

REORGANIZATION VALUATION ANALYSIS

A. OVERVIEW

The Debtors have been advised by Perella Weinberg Partners LP (“PWP”), its financial advisor, with respect to the reorganization value of the Reorganized Debtors on a going concern basis. PWP has determined the estimated range of reorganization value of the Reorganized Debtors, excluding cash on hand, to be approximately \$2.2 billion to \$2.4 billion (with a mid-point estimate of approximately \$2.3 billion) as of an assumed Effective Date of July 15, 2009.

The estimated range of the reorganization value of the Reorganized Debtors, as of an assumed Effective Date of July 15, 2009, reflects work performed by PWP on the basis of information in respect of the business and assets of the Debtors provided to PWP as of April 09, 2009. Changes in facts and circumstances between the date hereof and the Effective Date, including, without limitation, a delay in the Effective Date, may result in changes to the reorganization value of the Reorganized Debtors. PWP will consider any such changes in facts and circumstances and may modify its estimate of the reorganization value prior to the Effective Date.

The foregoing estimates of the reorganization value of the Reorganized Debtors is based on a number of assumptions, including a successful reorganization of the Debtors’ business and finances in a timely manner, the implementation of the Reorganized Debtors’ Business Plan (the “Business Plan”), the achievement of the forecasts reflected in the Business Plan, access to adequate exit financing, continuity of a qualified management team, market conditions through the period covered by the Projections, and the Plan becoming effective in accordance with the estimates and other assumptions discussed below.

With respect to the Debtor’s Projected Financial Information (the “Financial Projections”), which were prepared by the management of the Debtors, and are included as Appendix B to this Disclosure Statement, PWP has assumed that the Financial Projections have been reasonably prepared in good faith and on a basis reflecting the best currently available estimates and judgments of the management of the Debtors as to the future operating and financial performance of the Reorganized Debtors. PWP’s estimate of a range of reorganization values assumes that operating results projected by the Debtors will be achieved by the Reorganized Debtors in all material respects, including revenue growth and improvements in operating margins, earnings and cash flow. Certain of the results forecast by the management of the Debtors are materially better than the recent historical results of operations of the Debtors. The estimate of reorganization values is dependent upon the Reorganized Debtors performing at the levels set forth in the Financial Projections. If the business performs at levels above or below those set forth in the Financial Projections, such performance may have a material impact on the Financial Projections and on the estimated range of values derived therefrom.

In estimating the range of the reorganization value of the Reorganized Debtors, PWP: (1) reviewed certain historical financial information of the Debtors for recent years and interim periods; (2) reviewed certain internal financial and operating data of the Debtors, including the Financial Projections, which were prepared and provided to PWP by the Debtors’ management and which relate to the Debtors’ business and its prospects; (3) met with certain members of management of the Debtors to discuss the Debtors’ operations and future prospects; (4) reviewed publicly available financial data and considered the market value of public companies that PWP deemed generally comparable to the operating businesses of the Debtors; (5) considered relevant precedent transactions in industries most comparable to the Debtors’ operating businesses; (6) considered certain economic and industry information relevant to the operating businesses; and (7) conducted such other studies, analyses, inquiries, and investigations as it deemed appropriate. PWP assumed and relied on the accuracy and completeness of all financial and other information furnished to it by the Debtors, as well as publicly available information.

In addition, PWP did not independently verify management’s Financial Projections in connection with such estimates of the reorganization value of the Reorganized Debtors, and no independent valuations or appraisals of the Debtors were sought or obtained in connection herewith.

Estimates of the reorganization value of the Reorganized Debtors do not purport to be appraisals or necessarily reflect the values that may be realized if assets are sold as a going concern, in liquidation, or otherwise.

In the case of the Reorganized Debtors, the estimates of the reorganization value prepared by PWP represent the hypothetical reorganization value of the Reorganized Debtors. Such estimates were developed for purposes of the formulation and negotiation of the Plan and the analysis of implied relative recoveries to creditors thereunder. Such estimates reflect computations of the range of the estimated reorganization value of the Reorganized Debtors through the application of various valuation techniques and do not purport to reflect or constitute appraisals, liquidation values or estimates of the actual market value that may be realized through the sale of any Securities issued pursuant to the Plan, which may be significantly different than the amounts set forth herein.

The value of an operating business is subject to numerous uncertainties and contingencies which are difficult to predict and will fluctuate with changes in factors affecting the financial condition and prospects of such a business. As a result, the estimate of the ranges of the reorganization value of the Reorganized Debtors set forth herein is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein. Because such estimates are inherently subject to uncertainties, none of the Debtors, PWP, the Debtors' other advisors or any other person assumes responsibility for their accuracy. In addition, the valuation of newly issued Securities is subject to additional uncertainties and contingencies, all of which are difficult to predict. Actual market prices of such Securities at issuance will depend upon, among other things, prevailing interest rates, conditions in the financial markets, the anticipated initial securities holdings of prepetition creditors, some of which may prefer to liquidate their investment rather than hold it on a long-term basis, and other factors which generally influence the prices of securities.

B. VALUATION METHODOLOGY

PWP performed a variety of analyses and considered a variety of factors in preparing the reorganization value of the Reorganized Debtors. PWP primarily relied on three widely-recognized methodologies: comparable public company analysis, discounted cash flow analysis, and precedent transactions analysis. PWP made judgments as to the relative significance of each analysis in determining the Debtors' indicated reorganization value range. PWP's valuation must be considered as a whole, and selecting just one methodology or portions of the analyses, without considering the analyses as a whole, could create a misleading or incomplete conclusion as to the Reorganized Debtors' reorganization value.

