

AeroGrow International, Inc.  
Form PRE 14C  
April 29, 2011

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

SCHEDULE 14C  
(Rule 14c-101)

SCHEDULE 14C INFORMATION  
Information Statement Pursuant to Section 14(c)  
of the Securities Exchange Act of 1934

Check the appropriate box:

- Preliminary Information Statement
- Confidential, for use of the Commission only (as permitted by Rule 14c-5(d)(2))
- Definitive Information Statement

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

Payment of Filing Fee (Check the appropriate box):

- No Fee Required.
- Fee computed on table below per Exchange Act Rules 14c- 5(g) and 0-11.

- 1) Title of each class of securities to which transaction applies: Common Stock, par value \$.001 per share
- 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: none.
- 2) Form, Schedule or Registration Statement No.: 14C

3) Filing Party:

4) Date Filed:

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AEROGROW INTERNATIONAL, INC.  
6075 Longbow Drive, Suite 200,  
Boulder, Colorado 80301  
(303) 444-7755

Dear Stockholder:

We are furnishing this Information Statement to the holders of the Common Stock and Series A Convertible Preferred Stock of AeroGrow International, Inc., a Nevada corporation (the "Company") as of April 28, 2011. The purpose of this Information Statement is to inform all of our stockholders that by written consents dated April 28, 2011, the holders of 76.78% of our issued and outstanding shares of Series A Convertible Preferred Stock and 53.13% of our issued and outstanding shares of Common Stock (collectively our "Majority Shareholders") approved the following actions (collectively the "Shareholder Actions"):

1. The ratification and approval of the Transaction Agreement in the form of Appendix I hereto, together with all ancillary documents and agreements provided for therein or contemplated thereby (collectively the "Transaction Documents") providing for, inter alia, the Company becoming a joint venture partner with Cyrano Partners, LLC ("Cyrano") in the formation and organization of AG Worldwide, LLC, ("AG Worldwide") and the sale by the Company to AG Worldwide of substantially all of its assets (the "Shareholder Action"); and
2. Granting to the Board of Directors the authority to approve the final terms and conditions of the formation, organization and capitalization of AG Worldwide, including (i) the percentage of the Company's membership interest in AG Worldwide, (ii) the terms and conditions of all third party approvals needed to consummate the Transaction Documents, and (iii) the terms and conditions of the capital funding for AG Worldwide.

As the Shareholder Action constitutes the sale of substantially all of the Company's assets, Nevada law requires that the Shareholder Action be approved by a majority of our outstanding voting securities. As permitted by Nevada law and our Articles of Incorporation, as amended, the Company has received a written consent from the Majority Shareholders of the Company approving the Shareholder Action.

The Shareholder Action described in this Information Statement will not become effective until at least 20 calendar days following the date of mailing of this Information Statement to our Shareholders.

SHAREHOLDERS ARE NOT BEING ASKED FOR PROXIES TO VOTE THEIR SHARES WITH RESPECT TO THE TRANSACTION AUTHORIZATION. NO PROXY CARD HAS BEEN ENCLOSED WITH THIS INFORMATION STATEMENT AND NO MEETING OF SHAREHOLDERS WILL BE HELD TO CONSIDER THE TRANSACTION.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

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This Information Statement is being provided to you pursuant to Rule 14c-2 under the Securities Exchange Act of 1934, as amended. It contains a description of the Shareholder Action, as well as summary information regarding the transactions covered by the Information Statement. We encourage you to read the Information Statement thoroughly. You may also obtain information about us from publicly available documents filed with the Securities and Exchange Commission. We may provide only one copy of the Information Statement to Shareholders who share an address, unless we have received instructions otherwise. If you share an address, your household has received only one copy of this Information Statement and you wish to receive another copy, please contact our corporate secretary at the address or telephone number above. If you have received multiple copies and only wish to receive one copy of our SEC materials, you also may contact us at the address and phone number above.

Very truly yours,

Jack J. Walker  
Chairman

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AEROGROW INTERNATIONAL, INC.

INFORMATION STATEMENT

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INFORMATION STATEMENT  
AEROGROW INTERNATIONAL, INC.  
6075 Longbow Drive, Suite 200  
Boulder, Colorado 80301  
(303) 444-7755

Introduction

This Information Statement is being furnished to the Shareholders of AeroGrow International, Inc., a Nevada corporation (the "Company"), in connection with the prior approval by written consent of the Majority Shareholders of the Company of the Shareholder Action.

The Board of Directors believes that consummation of the Shareholder Action is in the best interests of the Company and its Shareholders. Accordingly, on April 9, 2011, the Board unanimously approved the Shareholder Action and directed that it be submitted for stockholder approval.

Under Nevada law and our Articles of Incorporation, as amended, the affirmative vote of a majority of the votes entitled to be cast by holders of all shares of the Company's Common Stock, par value \$.001 per share ("Common Stock"), outstanding as of the close of business on April 28, 2011 is required to approve the Shareholder Action. Under our Articles of Incorporation, as amended, the affirmative vote of the holders of a majority of the outstanding shares of Series A Convertible Preferred Stock outstanding as of the close of business on April 28, 2011 is also required to approve the Shareholder Action. As of April 28, 2011, there were outstanding 19,244,160 shares of Common Stock and 7,576 shares of Series A Convertible Preferred Stock, representing a total of 19,244,160 votes of Common Stock and 43,822,253 votes of Series A Convertible Preferred Stock voting as Common Stock on an as-converted basis. As permitted by the Nevada Revised Statutes, on April 28, 2011, the Company received a written consent in lieu of a meeting of Shareholders from holders of 1,188,325 shares of our common stock and shareholders owning an aggregate of 5,817 shares of our Series A Convertible Preferred Stock representing 53.13% of the total voting rights of the holders of Common Stock and 76.78% of the total voting rights of the holders of Series A Convertible Preferred Stock approving the Shareholder Action.

**SHAREHOLDERS ARE NOT BEING ASKED FOR PROXIES TO VOTE THEIR SHARES WITH RESPECT TO THE TRANSACTION. NO PROXY CARD HAS BEEN ENCLOSED WITH THIS INFORMATION STATEMENT AND NO MEETING OF SHAREHOLDERS WILL BE HELD TO CONSIDER THE TRANSACTION.**

The Shareholder Action will not become effective until at least 20 calendar days following the date of mailing of this Information Statement to our Shareholders.

