ms. Ziegler and Messrs. Hagedorn and Miller, who reminded the Board of their affiliation with Scotts Miracle-Gro) applied their own personal business judgment to the sale process and may have assigned different weights to different factors. The Special Committee and the Board (including Ms. Ziegler and Messrs. Hagedorn and Miller, who reminded the Board of their affiliation with Scotts Miracle-Gro) adopted and approved the Merger Agreement and the transactions contemplated thereby (including the Merger) and the Special Committee and the Board unanimously recommend that stockholders approve the Merger Agreement Proposal based upon the totality of the information presented to, and considered by, the Special Committee and the Board.

In the course of determining that the Merger Agreement and the transactions contemplated thereby (including the Merger) were fair to, and in the best interests of, the Company and the holders of shares of common stock (including unaffiliated security holders, but excluding Parent and the Company), the Special Committee and the Board did not consider the liquidation value of the Company, and did not believe it to be a relevant methodology, because it considered the Company to be a viable, going concern, it considered determining a liquidation value to be impracticable given the significant execution risk involved in any breakup of the Company and that the Company will continue to operate its business following the Merger. Further, the Special Committee and the Board did not consider net book value as a factor because they believed that net book value is not a material indicator of the value of the Company as a going concern but rather is indicative of historical costs and because net book value does not take into account the prospects of the Company, market conditions, trends in the industry in which the Company operates or the business risks inherent in that industry. The Special Committee and the Board were not aware of any firm offer for a merger, sale of all or a substantial part of the Company assets, or a purchase of a controlling amount of the Company's securities having been received by the Company from anyone other than the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) with respect to the current transaction, in the two years preceding the signing of the Merger Agreement.

The Special Committee did not seek to establish a pre-Merger going concern value for the Company, and therefore no such value was considered by the Board in making its fairness determination on behalf of the Company. Rather, the Special Committee believed that the financial analyses presented by Stifel, as more fully summarized in the section entitled " —Opinion of Stifel, Nicolaus & Company, Incorporated," on which the Special Committee relied in making its recommendation to the Board, were indicative of going concern values for the Company as it continues to operate its business.

Fairness of the Merger

In its September 26, 2020 meeting and at prior and subsequent meetings with its legal and financial advisors, the Special Committee considered the fairness of the proposed Merger to the Company's unaffiliated security holders from a variety of perspectives in addition to a financial point of view. The reorganization plan proposed by Scotts Miracle-Gro after the Board's February 27, 2020 meeting and described in Scotts Miracle-Gro's Schedule 13D amendment filed with the SEC on March 2, 2020, and subsequent proposals, the outcome of which Scotts Miracle-Gro, as holder of approximately 80.5% of the Company's common stock, could control, would have led to the Company's operations being fully integrated into Scotts Miracle-Gro and the Company's revenue model shifting from an operating business to an intellectual property licensing and royalty receiving entity, as well as the potential for termination of the Company's SEC reporting obligations and stock trading on the OTCQB, thereby limiting or eliminating many attributes typical of a publicly traded company, and reducing market demand and liquidity for the Company’s common stock.

The Special Committee’s engagement of Stifel to consider strategic options beyond Scotts Miracle-Gro’s proposed reorganization resulted in an extensive market check of how third-party financial and strategic investors would value the Company, and the extent of investor interest the Company and its Board could expect. This process resulted in arm’s length indications of interest from four disinterested investors, with one proposal exceeding a per share price of $3.00 at the top of its bid range but based on a multiple of EBITDA that the Company had not achieved. The Special Committee did not look to factors such as net book value or liquidation value, but considered (i) current and historical trading prices for the Company’s common stock under its current going concern revenue model, (ii) vulnerability of the Company’s common stock price stability due to limited public float and trading volume, (iii) the Company’s intellectual property ownership limitations, and non-renewal exposure under existing contracts with Scotts Miracle-Gro, (iv) uncertainty around any cooperation with, or acceptance by, Scotts Miracle-Gro of a third-party sale process, and ultimate position that it would not be a seller at the prices indicated by the market check process, and (v) relatively limited required diligence and predictable path to closing with Scotts Miracle-Gro.