The following summary does not purport to be a complete description of the analyses and factors undertaken to support PWP's conclusions. The preparation of a valuation is a complex process involving various determinations as to the most appropriate analyses and factors to consider, as well as the application of those analyses and factors under the particular circumstances. As a result, the process involved in preparing a valuation is more complex than the summary provided below.

1. Comparable Public Company Analysis

A comparable public company analysis estimates value based on a comparison of the target company's financial statistics with the financial statistics of public companies that are similar to the target company. It establishes a benchmark for asset valuation by deriving the value of "comparable" assets through a standardized approach that uses a common variable such as revenues, earnings, and cash flows. The analysis includes a detailed financial comparison of each company's income statement, balance sheet, and cash flow statement. In addition, each company's performance, profitability, margins, leverage and business trends are also examined. Based on these analyses, a number of financial multiples and ratios are calculated to gauge each company's relative performance and valuation.

A key factor to this approach is the selection of companies with relatively similar business and operational characteristics to the target company. Criteria for selecting comparable companies include, among other

relevant characteristics, similar lines of businesses, business risks, target market segments, growth prospects, maturity of businesses, market presence, size, and scale of operations. The selection of truly comparable companies is often difficult and subject to interpretation. However, the underlying concept is to develop a premise for relative value, which, when coupled with other approaches, presents a foundation for determining reorganization value.

While calculating the current trading value for the comparable companies, PWP analyzed the current reorganization value for the comparable companies as a multiple of projected fiscal year end 2009 earnings before interest, taxes, depreciation and amortization ("EBITDA"). These multiples were then applied to the Debtors' fiscal year end 2009 forecasted Adjusted EBITDA to determine the range of reorganization values. Adjusted EBITDA ("Adjusted EBITDA") is measured as earnings (defined as operating income (loss) plus other income less other expenses) before interest, taxes, depreciation and amortization and excluding restructuring, other one-time charges and excludes the operations of Growing Products, which was part of the Debtors' Home & Garden segment.

2. Discounted Cash Flow Approach

The discounted cash flow ("DCF") valuation methodology relates the value of an asset or business to the present value of expected future cash flows to be generated by that asset or business. The DCF methodology is a "forward looking" approach that discounts the expected future cash flows by a theoretical or observed discount rate determined by calculating the average cost of debt and equity for publicly traded companies that are similar to the Debtors. The expected future cash flows have two components: the present value of the projected unlevered after-tax free cash flows for a determined period and the present value of the terminal value of cash flows (representing firm value beyond the time horizon of the Financial Projections). PWP's discounted cash flow valuation is based on a four and one quarter year fiscal year end projection of the Debtors' operating results (Q4 2009E-FY2013E). PWP discounted the projected cash flows using the Debtors' estimated weighted average cost of capital, and calculated the terminal value of the Debtors using EBITDA multiples consistent with the comparable companies analysis.

The DCF approach relies on a company's ability to project future cash flows with some degree of accuracy. Because the Financial Projections reflect significant assumptions made by the Debtors' management concerning anticipated results, the assumptions and judgments used in the Financial Projections may or may not prove correct and, therefore, no assurance can be provided that projected results are attainable or will be realized. PWP cannot and does not make any representations or warranties as to the accuracy or completeness of the Financial Projections.

3. Precedent Transactions Analysis

Precedent transactions analysis estimates value by examining public merger and acquisition transactions. An analysis of the disclosed purchase price as a multiple of various operating statistics reveals industry acquisition multiples for companies in similar lines of businesses to the Debtors. These transaction multiples are calculated based on the purchase price (including any debt assumed) paid to acquire companies that are comparable to the Debtors. PWP specifically focused on prices paid as a multiple of Adjusted EBITDA in determining a range of values for the Debtors. These multiples are then applied to the Debtors' Adjusted EBITDA, to determine the total reorganization value or value to a potential strategic buyer assuming the purchase of the Debtors in a single transaction.

Unlike the comparable public company analysis, the valuation in the precedent transactions methodology includes a "control" premium, representing the purchase of a majority or control position in a company's assets. Thus, the precedent transactions methodology generally produces higher valuations than the comparable public company analysis. Other factors that impact value in the precedent transactions analysis include the following:

1. The business, financial and market environment are not identical for transactions occurring at different periods of time.
2. Circumstances surrounding a merger transaction, including the financial position of the Debtors and potential buyers, may significantly impact the valuation of the transaction.

3. Perceived synergies and NOL benefits that buyers can obtain and their willingness to pay for or share such synergies and benefits with the seller.

As with the comparable company analysis, because no acquisition used in any analysis is identical to any other transaction, valuation conclusions cannot be based solely on quantitative results. The reasons for and circumstances surrounding each acquisition transaction are specific to such transaction, and there are inherent differences between the businesses, operations and prospects of each. Therefore, qualitative judgments must be made concerning the differences between the characteristics of these transactions and other factors and issues that could affect the price an acquirer is willing to pay in an acquisition. The number of completed transactions during a relevant timeframe for which public data is available also limits this analysis. Because the precedent transactions analysis of value is hypothetical and PWP has not market tested the results, there are limitations as to its use in the Debtors' valuation.

The estimates of the reorganization value of the Reorganized Debtors determined by PWP represent estimated reorganization values and do not reflect values that could be attainable in public or private markets. The estimate of the range of the reorganization value of the Reorganized Debtors ascribed in the analysis does not purport to be an estimate of the post-reorganized market trading value. Any such trading value may be materially different from the estimate of the reorganization value range for the Reorganized Debtors associated with PWP's valuation analysis.