This Information Statement is furnished for the purposes of informing Shareholders, in the manner required under the Securities Exchange Act of 1934, as amended, of the Shareholder Action before it is consummated. This Information Statement is first being mailed on or about May , 2011 to holders of record of Common Stock and Series A Convertible Preferred Stock as of the close of business on April 28, 2011.

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Summary Term Sheet

This Information Statement is being furnished to the Shareholders of AeroGrow International, Inc., a Nevada corporation, in connection with the prior approval by our Board of Directors, and the approval by written consent of a majority of our Shareholders, for the Shareholder Action. The terms "we," "our," and the "Company" in this Information Statement refer to AeroGrow International, Inc. References to "you" are to the Shareholders of AeroGrow International, Inc.

This section contains a summary of the material features of the Transaction Documents and other matters approved by our Majority Shareholders. This summary may not contain all of the information that is important to you to understand the Shareholder Action fully. We strongly encourage you to read carefully the entire Information Statement. We have included the salient agreements as Appendices I and II. This summary includes page references in parentheses to direct you to more complete descriptions of the topics presented in this summary.

AeroGrow experienced sluggish sales during the economic recession during the years 2008 through 2009. Our disappointing results of operations contributed to a significant shortage of working capital. To meet our working capital requirements, in 2009 we sold an aggregate of 7,586 shares of Series A Convertible Preferred Stock to raise \$6,684,536 in new equity. (14, 30)

In early 2010, we implemented a new marketing strategy that focused our selling efforts on direct to consumer channels. To provide working capital to support the new marketing program and holiday season operating requirements, in mid-2010 we raised \$7.02 million through the sale of 8% Convertible Debentures through GVC Capital, LLC, as Placement Agent. In late 2010 we raised an additional \$1.5 million through the sale of 15% Convertible Notes, also through GVC Capital, LLC, as Placement Agent. While the execution of our new strategy resulted in modest improvement in performance during the fourth calendar quarter of 2010, we were left with more than \$10 million in short and medium term, high interest debt that impaired our ability to continue as a going concern. (14, 36, 41)

During 2010, we were introduced to the principals of Cyrano Partners, LLC, ("Cyrano") which specializes in multi-level marketing ("MLM"). As a result of extensive discussions, we reached agreements in principle to form a joint venture with Cyrano to expand distribution of our products into the MLM sales channel, and if that effort proves successful, to transition our company into one that focuses primarily on developing the MLM sales channel. (41)

Effective April 12, 2011, we entered into a Transaction Agreement with Cyrano and AG Worldwide, LLC, ("AG Worldwide"), an entity formed by Cyrano to constitute the joint venture between AeroGrow and Cyrano, which is attached as Appendix I hereto. The Transaction Agreement is an omnibus agreement that outlines the various documents and agreements which will, when consummated, collectively constitute the joint venture (collectively the "Transaction Documents"). The Cyrano Agreements provide for the arrangements that follow below, which are the subject matter of the Shareholder Action. (36)

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AeroGrow and Cyrano Partners, LLC will form a joint venture from the existing entity formed by Cyrano called AG Worldwide, LLC (the “AG Worldwide Transaction”). The closing of the joint venture will be subject to the following contingencies (“Conditions Precedent”): (36)

- (i) the Company must receive approval from its secured creditors to consummate the AG Worldwide Transaction, which includes a Majority in Interest of holders of our 8% convertible notes, a Majority in Interest of our 15% convertible notes, and the consent of First Western Trust Bank;
- (ii) the Company must receive approvals from its Series A Convertible Preferred shareholders and from its Common shareholders to consummate the AG Worldwide Transaction, which condition is satisfied by the Shareholder Actions;
- (iii) a definitive Schedule 14C Information Statement must be filed with the Securities and Exchange Commission and mailed to the Company’s shareholders, and
  - (iv) AG Worldwide must have obtained at least \$3 million in equity capital (the “Capital Raise”).

The Operating Agreement for AG Worldwide will define the relative rights, responsibilities and entitlements of AeroGrow and Cyrano in the joint venture. The terms of the Operating Agreement have been agreed upon, subject to modifications that may be agreed between the parties prior to execution. The Operating Agreement will be executed at such time as all of the Conditions Precedent have been satisfied. The terms and conditions of the Operating Agreement can be summarized as follows: (37)

- (i) AeroGrow and Cyrano will have equal ownership percentages of AG Worldwide and will be subject to equal dilution from the equity capital to be raised by AG Worldwide.
- (ii) Cyrano will contribute its MLM expertise, relationships, business plan for the AG Worldwide initiative, and a proprietary distributor compensation plan. The principals of Cyrano have agreed to a three-year exclusivity period during which they will devote substantially all of their time and efforts to the development of the AG Worldwide distributor network and to sales of AeroGrow products. Following the exclusivity period, if there are additional non-competitive MLM opportunities that the Cyrano principals wish to pursue and overlay onto the downline network developed for AG Worldwide, then the joint venture company will have a right of first offer to participate in providing the capital necessary to pursue such opportunities.
- (iii) AeroGrow will transfer substantially all of its assets to the joint venture, including inventory, fixed assets, and intangibles. Excluded assets will include cash, accounts receivable and deposits. AeroGrow will also contribute its management expertise, product knowledge, and supply chain relationships. AeroGrow will assign its rights relating to key contracts (leases, for example) and the joint venture will assume the related liabilities. To the extent there are accounts payable related to inventory in transit, the joint venture will also assume these liabilities. Otherwise, AeroGrow will retain its existing liabilities.



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In return for transferring its assets and providing management, employees and business infrastructure, AeroGrow will receive a \$5.0 million secured promissory note from the joint venture. The note will contain the following terms and conditions: (37)

(i) Term: Three years, with an option to extend for an additional year if the principal balance on the note has been reduced to at least \$2.5 million.

(ii) Interest Rate: 4.5% per annum.

(iii) Amortization Schedule: Until the earlier of six months after the closing of the joint venture transaction or December 31, 2011, 5% of the joint venture's gross revenue will be remitted to AeroGrow on a monthly basis to pay accrued interest and principal. After that time, the percent of revenue remitted to AeroGrow will increase to 10% until such time as the note has been repaid in full. If the joint venture's cash balance drops below \$1 million, then payments to AeroGrow will be suspended until such time as the cash balance again exceeds \$1 million, with a claw-back provision to recover payments missed while the cash balance is below the floor amount.