In light of these factors, with particular weight given to items (i) through (iv) above, the Special Committee concluded that it was in the best interests of the Company’s unaffiliated security holders to provide them an assured exit under agreed terms and at a fair value to all unaffiliated security holders, which the Merger provided. The Special Committee further determined that Stifel’s involvement in the process and negotiations with Scotts Miracle-Gro had resulted in a competitive process and final offer. The Special Committee did not believe approval of the Merger by a majority of the Company’s unaffiliated security holders was necessary or determinative of the fairness of the Merger to the unaffiliated security holders. In addition, such minority approval was not required under Nevada law. Based on the overall negotiations with Scotts Miracle-Gro, the Special Committee did not believe that Scotts Miracle-Gro would agree to enter into the Merger Agreement without certainty of completion and, as noted immediately below, believed that sufficient procedural safeguards to ensure fairness of the Merger were already in place.

The Special Committee and the Board believe that sufficient procedural safeguards were and are present to ensure the fairness of the Merger and to permit the Special Committee and the Board to represent effectively the interests of the unaffiliated stockholders. These procedural safeguards include the following:

- the Special Committee consists solely of independent and disinterested directors who are not officers or employees or affiliated with the Purchaser Parties or their respective affiliates (including Scotts Miracle-Gro), and who do not otherwise have a conflict of interest or lack independence with respect to the Merger;
- although the Special Committee did not retain an unaffiliated representative to act solely on behalf of stockholders who were unaffiliated with the Purchaser Parties or their respective affiliates (including Scotts Miracle-Gro) for purposes of negotiating the transaction with the Purchaser Parties or preparing a report concerning the fairness of the transaction with the Purchaser Parties, the Special Committee was comprised solely of independent and disinterested directors and received financial advice from Stifel, an independent and nationally recognized financial advisor;
- the members of the Special Committee were adequately compensated for their services and their compensation was in no way contingent on their approving the Merger Agreement and taking the other actions described in this proxy statement;
- the members of the Board who are affiliated with Scotts Miracle-Gro reminded the Board of their affiliation with Scotts Miracle-Gro;
- the members of the Special Committee are not officers or employees of the Company;
- the Special Committee retained independent financial and legal advisors to evaluate the Merger, and was empowered to consider and negotiate the Merger Agreement and the transactions contemplated

thereby (including the Merger), and to make a recommendation to the Board as to what action (including approval or rejection thereof, if appropriate), if any, should be taken by the Company with respect thereto;

- the terms of the Merger Agreement (including the Merger Consideration) and the transactions contemplated thereby (including the Merger) were extensively reviewed by the Company's officers and extensively negotiated by the Company's financial and legal advisors, and were also closely reviewed and scrutinized by the Special Committee;
- the various terms of the Merger Agreement, including the ability of the Company to receive, negotiate and, under specified circumstances, to terminate the Merger Agreement to accept a Superior Proposal (as more fully described under "The Merger Agreement—Covenants and Agreements—Acquisition Proposals; Change of Recommendation"); and
- that the members of the Special Committee met frequently during the period from March 26, 2020 through the execution of the Merger Agreement, to receive updates; to review, among other things, the Company's business, operations, financial condition, earnings and prospects, its competitive position and historical and projected financial performance, its long-range plans, and the risk in achieving those prospects and plans; to review the Company's strategic and commercial alternatives and options; to oversee outreach to potential third party acquirers and to consider and evaluate discussions with Parent and, ultimately, the proposal from Parent.

Position of the Purchaser Parties and Scotts Miracle-Gro as to the Fairness of the Merger

Under the SEC rules governing "going private" transactions, each of the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) may be deemed to be an "affiliate" (as defined under Rule 13e-3 of the Exchange Act) of the Company engaged in the "going private" transaction and, therefore, each of the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) is required to express its purposes and reasons for the merger to the Company's "unaffiliated security holders" (as defined under Rule 13e-3 of the Exchange Act). The Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) are making the statements included in this section solely for the purpose of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act. The views of the Purchaser Parties and their respective affiliates (including Scotts Miracle-Gro) should not be construed as a recommendation to any unaffiliated stockholder as to how that stockholder should vote on the Merger Agreement Proposal.

