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SCOTTS COMPANY
Form 11-K
June 25, 2004

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

FORM 11-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2003

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 33-47073

A. Full title of the plan and the address of the plan, if different
from that of the issuer named below:

The Scotts Company
Retirement Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the
address of its principal executive office:

The Scotts Company
14111 Scottslawn Road
Marysville, Ohio 43041

REQUIRED INFORMATION

The following financial statements and supplemental schedule for The
Scotts Company Retirement Savings Plan are being filed herewith:

Audited Financial Statements:

Report of Independent Registered Public Accounting Firm

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Financial Statements:

Statements of Net Assets Available
for Benefits as of December 31, 2003 and 2002

Statements of Changes in Net Assets Available
for Benefits for the Years Ended December 31, 2003 and
2002

Notes to Financial Statements - December 31, 2003 and 2002

The following exhibits are being filed herewith:

Exhibit No. -----	Description -----
1	Consent of Independent Registered Public Accounting Firm

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SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

THE SCOTTS COMPANY RETIREMENT SAVINGS PLAN

Date: June 25, 2004

By: /s/ George A. Murphy

Printed Name: George A. Murphy

Title: Vice President

THE SCOTTS COMPANY RETIREMENT SAVINGS PLAN

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SUPPLEMENTAL SCHEDULE:

Schedule H, Line 4i--Schedule of Assets (Held at End of Year) 10

Note: Other Supplemental schedules required by Section 252.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and Administrator of
The Scotts Company Retirement Savings Plan

In our opinion, the accompanying statements of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of The Scotts Company Retirement Savings Plan (the "Plan") at December 31, 2003 and 2002, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This

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supplemental schedule is the responsibility of the Plan's management. This supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP

Columbus, Ohio
June 18, 2004

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THE SCOTTS COMPANY RETIREMENT SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2003 AND 2002

	2003	2002
NETS ASSETS AVAILABLE FOR BENEFITS		
Investment in master trust	\$ 160,253,715	\$ 123,269,016
Participant loans	3,619,444	2,945,054
Employer contribution receivable	-	748,013
Employee contribution receivable	-	541,524
	-----	-----
Total net assets available for benefits	\$ 163,873,159	\$ 127,503,607
	=====	=====

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The accompanying notes are an integral part of the financial statements.

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THE SCOTTS COMPANY RETIREMENT SAVINGS PLAN STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	2003	2002
INCREASES		
Employer contributions	\$ 8,767,066	\$ 8,943,178
Participant contributions	9,502,254	9,379,811
Net gain from master trust	28,002,305	-
Interest on participant loans	197,669	236,633
	-----	-----
Total increases	46,469,294	18,559,622
	-----	-----
DECREASES		
Net loss from master trust	-	16,667,907
Benefits paid to participants	10,072,477	13,853,291
Other	27,265	13,515
	-----	-----
Total decreases	10,099,742	30,534,713
	-----	-----
Net increase (decrease) in net assets available for benefits	36,369,552	(11,975,091)
	-----	-----
Net assets available for benefits, beginning of year	127,503,607	139,478,698
	-----	-----
Net assets available for benefits, end of year	\$ 163,873,159	\$ 127,503,607
	=====	=====

The accompanying notes are an integral part of the financial statements.

THE SCOTTS COMPANY RETIREMENT SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003 AND 2002

1. PLAN DESCRIPTION

The plan is a contributory defined contribution plan sponsored by The Scotts Company (the "Company"). The following brief description of The Scotts Company Retirement Savings Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of Plan provisions, such as eligibility, vesting, allocation and funding.

ELIGIBILITY

Regular domestic employees of the Company are eligible to participate in the Plan on the first day of the month immediately following their date of employment. Regular employees of E.G. Systems, Inc. doing business as Scotts Lawn Service, a subsidiary of the Company, are eligible to receive base retirement contributions on the first day of the month after completing one year of eligibility service and are eligible to make contributions and receive matching contributions on the first day of the month after completing 60 days of service. In 2002, temporary employees were eligible to participate on the January 1 or July 1 subsequent to completing one year of eligibility service and attaining age 21. Effective January 1, 2003, temporary employees are not eligible to participate in the Plan.