(iv) Events of Default: Failure to remit payments as provided above (not cured within 15 business days); cross-default to failure to pay other indebtedness when due; standard provisions relating to bankruptcy/insolvency of the joint venture.

(v) Default Remedies: Acceleration, exercise of rights to collateral.

(vi) Security: Assets transferred to the joint venture by AeroGrow, with a provision that the amount of inventory included in the collateral will be fixed at the amount initially contributed by AeroGrow.

No distributions to partners, other than tax distributions, will be allowed until the note has been paid in full. (38)

AeroGrow will also have a special distribution right that will provide \$1.0 million in disproportionate distributions relative to its ownership percentage. This special distribution right will be paid in accordance with a formula commencing after the secured promissory note due to AeroGrow has been repaid in full. (38)

Cyrano will have a four-year call option to purchase one-half of AeroGrow's interest in the joint venture for \$12 million. This amount is fixed, regardless of AeroGrow's ownership percentage at the time the option is exercised. (38)

After the joint venture transaction is closed, AG Worldwide will operate the new MLM initiative as well as the existing direct response, retail and international businesses of AeroGrow. AeroGrow International, Inc. will become a holding company for its investment in the joint venture, and the related note. Existing obligations of the holding company will be serviced from cash remitted by the joint venture. (36)

The AG Worldwide Operating Agreement anticipates that the executive management team of AG Worldwide will consist of the following individuals, subject to the terms of employment being agreed and finalized for each of the prospective executives: (38)

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- (i) Melyn Campbell, Chairman & CEO
- (ii) Mike Wolfe, President & COO
- (iii) Greg Clarke, CFO
- (iv) Jack Peterson, Vice President

AG Worldwide will be governed by a Board of Managers. Cyrano and AeroGrow will each name three Managers. The remaining Manager will be named by the investors providing the Capital Raise. Board actions will be decided by a simple majority, with the exception of the admission of additional member partners, and early termination of the three-year Cyrano exclusivity period, each of which will require a unanimous vote of the Managers. In addition, once the joint venture revenue reaches \$18 million on a trailing twelve month basis, the Managers appointed by Cyrano will have the sole authority to determine if, how, and when to phase-out the non-MLM business activities of the joint venture. (39)

To bridge the time needed to satisfy the Conditions Precedent, AeroGrow and Cyrano have entered into a Distributor and License Agreement (attached as Appendix II hereto) with AG Worldwide pursuant to which AeroGrow appointed AG Worldwide a distributor of AeroGrow products and granted AG Worldwide a license to use AeroGrow's patents and patents pending, trade secrets, trademarks, service marks, logos and other intellectual property. The Distributor and License Agreement also defines the obligations of each party, the manner in which the parties will interact, and the financial arrangement between the parties related to sales and other transactions. The Distributor and License Agreement will be terminated in the event the Capital Raise is not finalized on or before the later of June 30, 2011, or 60 days after the earlier of July 31, 2011 or the date AeroGrow satisfies the shareholder and creditor consent Conditions Precedent. (40)

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Summary Information In Question And Answer Format

The following information, in question and answer format, summarizes many of the material terms of the Company's proposed Shareholder Action. For a complete description of the terms and conditions of the Shareholder Action, you are advised to carefully read this entire Information Statement and the other documents referred to herein.

Why am I receiving these materials?

We are required to deliver this Information Statement to all holders of our voting stock on the record date, April 28, 2011, to inform them that on April 28, 2011 the "Majority Stockholders" (as defined below) took certain actions by written consent, as permitted under our Bylaws and Nevada law, that would otherwise require a meeting of stockholders.

This Information Statement is being sent to you because you are a holder of our common stock or Series A Convertible Preferred Stock as of the record date. As of the record date, 19,244,160 shares of our common stock and 7,576 shares of our Series A Convertible Preferred Stock were outstanding.

We will begin mailing this Information Statement, on or about May \_\_, 2011.

We have requested that banks, brokerage firms and other nominees who hold common stock on behalf of the owners of the common stock (such stock is often referred to as being held in "street name") as of the close of the record date forward these materials to those beneficial owners. We have agreed to pay the reasonable expenses of the banks, brokerage firms and other nominees for forwarding these materials.

What actions did the Majority Stockholders of the voting stock approve or authorize?

The majority holders of our Common Stock and Series A Convertible Preferred Stock approved the following actions:

1. The ratification and approval of the Transaction Agreement in the form of Appendix I hereto, together with all ancillary documents and agreements provided for therein or contemplated thereby (collectively the "Transaction Documents") providing for, inter alia, the Company becoming a joint venture partner with Cyrano Partners, LLC ("Cyrano") in the formation and organization of AG Worldwide, LLC, ("AG Worldwide") and the sale by the Company to AG Worldwide of substantially all of its assets (the "Shareholder Action"); and
2. Granting to the Board of Directors the authority to approve the final terms and conditions of the formation, organization and capitalization of AG Worldwide, including (i) the percentage of the Company's membership interest in AG Worldwide, (ii) the terms and conditions of all third party approvals needed to consummate the Transaction Documents, and (iii) the terms and conditions of the capital funding for AG Worldwide.

What Vote Is Required To Approve The Shareholder Action?

Approval of the Shareholder Action requires the affirmative vote of the holders of not less than a majority of the Company's outstanding Common Stock and Series A Convertible Preferred Stock, voting separately as a class.

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### What Constitutes A Majority Of The Company's Outstanding Common Stock and Series A Convertible Preferred Stock?

On April 18, 2011, the Company had 19,244,160 shares of Common Stock issued and outstanding and 7,576 shares of Series A Convertible Preferred Stock issued and outstanding. Including the Series A Convertible Preferred Stock on an as-converted to common shares basis, 31,533,208 constitutes a majority of the shares of Common Stock issued and outstanding and 3,789 constitutes a majority of the shares of Series A Convertible Preferred Stock issued and outstanding.