The Purchaser Parties and Scotts Miracle-Gro believe that the Merger (which is the Rule 13e-3 transaction for which a Schedule 13E-3 Transaction Statement was or simultaneously with this proxy statement will be filed with the SEC) is fair to the Company's unaffiliated stockholders on the basis of the factors described in " —Purpose and Reasons of the Purchaser Parties and Scotts Miracle-Gro for the Merger" and the additional factors described below.

The Purchaser Parties and Scotts Miracle-Gro did not participate in the deliberations of the Special Committee regarding the Merger. The Purchaser Parties and Scotts Miracle-Gro have not performed, or engaged a financial advisor to perform, any valuation or other analysis for the purpose of assessing the fairness of the Merger to the Company's unaffiliated stockholders. However, based on the knowledge and analysis by the Purchaser Parties and Scotts Miracle-Gro of available information regarding the Company, its business and the factors considered by, and the analysis and resulting conclusions of, the Special Committee and the Board, as discussed in the section " —Purpose and Reasons of the Company for the Merger," the Purchaser Parties and Scotts Miracle-Gro believe that the Merger is substantively and procedurally fair to the Company's unaffiliated stockholders. In particular, the Purchaser Parties and Scotts Miracle-Gro based their belief on the following factors, among others, which are not presented in any relative order of importance:

- while those directors of the Company who are affiliated with the Purchaser Parties and Scotts Miracle-Gro are employees of Scotts Miracle-Gro and may be deemed to have an indirect interest in the common stock held by the Purchaser Parties as described under the section captioned " —Interests of the Company's Directors and Executive Officers in the Merger; Potential Conflicts of Interest," the directors affiliated with the Purchaser Parties and Scotts Miracle-Gro were not members of, and did not participate in, the deliberations of the Special Committee and, as a result, the directors affiliated with the Purchaser Parties and Scotts Miracle-Gro do not believe that their, the Purchaser Parties' or Scotts Miracle-Gro's interests in the Merger influenced the decision of the Special Committee with respect to the Merger Agreement or the Merger Agreement Proposal;

- that shares of the Company's common stock have historically been thinly traded (the Company's common stock had an average daily trading volume of approximately 31,000 shares over the 12 months ended October 5, 2020, the day the Company announced its entry into the non-binding letter of intent with Scotts Miracle-Gro), resulting in price volatility, illiquidity for stockholders and the possibility that significant stockholders would not be able to liquidate their positions without negatively impacting the market price of the Company's common stock;
- the Merger Consideration is all cash, which provides certainty of value and liquidity to the unaffiliated stockholders;
- consummation of the Merger will allow the unaffiliated stockholders not to be exposed to risks and uncertainties relating to the prospects of the Company following completion of the Merger;
- Scotts Miracle-Gro's ownership of assets used by the Company that may not be transferrable;
- the terms of the Merger Agreement (including the Merger Consideration) and the transactions contemplated by it (including the Merger) were extensively reviewed by the Company's management and extensively negotiated by the Company's officers and financial and legal advisors, and were also closely reviewed and scrutinized by the Special Committee and its financial and legal advisors;
- the fact that following the outreach to potential third-party acquirers by Stifel, the Purchaser Parties submitted a final proposal not subject to material due diligence or financing and negotiated the terms of the Purchaser Parties' bid for a period of almost six weeks prior to the signing of the Merger Agreement;
- the Company is permitted to, subject to customary requirements included in the Merger Agreement, enter into or recommend a Superior Proposal;
- the fact that any stockholder who does not vote (and who does not cause or permit the stockholder's shares to be voted) in favor of the Merger Agreement Proposal will have the right to dissent from the Merger and, in lieu of receiving the Merger Consideration, obtain payment of the fair value (as defined in NRS 92A.320) of the stockholder's shares (but only if (1) the stockholder delivers to the Company, before the vote on the Merger Agreement Proposal is taken at the Special Meeting, written notice of the stockholder's intent to demand payment for the stockholder's shares if the Merger is effectuated, and (2) the stockholder complies with all other applicable requirements of under the Dissenter's Rights Statutes), and if the Company and a former stockholder that remains entitled to and properly asserts dissenter's rights cannot agree on as to the fair value, the Company must then commence a proceeding in Nevada state district court to determine the fair value, which may be more than, equal to, or less than the Merger Consideration. See "—Dissenter's Rights."
- the Special Committee retained independent financial and legal advisors to evaluate the Merger, and was empowered to consider and negotiate the Merger Agreement and the transactions contemplated thereby (including the Merger) and to make a recommendation to the Board as to what action (including approval or rejection thereof, if appropriate), if any, should be taken by the Company with respect thereto;
- the fact that at the November 10, 2020 meeting of the Special Committee, Stifel rendered its oral opinion to the Special Committee, confirmed by the delivery of a written opinion dated November 11, 2020, that, subject to the qualifications, assumptions, exceptions and limitations set forth therein, the Merger Consideration to be paid by Parent under the Merger Agreement was fair, from a financial point of view, to the holders of shares of common stock, other than (i) Parent, Parent's affiliates and the Company and (ii) Dissenting Shares (as more fully described under " —Opinion of Stifel, Nicolaus & Company, Incorporated");