EMPLOYEE CONTRIBUTIONS

The Plan provides for a participant to make pre-tax or after-tax contributions up to 75% of eligible wages, not to exceed the annual Internal Revenue Service ("IRS") maximum deferral amount.

EMPLOYER CONTRIBUTIONS

The Plan provides a base retirement contribution for all eligible employees. Generally, eligible employees receive an allocation equal to 2% of monthly compensation. This percentage increases to 4% when employees' year-to-date compensation exceeds 50% of the social security taxable wage base. The Company also matches participant pre-tax contributions dollar for dollar for the first 3% of pay, and matches \$0.50 on the dollar for the next 2% of participant pre-tax contributions. Additionally, the Company remitted transitional contributions for the years 1998 to 2002 to certain participants who were also participants of certain retirement plans previously sponsored by The Scotts Company or its subsidiaries.

VESTING

Participants are immediately vested in their contributions plus actual earnings thereon. Matching and transition contributions made by the Company vest immediately. However, base contributions made by the Company vest after three years of service, or immediately upon death or disability.

FORFEITURES

The nonvested portions of participant account balances are forfeitable and used to reduce employer contributions to the Plan. Plan forfeitures totaled \$147,011 for the year ended December 31, 2003 and \$98,148 for the year ended December 31, 2002.

THE SCOTTS COMPANY RETIREMENT SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003 AND 2002

INVESTMENTS

All investments are participant-directed. Participants can change their investment options on a daily basis. The following investment options are available to participants:

- DODGE AND COX STOCK FUND - assets are invested in a broadly diversified portfolio of common stocks. At least 80% of this fund's total assets invest in common stock.
- EUROPACIFIC GROWTH FUND - CLASS A - assets are invested primarily in companies with most of their business outside of the U.S. At least 80% of the fund's total assets will be invested in securities of companies from Europe or the Pacific Basin.
- FIDELITY BLUE CHIP FUND--assets are primarily invested in common stock of established and/or rapidly growing companies. Approximately 65% of this fund's total assets invest in common stock of blue chip companies.
- FIDELITY CONTRAFUND--assets are primarily invested in U.S. and foreign common stocks that are believed to be undervalued.
- FIDELITY FREEDOM INCOME FUND--assets are primarily invested in bond and money market funds. A smaller percentage of assets are invested in equity mutual funds.
- FIDELITY FREEDOM 2000 FUND--assets are invested in a combination of equity, fixed income and money market mutual funds of Fidelity Investments. Assets are allocated among these funds according to an asset allocation strategy which becomes more conservative over time.
- FIDELITY FREEDOM 2010 FUND--assets are invested in a combination of equity, fixed income and money market mutual funds of Fidelity Investments. The asset mix becomes more conservative as year 2010 approaches.
- FIDELITY FREEDOM 2020 FUND--assets are invested in a combination of equity, fixed income and money market mutual funds of Fidelity Investments. The asset mix becomes more conservative as year 2020 approaches.
- FIDELITY FREEDOM 2030 FUND--assets are invested in a combination of equity, fixed income and money market mutual funds. The asset mix becomes more conservative as year 2030 approaches.
- FIDELITY FREEDOM 2040 FUND - assets are invested primarily in mutual funds of Fidelity Investments. The mix of funds becomes more conservative as year 2040 approaches.
- FIDELITY LOW PRICE STOCK FUND - assets are invested primarily in small and medium sized companies. At least 80% of this fund's total assets invest in low-priced stock (at or below \$35 per share).
- FIDELITY MANAGED INCOME PORTFOLIO--assets are invested in investment contracts of major insurance companies and other approved financial institutions, and in other fixed income securities. A small percentage of assets are invested in money market funds to provide daily liquidity.
- FIDELITY PURITAN FUND--assets are invested in high-yielding U.S. and

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- foreign securities, common and preferred stocks, and bonds of any maturity.
- MANAGERS SPECIAL EQUITY FUND - assets are invested primarily in common and preferred stocks of small and medium sized US Companies that are believed to have superior growth potential.
 - PIMCO TOTAL RETURN FUND--assets are invested in various types of bonds, including U.S. government, corporate, mortgage, and foreign bonds with an average portfolio duration of three to six years (approximately equal to an average maturity of five to twelve years).
 - SPARTAN U.S. EQUITY INDEX FUND--assets are invested in stocks and in approximately the same proportions as the Standard & Poor's 500 Stock Index.
 - THE SCOTTS COMPANY COMMON SHARES--assets consist entirely of The Scotts Company common shares and cash equivalents.

