Dear Shareholders

We are very pleased to report to you that fiscal 2002 was an excellent year and that we continue to make significant progress. Our Pet and Garden business segments both came in with substantial improvements in profitability over last year, due largely to record sales of our higher margin branded products along with significant cost reductions. Our strategy during the past several years has been to build our company into a leading marketer and producer of our own branded pet and garden products. We undertook this transition because we recognized the opportunity to build a portfolio of leading proprietary brands, which we believe offers us a sustainable higher margin business model with significant growth opportunities.

As a result of this effort, today we are the leader in the premium branded U.S. pet supplies industry and one of the largest companies in the U.S. lawn and garden supplies industry. The shift in our business model has been dramatic. Virtually all of our sales before fiscal 1997 were from distributing other manufacturers' products. Since then, our branded product sales have grown to approximately $800 million, or about 75% of total sales, in fiscal 2002. During this same period, sales of other manufacturers' products have declined to about $250 million, or approximately 25% of total sales. Our gross profit margins have improved from 13.6% in fiscal 1996 to 29.7% in fiscal 2002. We have also focused our sales and logistic networks on strategically supporting our brands and resolved most of our outstanding litigation. These accomplishments, together with record sales of our branded products, have resulted in four consecutive quarters of significantly improved performance and a strong fiscal 2002.

Financial Results

Fiscal 2002 net sales were $1.08 billion, a 4% decrease when compared with $1.12 billion in fiscal 2002, as higher sales of our branded products were offset by decreases in the sales of other manufacturers' products. Net income for fiscal 2002, before the effect of adopting SFAS No. 142, was $28.5 million, or $1.44 per diluted share, compared to a net loss of $7.1 million, or 39 cents per diluted share, in fiscal 2001. The improved earnings for the year were attributable to the growth of our higher margin branded product sales, significant cost reductions including lower unusual expenses, the elimination of goodwill amortization, increased other income and reduced interest expense. With the effect of the non-cash accounting charge related to the adoption of SFAS No. 142, the Company reported a net loss of $83.7 million, or $3.44 per diluted share, for fiscal 2002. Our financial strength has improved significantly, as we reduced indebtedness by $65 million and made significant improvements in managing our working capital.

Pet Products

Our Pet Products segment reported record operating income. Sales were $471 million as sales of our branded products grew 7%, partially offsetting a reduction in sales of other manufacturers' products. Operating income for the full fiscal year was $43 million, an increase of 25% compared to last year, due to higher sales of branded products, new product introductions, improved sales mix, and cost reductions. We continue to focus on delivering high quality, innovative products to the pet industry. In 2002, 11% of our Pet branded companies' sales were derived from products introduced in the last two years and we won six industry awards.

All of our Pet brands achieved excellent results in 2002. Kaytee continues to be a market leading innovator in bird and small animal foods and treats. During the year Kaytee introduced several new products in the U.S. and Europe, upgraded packaging, and implemented productivity improvements and expense controls. Kaytee also launched two new product line extensions with a Kaytee branded line of premium bird cages and the Satori line of Koi and Goldfish food. The Aquarium businesses reported strong results due to increased sales of their high end Oceanic and All-Glass aquariums, the continued introduction of innovative new products such as the 5 and 2 1/2 gallon Mini-Bow aquarium kits, and cost controls. Wellmark produced another outstanding year due primarily to the introduction of new Zodiac branded products, substantial growth in its professional product lines for mosquito and fire ant control, and strong methoprene sales to Merial for its Frontline Plus product sold into the veterinary markets. In 2002, we introduced Pre-Strike, a mosquito control product for consumers that prevents mosquitoes, including those that may transmit the deadly West Nile virus, from reproducing. We expect to see continued strong demand for this product in 2003. Our Nylabone brands of premium dog chews, edible bones and Fold-Away Pet carriers continued to sell well. Nylabone's latest new product, the Big Chew line for big dogs, won the 2002 Institute of Packaging Professional Ameristar packaging award for its innovative package design. Our TFH book business continued to streamline its product offerings and reduce operating costs. Four Paws had a good year, introducing a new line of pet cages and improved packaging, securing additional listings at retailers and exercising continued expense control.

Garden Products

Garden Products reported a substantial improvement in profitability. This group reported sales of $607 million for fiscal 2002, with higher sales of our branded products partially offsetting lower sales of other manufacturers' products, primarily Arch Chemical pool products. Operating income for this segment in fiscal 2002 was $37 million, an increase of $25 million from last year, due to higher sales of branded products and significantly reduced operating and unusual expenses.

We made great strides in launching new Pennington products, including new lines of bird feed under the premium Masterpiece Collection and Rainbow Valley brands. We also reported increased sales to Wal-Mart of the "Eliminator" brand of garden chemicals and substantial increases in sales of premium turf-type tall fescue Plantation and Rebel brand grass seed. Pennington's operating income increased significantly compared to last year due to higher gross margins associated with branded product sales and expense controls.

AMDRO, which is the #1 consumer fire ant bait brand in the country, benefited from our advertising programs and increased fire ant activity throughout the South. For 2003, AMDRO has introduced its new AMDRO Yard Treatment product and retailer acceptance has been strong. Our Grant's pest control product line produced a healthy increase in 2002 sales and profitability through increased product placements and the launch of new carpenter ant and termite control products. Norcal Pottery and Four Seasons decorative outdoor patio product lines introduced numerous new products for 2002 and 2003.

Our Sales and Logistics networks continue to strategically support our proprietary brands with store-door delivery, in-store merchandising, promotion and advertising programs. During 2002, we saw significant improvement in sales of our own brands, reduced costs, and lower working capital requirements. We are pleased with this progress.

Fiscal 2003

We are a leader in two markets that have proven to be recession resistant and are forecasted to show continued strong growth, driven by favorable demographics and leisure trends. The 55-64 age group is projected to grow 26% annually through 2008, and the under-18 age group is projected to grow 9% annually. Both of these groups are driving the demand for pet and garden products.

As we look to 2003 and beyond, we believe that we are well positioned to capitalize on our leadership in both the pet and lawn and garden supplies industries to accelerate our growth. We are focused on five key growth strategies: growing our brands; developing and launching new innovative products; leveraging our cost structure; positioning our Company to support future growth; and pursuing and completing strategic acquisitions.

Central's strong performance in 2002 and future growth prospects are directly attributable to the dedication of our employees. We are truly grateful for their many contributions day in and day out. With them and the continued support of our customers and shareholders, we are intent on taking Central to higher levels in the years ahead. Thank you.

Sincerely,

William E. Brown
Chairman & Chief Executive Officer

Glenn W. Novotny
President & Chief Operating Officer