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- the Special Committee unanimously (i) determined that the Merger Agreement and the transactions contemplated thereby (including the Merger) were fair to, and in the best interests of, the Company and the holders of shares of common stock (including unaffiliated security holders, but excluding Parent and the Company), and (ii) recommended that the Board adopt and approve the Merger Agreement and approve the Merger; and
- the Board (including Ms. Ziegler and Messrs. Hagedorn and Miller, who reminded the Board of their affiliation with Scotts Miracle-Gro), on behalf of the Company, based on the recommendation of the Special Committee and after consultation with the Company's legal and financial advisors, unanimously (i) adopted and approved the Merger Agreement and the transactions contemplated by the Merger Agreement (including the Merger), (ii) determined that the Merger Agreement and the transactions contemplated by the Merger Agreement (including the Merger) were fair to, and in the best interests of, the Company and the holders of shares of common stock (including unaffiliated security holders, but excluding Parent and the Company), (iii) directed that the Merger Agreement and the Merger be submitted for approval by a vote of the holders of common stock at the Special Meeting and (iv) recommended that the holders of common stock affirmatively vote to approve the Merger Agreement and the Merger.

In addition to the factors above, the Purchaser Parties and Scotts Miracle-Gro considered (i) the historical stock trading price of the Company, (ii) the then-current stock trading price of the Company, and (iii) the Purchaser Parties' and Scotts Miracle-Gro's internal determination based on non-stock trading price metrics, including a discounted cash flow analysis, comparisons against other publicly traded companies and an assumption that Scotts Miracle-Gro would continue to permit the Company to utilize contractual and intellectual property arrangements with Scotts Miracle-Gro's subsidiaries on then-current terms, that the Company could have a pre-Merger going concern value on a standalone basis in the range of approximately $1.12 per share to $3.99 per share. The Purchaser Parties' and Scotts Miracle-Gro's going-concern determination was made purely for internal analysis purposes and not with a view toward determining the fairness of the proposed Merger to the Company's unaffiliated stockholders. To the extent that the closing price for the Company's shares on the OTCQB on November 11, 2020, the last trading day prior to the public announcement of the Merger, reflected the per share going concern value of the Company, the Merger Consideration represented a premium of approximately 6% to the going concern value of the Company.

The Purchaser Parties and Scotts Miracle-Gro did not consider the liquidation value of the Company to be a relevant valuation methodology and, therefore, did not appraise the assets of the Company to determine the liquidation value because (i) of the impracticability of determining a liquidation value given the significant execution risk involved in any breakup, (ii) the Purchaser Parties and Scotts Miracle-Gro considered the Company to be a viable going concern and (iii) the business and operations of the Company will continue to be operated following the Merger and will be integrated into Parent's business. The Purchaser Parties and Scotts Miracle-Gro did not consider net book value, which is an accounting concept, because, in the Purchaser Parties' and Scotts Miracle-Gro's view, net book value is neither indicative of the Company's market value nor its value as a going concern, but rather is an indicator of historical costs. The Purchaser Parties and Scotts Miracle-Gro have also not made any purchases of shares of common stock during the past two years and are not aware of any firm offers for the Company made by any unaffiliated person, other than the Purchaser Parties and Scotts Miracle-Gro, within the past two years. See "Other Important Information Regarding the Company—Transactions in the Company's Common Stock."