### Who Voted In Favor Of The Shareholder Action?

Shareholders owning an aggregate of 1,188,325 shares of our common stock and shareholders owning an aggregate of 5,817 shares of our Series A Convertible Preferred Stock representing an aggregate of 32,316,693 shares of common stock on an as converted basis voted in favor of the Shareholder Action. Those shares combined represent 53.13% of the voting power of common stock and Series A Convertible Preferred Stock outstanding. Those shareholders consisted of Jack J. Walker and related parties, Lazarus Investment Partners LLLP, Michael S. Barish, Joyce F. Barish, H. Leigh Severance and related parties, the estate of Jervis B. Perkins, J. Michael Wolfe, Thomas K. Cagney, H. MacGregor Clarke, John K. Thompson, Jerome P. Lauffenburger, and Jeffrey M. Brainard. Such shareholders shall be referred to as the "Majority Shareholders".

### Will The Shareholders That Voted In Favor Of The Shareholder Action Have Any Special Interest in the Shareholder Action?

Yes. Under the terms of the AG Worldwide Operating Agreement, it is anticipated that J. Michael Wolfe and H. MacGregor Clarke will serve as executive officers of AG Worldwide. However, the proposed terms of employment for Mr. Wolfe and Mr. Clarke have not been finalized and they have not agreed to serve in these capacities for AG Worldwide. There can be no assurances given that they will ultimately take on these responsibilities at AG Worldwide. In addition, Jack J. Walker, Mr. Wolfe and Mr. Clarke may serve as the Managers of AG Worldwide designated by AeroGrow.

### Why Isn't The Company Holding A Shareholders Meeting To Vote On The Proposed Shareholder Action?

In order to lawfully close on the proposed Shareholder Action, Nevada law requires that a majority of shares of Common Stock and Series A Convertible Preferred Stock vote in favor of the proposed Shareholder Action. The Shareholders voting in favor of the proposed Shareholder Action represent 53.13% of the voting power of Common Stock outstanding and Series A Convertible Preferred Stock voting on an as-converted basis and 76.78% of the shares of Series A Convertible Preferred Stock outstanding, voting separately as a class. Therefore, management concluded that because approving a transaction by the written consent of Shareholders can be faster than distributing a notice of meeting and proxy statement, and conducting a Shareholders meeting, and in light of the fact that Company management wanted to expedite the closing of the proposed Shareholder Action, management and the Board of Directors decided not to conduct a meeting of Shareholders. Instead, Shareholders owning a majority of the voting power of Common Stock outstanding and Series A Convertible Preferred Stock voting on an as-converted basis, and a majority of the Series A Convertible Preferred Stock outstanding signed a written consent approving the Shareholder Action and the transactions contemplated thereby.

### What Will Happen To The Company After The Shareholder Action?

Following the Shareholder Action, the Company will serve as a holding company for the joint venture interest in AG Worldwide and the note receivable from AG Worldwide that we will acquire in exchange for our assets. The

Company will cease manufacturing and selling its products directly; but, will indirectly continue its business, subject to a change in strategic plan, through AG Worldwide.

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What Rights Do Shareholders Have To Dissent From The Shareholder Action?

Company Shareholders do not have dissenters' rights or the right to seek the appraisal of their shares under Nevada law.

What Are The Income Tax Consequences Of The Shareholder Action?

There will be no federal or state income tax consequences to our shareholders as a result of the Shareholder Action.

Why is the Company proposing to sell its assets into the AG Worldwide joint venture?

While we believe there exists a viable commercial market for our products, it appears that penetrating the market on a sustained basis will require more capital than we are likely to be able to raise into the existing AeroGrow entity. In addition, at our current operating levels it is unlikely that we will be able to repay the more than \$10 million in short and medium term, high interest debt we have incurred over the past 24 months. Utilizing the joint venture structure is intended to enable us to raise the capital necessary to support our current operating businesses and the new MLM initiative, and provide a source of cash flow with which AeroGrow can satisfy its existing obligations. Finally, the MLM distribution channel represents a high-growth opportunity for the sales of AeroGrow products, and the Cyrano group has a successful history of developing multi-level marketing strategies for new products in the MLM distribution channel.

Will any of the proceeds from the sale of the Company's assets to AG Worldwide be distributed to the Company's shareholders?

No. The proceeds to be received by the Company from the sale of the assets to AG Worldwide will consist of (i) the \$5.0 million note, (ii) a \$1.0 million preferred member distribution right, and (iii) future distributions of net cash flow from AG Worldwide, the amount and timing of which cannot be predicted. Initial and future sale proceeds and distributions from AG Worldwide will first be used to repay the Company's secured and unsecured debt and pay continuing operating costs. It is therefore unlikely that any funds will be available for payment of a dividend to our shareholders until such time as the Company's creditors have been repaid.

WHO CAN HELP ANSWER YOUR QUESTIONS?

H. MacGregor Clarke  
Chief Financial Officer  
AeroGrow International, Inc.  
6075 Longbow Drive, Suite 200  
Boulder, CO. 80301  
Telephone: 303-444-7755

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### Prior Stockholder Approval

Our ability to undertake the Shareholder Action without a meeting of our Shareholders is authorized by Section 78.320(2) of the Nevada Revised Statutes. That section generally provides that a Nevada corporation may substitute for action on a matter by its Shareholders at a meeting the written consent of the holders of outstanding shares of capital stock holding at least the minimum number of votes which would be necessary to authorize or take the action at a meeting at which all shares entitled to vote on the matter are present and voted. In accordance with this provision, we obtained the written consent of the Majority Shareholders to the Shareholder Action. As a result of the action of the Majority Shareholders, we are not soliciting proxies, and there will be no further stockholder action on the Shareholder Action.

Holders of record of the Company's Common Stock are entitled to notice of the action taken by written consent approving the Shareholder Action.

Under Nevada law and our Articles of Incorporation, as amended, the affirmative vote of a majority of the voting power of Common Stock outstanding and Series A Convertible Preferred Stock voting on an as-converted basis as of the close of business on the Record Date, was required to approve the Shareholder Action. Each holder of Common Stock was entitled to one vote on each of the foregoing matters, for each share of Common Stock held by such stockholder. Each holder of Series A Convertible Preferred Stock was entitled to a number of votes equal to the number of shares of Common Stock their Series A Convertible Preferred Stock was convertible into. Under the terms of the Certificate of Designations for the Series A Convertible Preferred Stock, the holders of the Series A Convertible Preferred Stock had the right to approve the Shareholder Action voting separately as a class. As of April 28, 2011, there were outstanding 19,244,160 shares of Common Stock and 7,576 shares of Series A Convertible Preferred Stock, representing a total of 19,244,160 votes of Common Stock and 43,822,254 votes of Series A Convertible Preferred Stock. As of that date, the Majority Shareholders held 1,188,325 shares of Common Stock and 5,817 shares of Series A Convertible Preferred Stock and were entitled to cast a total of 33,505,018 votes, or 53.13% of the total votes entitled to be cast by all holders of our Common Stock and Series A Convertible Preferred Stock voting on an as-converted basis, and a total of 5,817 votes, or 76.78% of the total votes entitled to be cast by all holders of our Series A Preferred Convertible Stock.