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THE SCOTTS COMPANY RETIREMENT SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003 AND 2002

BENEFIT PAYMENTS

Participants are eligible to receive benefit payments upon termination, retirement, death or disability equal to the vested balance of the participant's account as of the business day the trustee processes the distribution. The Plan also provides for hardship and in-service withdrawals for active employees under certain circumstances.

PARTICIPANT LOANS

Loans are available to participants from their individual accounts subject to the terms of the Plan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of the Plan have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

INVESTMENTS

Excluding participant loans, investments are stated at quoted market prices. Participants' loans are valued at cost, which approximates fair value.

The Plan presents in the statement of changes in net assets available for benefits its proportionate share of the net gain or loss of master trust investments (Note 3). The net gain or loss includes the net appreciation in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments. Gains and losses on sales of investments within the master trust are based on the average cost method.

ADMINISTRATIVE EXPENSES

The Company pays for all administrative fees except those that are participant specific, such as loan establishment and maintenance fees.

PAYMENTS OF BENEFITS

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Benefits are recorded when paid.

USE OF ESTIMATES

The preparation of the Plan's financial statements in conformity with generally accepted accounting principles requires the Plan to make estimates and assumptions that affect the reported amounts of net assets available for benefits at the date of the financial statements, changes in net assets available for benefits during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

RISKS AND UNCERTAINTIES

The Plan provides for various investment options, which are subject to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participant account balances and the amounts reported in the statement of net assets available for benefits.

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THE SCOTTS COMPANY RETIREMENT SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003 AND 2002

3. MASTER TRUST

Effective January 1, 2000, a master trust was established to commingle certain assets of the Plan and certain assets of the Company's other defined contribution plan, The Scotts Company Union Retirement Savings Plan ("Union Plan"). Each plan's accounting is maintained separately. The Plan's proportionate share of master trust investments and gains and losses is displayed on the accompanying financial statements. Plan activities, such as contributions and benefit payments, are recorded in the individual plan's accounting records.

The Union Plan has been terminated. The distribution of the Union Plan's assets was completed during 2003. Therefore, The Scotts Company Retirement Savings Plan has a 100% interest in the master trust assets at December 31, 2003.

Net earnings of the master trust are allocated between the plans based on a weighted average of assets related to each plan. Total net earnings for the master trust for the year ended December 31, 2003 and 2002, are as follows:

	2003
INTEREST AND	NET APPRECIATION IN FAIR VALUE
	ADMINISTRATION

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	DIVIDENDS	OF SECURITIES	EXPENSES	TOTAL
Mutual funds	\$ 2,189,222	\$ 23,614,605	\$ (16,698)	\$ 25,787,129
Common trust fund	872,067	-	(7,655)	864,412
The Scotts Stock Fund	-	1,364,621	(2,617)	1,362,004
	-----	-----	-----	-----
Total	\$ 3,061,289	\$ 24,979,226	\$ (26,970)	\$ 28,013,545
	=====	=====	=====	=====

2002

	INTEREST AND DIVIDENDS	NET APPRECIATION (DEPRECIATION) IN FAIR VALUE OF SECURITIES	ADMINISTRATION EXPENSES	TOTAL
Mutual funds	\$ 1,757,539	\$ (19,955,817)	\$ (15,319)	\$ (18,213,597)
Common trust fund	895,172	-	(4,684)	890,488
The Scotts Stock Fund	-	636,447	(1,626)	634,821
	-----	-----	-----	-----
Total	\$ 2,652,711	\$ (19,319,370)	\$ (21,629)	\$ (16,688,288)
	=====	=====	=====	=====