The foregoing discussion of the information and factors considered by the Purchaser Parties and Scotts Miracle-Gro in connection with the fairness of the Merger Agreement and the transactions contemplated thereby (including the Merger) is not intended to be exhaustive but is believed to include all material factors considered by them. The Purchaser Parties and Scotts Miracle-Gro did not find it practicable to, and did not, quantify or otherwise attach relative weights to the foregoing factors in reaching their position as to the fairness of the Merger Agreement or the Merger. Rather, the Purchaser Parties and Scotts Miracle-Gro believe these factors provide a reasonable basis upon which to form its belief that the Merger Agreement and the Merger, are fair to the Company's unaffiliated stockholders, even though the Merger Agreement does not require approval of the Merger by a majority of the Company's unaffiliated stockholders. This belief should not, however, be construed as a recommendation to any unaffiliated stockholder to vote in favor of the Merger Agreement Proposal.

None of the Purchaser Parties or Scotts Miracle-Gro makes any recommendation as to how any unaffiliated stockholder should vote its shares of common stock on the Merger Agreement Proposal.

Opinion of Stifel, Nicolaus & Company, Incorporated

At a meeting of the Special Committee held on November 10, 2020 to evaluate and approve the Merger, Stifel rendered its oral opinion to the Special Committee, confirmed by the delivery of a written opinion dated November 11, 2020, addressed to the Special Committee to the effect that, as of the date of such opinion and subject to the qualifications, assumptions, exceptions and limitations set forth therein, the Merger Consideration to be paid by Parent under the Merger Agreement was fair, from a financial from a financial point of view, to the holders of shares of common stock, other than (i) Parent, Parent's affiliates and the Company and (ii) Dissenting Shares.

The Special Committee did not impose any limitations on Stifel with respect to the investigations made or procedures followed in rendering Stifel's opinion. In selecting Stifel, the Special Committee considered, among other things, the fact that Stifel is a reputable investment banking firm with substantial experience advising companies in the consumer products sector and in providing strategic advisory services in general, and Stifel's familiarity with the Company and its business. Stifel, as part of its investment banking services, is regularly engaged in the independent valuation of businesses and securities in connection with mergers, acquisitions, underwritings, sales and distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes.

The full text of Stifel's opinion is attached to this proxy statement as Annex B and is incorporated herein by reference. The summary of Stifel's opinion contained in this proxy statement is qualified in its entirety by reference to the full text of Stifel's opinion. The Company's stockholders are encouraged to read Stifel's opinion carefully and in its entirety for a discussion of the procedures followed, assumptions made, other matters considered, limits of the review undertaken by Stifel, and qualifications contained in Stifel's opinion.

In rendering its opinion, Stifel, among other things:

(i) discussed the Merger and related matters with the Company's counsel and reviewed a draft copy of the Merger Agreement, dated November 11, 2020, such draft being the latest draft of the Merger Agreement provided to Stifel;

(ii) reviewed the audited consolidated financial statements of the Company contained in its Annual Report on Form 10-K for the fiscal years ended March 31, 2020, March 31, 2019 and March 31, 2018 and the unaudited consolidated financial statements of the Company contained in its Quarterly Report on Form 10-Q for the quarter ended June 30, 2020;

(iii) reviewed and discussed with the Company's management certain other publicly available information concerning the Company;

(iv) reviewed certain non-publicly available information concerning the Company, including internal financial analysis and forecasts prepared by its management and held discussions with the Company's senior management regarding recent developments;

(v) reviewed and analyzed certain publicly available financial and stock market data relating to selected public companies that Stifel deemed relevant to its analysis;

(vi) reviewed and analyzed certain publicly available information concerning the terms of selected merger and acquisition transactions that Stifel considered relevant to its analysis;

(vii) reviewed the reported prices and trading activity of the Company's common stock;

(viii) performed a discounted cash flow analysis;

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(ix) considered the results of Stifel's efforts, at the direction of the Company, to solicit indications of interest from selected third parties with respect to a merger or other transaction with the Company;

(x) conducted such other financial studies, analysis and investigations, and considered such other information, as Stifel deemed necessary or appropriate for purposes of its opinion; and

(xi) took into account Stifel's assessment of general economic, market and financial conditions and its experience in other transactions, as well as its experience in securities valuations and its knowledge of the Company's industry generally.