The action by written consent approving the Shareholder Action was executed effective on April 28, 2011.

### No Dissenters' Rights

In accordance with the Nevada General Corporation Law, our Shareholders do not have dissenters' or appraisal rights in connection with the Shareholder Action.

### Certain Federal Income Tax Consequences

The Shareholder Action will not result in any impact on our Shareholders for federal and state income tax purposes.

### Government Approvals

Except for compliance with the applicable regulations of the Securities and Exchange Commission in connection with this Information Statement and of the Nevada Revised Statutes in connection with the Shareholder Action, we are not required to comply with any federal or state regulatory requirements, and no federal or state regulatory approvals are required in connection with the Shareholder Action.





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## Interests of Persons in Matters to be Acted Upon

The Majority Shareholders that approved the Transaction Documents do not have a financial interest in the Transaction or the Transaction Documents that are materially different than our other shareholders, except that the AG Worldwide Operating Agreement anticipates that J. Michael Wolfe and H. MacGregor Clarke, our President and Chief Financial Officer, respectively, will serve as executive officers and Managers of AG Worldwide. However, the proposed terms of employment for Mr. Wolfe and Mr. Clarke for serving as executives of AG Worldwide have not been finalized. Mr. Wolfe and Mr. Clarke have not agreed to assume the roles noted above, and there can be no assurances given that they will join the executive management team of AG Worldwide. In addition, Jack J. Walker, Mr. Wolfe and Mr. Clarke may serve as the Managers of AG Worldwide designated by AeroGrow.

## Voting Securities And Principal Holders Thereof

As of the Record Date, there were 19,244,160 shares of Common Stock, and 7,576 shares of Series A Convertible Preferred Stock issued and outstanding.

The table shows the number of shares owned as of April 28, 2011 by our Directors and Officers and securityholders having a beneficial ownership of more than 5% of outstanding common stock and Series A Convertible Preferred Stock. Each person has sole voting and investment power with respect to the shares shown, except as noted.

Name of Beneficial Owner	Common Stock			Series A Preferred Stock			Percent Total Voting Power (3)
	Number of Common Shares Beneficially Owned (1)	Number of Common Shares Acquirable Within 60 Days (2)	Percent of Class	Number of Series A Preferred Shares Beneficially Owned (1)	Number of Series A Preferred Shares Acquirable Within 60 Days (2)	Percent of Class	
5% Stockholders							
Jack J. Walker (4), (5)	42,274,714	42,050,306	68.97 %	4,974	1,324	55.89 %	32.51 %
Lazarus Investment Partners LLLP (6)	29,554,014	29,051,158	61.19 %	1,288	428	16.09 %	8.37 %
The Peierls Foundation, Inc. (7)	16,546,574	16,546,574	46.23 %	-	-	-	-
GVC Capital LLC (8)	15,373,333	15,373,333	44.41 %	-	-	-	-
Michael S. Barish (5), (9)	9,964,569	9,811,404	34.29 %	649	217	8.33 %	4.05 %
Alpha Capital Anstalt (10)	8,116,000	8,000,000	29.79 %	790	400	9.90 %	6.37 %

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Chestnut Ridge Partners, LP (11)	6,201,500	6,201,500	24.37 %	-	-	-	-
David Weiner (12)	5,092,055	5,092,055	20.92 %	-	-	-	-
H. Leigh Severance (13)	4,576,214	4,456,836	19.31 %	325	108	4.23 %	2.10 %
Mingkeda Industries Co., Ltd. (14)	4,593,337	4,583,337	19.28 %	825	275	10.51 %	4.86 %
Max & Kathleen Duncan JTWROS (15)	4,158,959	4,158,959	17.77 %	-	-	-	-
Porter Partners, LP (16)	4,158,959	4,158,959	17.77 %	-	-	-	-
The Angell Foundation (17)	4,136,643	4,136,643	17.69 %	-	-	-	-
J. Michael Wolfe (5), (18)	3,873,254	3,873,254	16.75 %	270	90	3.52 %	1.59 %

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William D. Moreland (19)	3,214,313	3,214,313	14.31	%	-	-	-	-		
Kayue Electric Company Ltd. (20)	3,138,891	3,138,891	14.02	%	565	188	7.28	%	3.32	%
Thunder Funding LLC (21)	2,777,780	2,777,780	12.61	%	500	500	6.19	%	0.00	%
Brio Capital, LP (22)	2,599,350	2,599,350	11.90	%	-	-	-	-	-	-
Brian Eliot Peierls (23)	2,481,986	2,481,986	11.42	%	-	-	-	-	-	-
E. Jeffrey Peierls (24)	2,481,986	2,481,986	11.42	%	-	-	-	-	-	-
Jerome P. Lauffenburger (25)	2,285,630	2,145,296	10.69	%	199	66	2.60	%	1.39	%
Joint Glory International Limited (26)	2,125,012	2,062,507	9.97	%	360	180	4.64	%	1.68	%
Duncan Family Trust (27)	2,079,480	2,079,480	9.75	%	-	-	-	-	-	-
J & T Meadows, Ltd. (28)	2,079,480	2,079,480	9.75	%	-	-	-	-	-	-
H. MacGregor Clarke (5), (29)	1,939,902	1,934,902	9.16	%	112	37	1.47	%	0.67	%
Jervis B. Perkins (30)	1,763,835	1,758,335	8.40	%	303	101	3.95	%	1.79	%
Margaret Bathgate (31)	1,557,116	1,557,116	7.49	%	-	-	-	-	-	-
Grad-Wurn LLC (32)	1,529,350	1,529,350	7.36	%	-	-	-	-	-	-
UD Ethel F. Peierls Charitable Lead Trust (33)	1,447,825	1,447,825	7.00	%	-	-	-	-	-	-
Delaware Charter G&T Co. TTEE FBO Steven M. Bathgate IRA (34)	1,370,671	1,370,671	6.65	%	-	-	-	-	-	-
Alvin R. Bonnette TTEE for Alvin R. Bonnette Rev. Trust dated 1/31/1985 (35)	1,039,740	1,039,740	5.13	%	-	-	-	-	-	-
David W. Fulker & Natalie Wolman JTWROS (36)	1,039,740	1,039,740	5.13	%	-	-	-	-	-	-
George F. Wood (37)	1,039,740	1,039,740	5.13	%	-	-	-	-	-	-
Janice D. Bowen (38)	1,039,740	1,039,740	5.13	%	-	-	-	-	-	-
Lawrence Greenberg (39)	1,039,740	1,039,740	5.13	%	-	-	-	-	-	-
Michael Osterman (40)	1,039,740	1,039,740	5.13	%	-	-	-	-	-	-