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THE SCOTTS COMPANY RETIREMENT SAVINGS PLAN NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2003 AND 2002

Total assets held in the master trust at December 31, 2003 and 2002, were as follows:

	2003	2002
CASH AND CASH EQUIVALENTS	\$ -	\$ 517,001
INVESTMENTS		
Mutual funds, at fair value	130,949,241	94,709,701
Common trust fund, at fair value	20,299,693	21,081,383
The Scotts Stock Fund, at fair value	9,004,781	7,015,025
	-----	-----

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Total investments	160,253,715	122,806,109
	-----	-----
Receivable from broker	-	303,773
Payable to broker	-	(236,220)
	-----	-----
Total master trust net assets	\$ 160,253,715	\$ 123,390,663
	=====	=====
The Scotts Company Retirement Savings Plan interest in master trust net assets	100.000%	99.900%
	=====	=====

Accounting policies discussed in Note 2 also apply to the master trust.

Cash equivalents include short-term investments with original term to maturity of 90 days or less. Cost approximates fair value.

At December 31, 2003 and 2002, the master trust held certain investments in mutual funds managed by the Trustee. Purchases and sales of these mutual funds are open market transactions at fair value. Consequently, such transactions are permitted under the provisions of the Plan and exempt from prohibition of party-in-interest transactions under the IRS Code and the Employee Retirement Income Security Act of 1974 ("ERISA").

4. INVESTMENTS IN THE SCOTTS COMPANY

At December 31, 2003 and 2002, the master trust had investments in The Scotts Stock Fund, which invests in the common stock of the Company, as follows:

2003		2002	
-----		-----	
Units	Fair Market Value	Units	Fair Market Value
523,230	\$ 9,004,781	522,078	\$ 7,015,025
=====	=====	=====	=====

THE SCOTTS COMPANY RETIREMENT SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003 AND 2002

5. TAX STATUS

The Plan obtained a determination letter dated September 24, 2003, in which the Internal Revenue Service stated that the Plan, as amended through February 4, 2002, was in compliance with the applicable requirements of the Internal Revenue Code ("IRC"). The plan administrator, the Company, and the

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Plan's legal counsel believe that the Plan is designed and has been operated in compliance with the applicable requirements of the IRC.

6. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to terminate the Plan or its contributions subject to the provisions of ERISA. In the event the Plan is terminated, participants will become fully vested in their accounts.

7. RECONCILIATION TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

	2003	2002
Net assets available for benefits per the financial statements	\$ 163,873,159	\$ 127,503,607
Amounts allocated to withdrawing participants	(224,485)	(128,732)
	-----	-----
Net assets available for benefits per Form 5500	\$ 163,648,674	\$ 127,374,875
	=====	=====

The following is a reconciliation of benefits paid to participants per the financial statements to the Form 5500:

	2003	2002
Benefits paid to participants per the financial statements	\$ 10,072,477	\$ 13,853,291
Amounts allocated to withdrawing participants at December 31, 2003	224,485	-
Amounts allocated to withdrawing participants at December 31, 2002	(128,732)	128,732
Amounts allocated to withdrawing participants at December 31, 2001	-	(649)
	-----	-----
Benefits paid to participants per the Form 5500	\$ 10,168,230	\$ 13,981,374
	=====	=====

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THE SCOTTS COMPANY RETIREMENT SAVINGS PLAN
 SCHEDULE H, LINE 4i--SCHEDULE OF ASSETS (HELD AT END OF YEAR)
 YEAR ENDED DECEMBER 31, 2003

SECURITY DESCRIPTION	SHARES/PAR VALUE	HISTORICAL COST	CURRENT VALUE
*Participant Loan	\$3,619,444 principal amount, interest rates ranging from 5.0% to 10.5% due through January 12, 2009	\$ -	\$ 3,619,444
*Party-in-interest			

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THE SCOTTS COMPANY
 RETIREMENT SAVINGS PLAN

ANNUAL REPORT ON FORM 11-K
 FOR FISCAL YEAR ENDED DECEMBER 31, 2003

INDEX TO EXHIBITS

Exhibit No. -----	Description -----
1	Consent of Independent Registered Public Accounting Firm