In rendering its opinion, Stifel relied upon and assumed, without independent verification, the accuracy and completeness of all of the financial and other information that was provided to Stifel by or on behalf of the Company, or that was otherwise reviewed by Stifel, and did not assume any responsibility for independently verifying any of such information. With respect to the financial forecasts supplied to Stifel by the Company, Stifel assumed, at the direction of the Special Committee, that they were reasonably prepared based on assumptions reflecting the best currently available estimates and judgments of the management of the Company as to the future operating and base financial performance of the Company and that they provided a reasonable basis upon which Stifel could form its opinion. Such forecasts and projections were not prepared with the expectation of public disclosure. All such projected financial information is based on numerous variables and assumptions that are inherently uncertain, including, without limitation, factors related to general economic and competitive conditions and, in particular, assumptions regarding the widespread disruption, extraordinary uncertainty and unusual volatility arising from the effects of the COVID-19 pandemic, including the effect of evolving governmental interventions and non-interventions. Accordingly, actual results could vary significantly from those set forth in such projected financial information. Among other things, such projected information assumes the ongoing COVID-19 pandemic will have a favorable impact on the Company. Stifel has relied on this projected financial information without independent verification or analyses and does not in any respect assume any responsibility for the accuracy or completeness thereof.

Stifel also assumed that there were no material changes in the assets, liabilities, financial condition, results of operations, business or prospects of the Company since the date of the last financial statements of the Company made available to Stifel. Stifel did not make or obtain any independent evaluation, appraisal or physical inspection of the Company's assets or liabilities, nor was Stifel furnished with any such evaluation or appraisal. Estimates of values of companies and assets do not purport to be appraisals or necessarily reflect the prices at which companies or assets may actually be sold. Because such estimates are inherently subject to uncertainty, Stifel assumes no responsibility for their accuracy.

Stifel assumed, with the consent of the Special Committee, that there are no factors that would materially delay or subject to any material adverse conditions any necessary regulatory or governmental approval and that all conditions to the Merger will be satisfied and not waived. In addition, Stifel assumed that the definitive Merger Agreement would not differ materially from the draft Stifel reviewed. Stifel also assumed that the Merger will be consummated substantially on the terms and conditions described in the Merger Agreement, without any waiver of material terms or conditions by the Company or any other party and without any adjustment to the Merger Consideration, and that obtaining any necessary regulatory approvals or satisfying any other conditions for consummation of the Merger will not have an adverse effect on the Company, Parent or the Merger. Stifel assumed that the Merger will be consummated in a manner that complies with the applicable provisions of the Securities Act of 1933, as amended (the "Securities Act"), the Exchange Act, and all other applicable federal and state statutes, rules and regulations. Stifel further assumed that the Company has relied upon the advice of its counsel, independent accountants and other advisors (other than Stifel) as to all legal, financial reporting, tax, accounting and regulatory matters with respect to the Company, the Merger and the Merger Agreement.

Stifel's opinion is limited to the fairness of the Merger Consideration to the holders of the common stock (other than (i) Parent, Parent's affiliates and the Company and (ii) Dissenting Shares), from a financial point of view, and does not address any other terms, aspects or implications of the Merger, including, without limitation, the form or structure of the Merger, any consequences of the Merger on the Company, its stockholders, creditors or any other constituency or otherwise, or any terms, aspects or implications of any voting, support, shareholder or other agreements, arrangements or understandings contemplated or entered into in connection with the Merger or otherwise. Stifel's opinion also does not consider, address or include: (i) any other strategic alternatives currently (or which have been or may be) contemplated by the Board; (ii) the legal, tax or accounting consequences of the Merger on the Company or the holders of the common stock; (iii) the fairness of the amount or nature of any compensation to any of the Company's officers, directors or employees, or class of such persons, relative to the compensation to the holders of the common stock; (iv) the effect of the Merger on, or the fairness of the consideration to be received by, holders of any class of securities of the Company other than the common stock, or any class of securities of any other party to any transaction contemplated by the Merger Agreement; (v) whether Parent has sufficient cash, available lines of credit or other sources of funds to enable it to pay the Merger Consideration; or (vi) the treatment of, or effect of the Merger on, the Company Options (as defined in the Merger Agreement).

Furthermore, Stifel is not expressing any opinion as to the prices, trading range or volume at which the Company's or Parent's securities will trade following public announcement or consummation of the Merger.