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Southwest Securities, Inc. FBO: Sharon L. Pitkin Trust, IRA Kimberly L. Lawrenz, Trustee (41)	1,039,740	1,039,740	5.13	%	-	-	-	-	-	
The Earl W. Sauder, LLC (42)	1,039,740	1,039,740	5.13	%	-	-	-	-	-	
Delaware Charter Guarantee & Trust FBO: Alan Kurus, IRA (43)	1,034,161	1,034,161	5.10	%	-	-	-	-	-	
The Julia B. Donovan Trust (44)	1,034,161	1,034,161	5.10	%	-	-	-	-	-	
Directors										
Jack J. Walker (4), (5)	42,274,714	42,050,306	68.97	%	4,974	1,324	55.89	%	32.51	%
Michael S. Barish (5), (9)	9,964,569	9,811,404	34.29	%	649	217	8.33	%	4.05	%
J. Michael Wolfe (5), (18)	3,873,254	3,873,254	16.75	%	270	90	3.52	%	1.59	%
H. MacGregor Clarke (5), (29)	1,939,902	1,934,902	9.16	%	112	37	1.47	%	0.67	%
Michael D. Dingman, Jr. (5)	113,000	113,000	0.58	%	-	-	-	-	-	-

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## Named Executive Officers

J. Michael Wolfe (5), (18)	3,873,254	3,873,254	16.75	%	270	90	3.52	%	1.59	%
H. MacGregor Clarke (5), (29)	1,939,902	1,934,902	9.16	%	112	37	1.47	%	0.67	%
John K. Thompson (5)	782,934	756,250	3.91	%	9	3	0.12	%	0.09	%

All AeroGrow Named Executive Officers and Directors as a Group (6 Persons)	58,948,373	58,539,116	75.79	%	6,014	1,671	65.04	%	38.91	%
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- (1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission, which include holding voting and investment power with respect to the securities. Shares of common stock subject to preferred stock, options or warrants currently exercisable, or exercisable within 60 days, are deemed outstanding for computing the percentage of the total number of shares beneficially owned by the designated person, but are not deemed outstanding for computing the percentage for any other person. Includes shares of common stock issuable upon conversion of Series A Convertible Preferred Stock, 8% Subordinated Secured Convertible Promissory Notes, and 15% Secured Convertible Promissory Notes. Beneficial ownership is based on holdings known to the Company and may not include all shares of common stock beneficially owned but held in street name or reflect recent sales or purchases of securities that have not been made known to the Company.
- (2) The number of shares acquirable within 60 days includes any preferred stock, options or warrants currently exercisable or exercisable within the next 60 days. This number is included in the number of shares beneficially owned. Includes shares of common stock issuable upon conversion of Series A Convertible Preferred Stock, 8% Subordinated Secured Convertible Promissory Notes, and 15% Secured Convertible Promissory Notes.
- (3) The percent total voting power is based on the number of preferred shares and common shares presently held that could be voted. It does not include any exercisable options or warrants. Includes shares of common stock issuable upon conversion of Series A Convertible Preferred Stock.
- (4) Mr. Walker's beneficial ownership includes 475 shares of preferred stock and warrants to purchase 273 shares of preferred stock that are held of record by M&J Walker Charitable Remainder Trust, of which Mr. Walker is a controlling person. Mr. Walker's beneficial ownership also includes 100 shares of preferred stock, warrants to purchase 50 shares of preferred stock, and 76,122 shares of common stock held of record by March Trade & Finance, Inc. of which Mr. Walker is a controlling person. Mr. Walker's beneficial ownership also includes a \$145,739 promissory note and accrued interest that is convertible into 809,661 shares of common stock that is held by his wife. In addition, Mrs. Walker holds warrants to purchase an additional 1,333,333 shares of common stock.
- (5) The address of the beneficial owner is 6075 Longbow Dr., Suite 200, Boulder, CO 80301.
- (6) Beneficial ownership is based on holdings known to the Company and includes information provided in an Amendment to Schedule 13D as filed February 1, 2011. Lazarus Investment Partners LLLP and its affiliates hold 860 shares of Series A preferred stock, warrants to purchase 428 shares of Series A preferred stock, 502,856 shares of common stock, \$1,127,827 in promissory notes and accrued interest that is convertible into 10,954,408 shares of common stock, and warrants to purchase 10,941,187 shares of common stock. Lazarus Investment Partners LLLP's address is 2401 East 2nd Avenue, #600, Denver, CO 80206.
- (7)

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The Peierls Foundation, Inc.'s address is US Trust Co. attn: John S. Kennedy, 114 W. 47th Street, New York, NY 10036.

- (8 ) GVC Capital LLC's address is 5350 South Roslyn Street, Suite 400, Greenwood Village, CO 80111.
- (9 ) Mr. Barish's ownership includes 5,000 shares held by Michael S. Barish Irrevocable Spousal Trust, 4,500 shares held by Barish Family Foundation, 29,429 shares held by his wife Joyce F. Barish, and 5,000 shares held by Joyce F. Barish Irrevocable Children's trust, of which Mr. Barish is a controlling person.  
Alpha Capital Anstalt's address is c/o LH Financial Services Corp., 150 Central Park South, 2nd Floor, New
- (10) York, NY 10019.
- (11) Chestnut Partners, LP's address is 10 Forest Avenue, Paramus, NJ 07652.
- (12) Mr. Weiner's address is 12400 Ventura Blvd. #327, Studio City, CA 91604.
- (13) Mr. Severance's beneficial ownership includes 106 shares of preferred stock, warrants to purchase an additional 53 shares of preferred stock, 57,709 shares of common stock, \$53,974 of promissory notes and accrued interest that is convertible into 539,740 common shares, and warrants to purchase 500,000 shares of common stock held of record by H. Leigh Severance, Inc. Profit Sharing Plan and Trust, of which Mr. Severance is a controlling person. Mr. Severance's beneficial ownership also includes 5 shares of preferred stock, warrants to purchase an additional 2 shares of preferred stock, and 3,335 shares of common stock held of record by H. Leigh Severance, Inc. Pension Plan and Trust, of which Mr. Severance is a controlling person. Mr. Severance's address is 14282 E. Caley Ave., Aurora, CO 80016.

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- (14) Mingkeda Industries Co. Ltd.'s address is 1825 Renmin E Road, Heshan City, Guangdong Province, China.
- (15) Mr. and Mrs. Duncan's address is 5322 Stonewall, Corpus Christi, TX 78413.
- (16) Porter Partners, LP's address is 300 Drakes Ldg. Rd., Ste. 175, Greenbrae, CA 94904.
- (17) The Angel Foundation's address is 10880 Wilshire Blvd. #920, Los Angeles, CA 90024.
- (18) Mr. Wolfe's beneficial ownership includes a \$52,998 promissory note and \$976 in accrued interest on the note that is convertible into 539,740 shares of common stock and is held jointly with his wife. In addition, Mr. and Mrs. Wolfe jointly hold warrants to purchase an additional 500,000 shares of common stock.
- (19) Mr. Moreland's address is 1655 E. Layton Drive, Englewood, CO 80113.  
Kayue Electric Company Ltd.'s address is Unit C, 19/F, Dragon Centre, 79 Wing Hong Street, Cheung Sha
- (20) Wan, Kowloon, Hong Kong.
- (21) Thunder Funding LLC's address is 11811 N. Tatum Blvd., Suite 1051, Phoenix, AZ 85028.
- (22) Brio Capital LP's address is 401 E. 34th St., Suite South 33C, New York, NY 10016.
- (23) Mr. Peierl's address is 7808 Harvestman Cove, Austin, TX 78731.
- (24) Mr. Peierl's address is 73 South Holman Way, Golden, CO 80401.
- (25) Mr. Lauffenburger's address and that of the trust is 2095 Heritage Place, Erie, CO 80516.  
Joint Glory International Limited's address is c/o Accelera Management (Singapore) Pte. Ltd., 16 Collyer Quay,
- (26) #10-00 Hitachi Tower, Singapore 049318.
- (27) The Duncan Family Trust's address is 2003 Cordoba Ave., Kerrville, TX 78028.
- (28) J & T Meadows, Ltd.'s address is 3656 Encanto, Fort Worth, TX 76109.
- (29) Mr. Clarke's beneficial ownership includes a \$8,282 promissory note and accrued interest that is convertible into 46,013 shares of common stock and is held jointly with his wife. In addition, Mr. and Mrs. Clarke jointly hold warrants to purchase an additional 83,333 shares of common stock.
- (30) Mr. Perkins beneficial ownership represents shares beneficially owned by Mr. Perkins prior to his death. These shares are now beneficially owned by his estate. The address for Mr. Perkins estate is 1750 Parliament Court, Lake Forest, IL 60045.
- (31) Ms. Bathgate's' address is 6376 E. Tufts Ave, Englewood, CO 80111.
- (32) Grad-Wurn LLC's address is 82 Alpine Way, Boulder, CO 80302.  
UD Ethel F. Peierls Charitable Lead Trust's address is US Trust Co. attn: John S. Kennedy, 114 W. 47th Street,
- (33) New York, NY 10036.  
Delaware Charter G&T Co. TTEE FBO Steven M. Bathgate IRA's address is c/o GVC Capital LLC, 5350 S.
- (34) Roslyn St., Suite 400, Greenwood Village, CO 80111.
- (35) Alvin R. Bonnette Rev. Trust's address is 181 East Dunstable Rd., Nashua, NH 03062.
- (36) Mr. Fulker & Ms. Wolman's address is 1400 Mariposa Ave., Boulder, CO 80302.
- (37) Mr. Wood's address is 55 Madison Street #680, Denver, CO 80206.
- (38) Ms. Bowen's address is 313 Schreiner St., Kerrville, TX 78028.
- (39) Mr. Greenberg's address is 2371 Linden Dr., Boulder, CO 80304.
- (40) Mr. Osterman's address is 2910 N. Lakeridge Trail, Boulder, CO 80302.  
Southwest Securities, Inc. FBO Sharon L Pitkin Trust, IRA Kimberly L Lawrenz, Trustee's address is 1201 Elm
- (41) Street #3500, Dallas, TX 75270.
- (42) The Earl W. Sauder, LLC's address is 2824 Hidden Lakes Dr., Emporia, KS 66801.  
Delaware Charter Guarantee & Trust FBO: Alan Kurus, IRA's address is 1201 Elm Street, Suite 3500, Dallas,
- (43) TX 75270.
- (44) The Julia B. Donovan Trust's address is 2440 CR 44 West, Eustis, FL 32726.

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## SELECTED FINANCIAL AND PRO FORMA FINANCIAL DATA

The following is selected historical financial and pro forma financial data of AeroGrow. The AeroGrow data includes information as of and for each of the fiscal years ended March 31, 2007 through 2010 and as of and for the nine months ended December 31, 2009 and 2010. The data has been derived from both audited and unaudited historical financial statements incorporated by reference into this Information Statement or from other reports filed by AeroGrow with the SEC and should be read in conjunction with those financial statements and their related notes.

AG Worldwide was recently formed by Cyrano but as of the date of this Information Statement, AG Worldwide had no assets and no operations prior to April 22, 2011. As a result, we have omitted historical financial data related to AG Worldwide.