Stifel's opinion is necessarily based on economic, market, financial and other conditions as they existed on, and on the information made available to Stifel by or on behalf of the Company or its advisors, or information otherwise reviewed by Stifel, as of the date of its opinion. It is understood that subsequent developments may affect the conclusion reached in Stifel's opinion and that Stifel does not have any obligation to update, revise or reaffirm its opinion, except in accordance with the terms and conditions of Stifel's engagement letter agreement with the Company.

Stifel's opinion is for the information of, and directed to, the Special Committee for its information and assistance in connection with its consideration of the financial terms of the Merger. Stifel's opinion does not constitute a recommendation to the Special Committee or the Board as to how it should vote on the Merger or to any stockholder of the Company as to how any such stockholder should vote at the Special Meeting, or whether or not any stockholder of the Company should enter into a voting, support, shareholders' or affiliates' agreement with respect to the Merger, or exercise any dissenters' rights that may be available to such stockholder. In addition, Stifel's opinion does not compare the relative merits of the Merger with any other alternative transactions or business strategies which may have been available to the Company and does not address the underlying business decision of the Board or the Company to proceed with or effect the Merger.

Stifel does not advise on legal, tax, regulatory or bankruptcy matters. Stifel has not considered any potential legislative or regulatory changes currently being considered or recently enacted by the United States Congress, the SEC, or any other regulatory bodies, or any changes in accounting methods or generally accepted accounting principles that may be adopted by the SEC or the Financial Accounting Standards Board. Stifel's opinion is not a solvency opinion and does not in any way address the solvency or financial condition of the Company, Parent or any other party.

Stifel's Fairness Opinion Committee has approved the issuance of Stifel's opinion. Stifel's opinion may not be published or otherwise used or referred to, nor shall any public reference to Stifel be made, without Stifel's prior written consent, except in accordance with the terms and conditions of Stifel's engagement letter agreement with the Company.

The following represents a summary of the material financial analyses performed by Stifel in connection with its opinion. Some of the summaries of financial analyses performed by Stifel include information presented in tabular format. In order to fully understand the financial analyses performed by Stifel, you should read the tables together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the information set forth in the tables without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses performed by Stifel.

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Except as otherwise noted, the information utilized by Stifel in its analyses, to the extent that it was based on market data, is based on market data as it existed on or before November 9, 2020 and is not necessarily indicative of current market conditions. The analyses described below do not purport to be indicative of actual future results, or to reflect the prices at which any securities may trade in the public markets, which may vary depending upon various factors, including changes in interest rates, dividend rates, market conditions, economic conditions and other factors that influence the price of securities.

Selected Comparable Companies Analysis

Stifel compared the Company, from a financial point of view, to 15 selected publicly traded companies in the housewares industry, which Stifel deemed to be relevant based on their business profiles and financial metrics, including product portfolios, end-markets, customers, size, growth and profitability, among others. Separately, Stifel compared the Company to the six of these 15 companies with equity values below $500 million and one with an equity value below $750 million. Stifel compared the Company's estimated calendar year 2020 and estimated calendar year 2021 financial metrics, as provided by the Company's management, to estimated calendar year 2020 and estimated calendar year 2021 financial metrics of these 15 selected companies, obtained from available public sources. Stifel believes that the group of companies listed below have business models similar to those of the Company, but noted that none of these companies is identical to the Company and none has the same management, composition, size, operations, financial profile or combination of businesses as the Company:

- Whirlpool Corporation
- Newell Brands Inc.
- SEB SA
- Helen of Troy Limited
- Spectrum Brands Holdings, Inc.
- Breville Group Limited
- Central Garden & Pet Company
- Tupperware Brands Corporation
- Dorel Inc.
- National Presto Industries Inc.
- Lifetime Brands, Inc.
- Noritake Co., Inc.
- Hamilton Beach Brands Holdings Company
- Churchill China PLC
- Portmeirion Group PLC

Based on this information, Stifel calculated and compared multiples of enterprise value ("EV"), which Stifel defined as fully-diluted equity value using the treasury stock method, plus debt, preferred stock and minority interests, less cash and cash equivalents, to estimated calendar years 2020 and 2021 adjusted earnings before one-time charges, interest, taxes, and depreciation and amortization ("EV / EBITDA") for the Company and the selected companies.