## Selected Historical Financial Data

	2007	Year Ended March 31,		2010	Nine Months Ended December 31,	
		2008	2009		2009	2010
<b>Selected Financial Data</b>						
Sales	13,144,037	38,356,676	37,449,868	17,251,347	14,204,890	8,200,507
Net (loss) from operations	(8,541,650 )	(9,392,902 )	(9,223,625 )	(6,237,182 )	(3,696,807 )	(2,335,790 )
Net (loss)	(10,386,451)	(9,835,921 )	(10,313,514)	(6,331,205 )	(3,537,653 )	(5,298,365 )
Net (loss) per share, basic & diluted	(1.09 )	(0.84 )	(0.82 )	(0.50 )	(0.28 )	(0.39 )
Total Assets	13,041,806	11,919,629	14,609,190	6,843,780	6,843,780	9,384,067
Long Term Liabilities	-	129,373	6,780,515	1,020,957	1,020,957	3,791,665
Stockholder's Equity	7,983,905	4,408,551	(4,231,625 )	(3,326,930 )	(3,326,930 )	346,401
<b>Share Information</b>						
Weighted average number of Shares, basic & diluted	9,505,926	11,662,891	12,519,999	12,564,140	12,618,432	13,461,788
Common shares outstanding	11,065,609	12,076,717	13,342,877	12,398,249	12,398,249	15,242,660
Preferred shares outstanding	-	-	-	7,586	7,586	7,586





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Unaudited Pro Forma Condensed Financial Information

The following tables present, as at the dates and for the periods indicated, selected unaudited pro forma condensed financial information and explanatory notes, and include the impact of the AG Worldwide Transaction on AeroGrow's historical financial positions and results of operations. The unaudited pro forma condensed consolidated balance sheet at December 31, 2010 assumes the merger was completed on that date. The unaudited pro forma condensed statements of income for the year ended March 31, 2010 and the nine months ended December 31, 2010 give effect to the AG Worldwide Transaction as if it had been completed on April 1, 2009.

The unaudited pro forma condensed financial data of AeroGrow has been prepared assuming the transaction with AG Worldwide had been consummated as at the dates and for the periods indicated. Because the terms of the proposed joint venture transaction are not yet final and because AG Worldwide has no operating history prior to April 22, 2011, the following assumptions have been used to prepare the pro forma financial data: (i) AeroGrow has a 35% equity interest in AG Worldwide, (ii) AeroGrow uses the equity method to account for its ownership in the joint venture, (iii) AeroGrow receives a \$5 million note and a \$1 million special distribution right for transferring substantially all of its assets to AG Worldwide, (iv) AeroGrow has no operations other than its administrative obligations as a reporting company and is a holding company for its interests in AG Worldwide, (v) AeroGrow retains all liabilities, and (vi) AG Worldwide's results during the pro forma periods reflect only the existing direct response, retail, and international businesses of AeroGrow, but do not include any sales or operating results relating to the start-up MLM business initiative.

The unaudited pro forma condensed financial information is presented for illustrative purposes only and does not purport to indicate the financial results of AeroGrow had the AG Worldwide Transaction actually been consummated at the beginning of the period presented. It does not represent the impact of possible business model changes or potential changes to asset valuations due to changes in market conditions. In addition, it does not include any assumptions regarding the impact of potential sales into the MLM distribution channel.

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Pro Forma Condensed Balance Sheet  
(unaudited)  
12/31/2010

CONDENSED BALANCE SHEET	12/31/2010	Pro forma Adjustments	Pro forma Balance Sheet
<b>ASSETS</b>			
Cash	\$ 790,246	\$ -	\$ 790,246
Restricted Cash	160,102	-	160,102
Accounts Receivable	926,010	-	926,010
Notes Receivable	-	-	-
Notes Receivable - related party	-	-	-
Other Receivables	184,436	-	184,436
Inventory	3,922,125	(3,922,125 )	A -
Prepaid Expenses and other	747,208	(747,208 )	A -
<b>Total Current Assets</b>	<b>\$ 6,730,127</b>	<b>\$ (4,669,333 )</b>	<b>\$ 2,060,794</b>
Property and equipment	472,860	(472,860 )	A -
Notes Receivable		6,000,000	B 6,000,000
Equity Investment In Joint Venture		-	-
Other Assets		-	-
Intangible Assets	277,090	(277,090 )	A -
Deposits	190,131	-	190,131
Prepaid Loan Issuance Costs	1,713,859	-	1,713,859
<b>Total other assets</b>	<b>\$ 2,181,080</b>	<b>\$ (277,090 )</b>	<b>\$ 1,903,990</b>
<b>Total Assets</b>	<b>\$ 9,384,067</b>	<b>\$ 580,717</b>	<b>\$ 9,964,784</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
<b>Current Liabilities</b>			
Notes Payable	\$ 638,312	\$ -	\$ 638,312
Notes Payable - Related Party	318,513	-	318,513
Current Portion - Long Term Debt	104,583	-	104,583
Current Portion - Long Term Debt - Related Party	938,917	-	938,917
Accounts payable	2,192,061	-	2,192,061
Accrued expenses	898,320	-	898,320
Customer deposits	126,904	-	126,904
Deferred rent	28,391	-	28,391
<b>Total current liabilities</b>	<b>\$ 5,246,001</b>	<b>\$ -</b>	<b>\$ 5,246,001</b>
Long term debt	3,537,577	-	3,537,577
Long Term Debt - Related Party	254,088	-	254,088
<b>Stockholder's equity</b>			
Preferred stock	8	-	8

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Common stock	15,242	-	15,242
Additional paid-in capital	61,902,320	-	61,902,320
Accumulated (deficit)	(61,571,169 )	580,717 C	(60,990,452 )
Total stockholder's equity	\$ 346,401	\$ 580,717	\$ 927,118
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
	\$ 9,384,067	\$ 580,717	\$ 9,964,784

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Pro Forma Condensed Statement of Operations  
(unaudited)  
For the fiscal year ended 03/31/2010

	Fiscal Year Ended 3/31/2010	Pro forma Adjustments		Pro forma Statement of Operations
Revenue				
Product Sales	\$ 17,251,347	\$ (17,251,347 )	D	\$ -
Operating expenses				
Cost of revenue	11,846,399	(11,846,399 )	D	-
Research and development	424,741	(424,741 )	D	-
Sales and marketing	6,104,742	(6,104,742 )	D	-
General and administrative	5,112,647	(5,112,647 )	D	-
Total operating expenses	\$ 23,488,529	\$ (23,488,529 )		\$ -
Loss from operations	(6,237,182 )	6,237,182		-
Other (income) expense, net				
Loss (income) on Equity Investment	-	2,256,759	E	2,256,759
Interest (income)	(8,537 )	(210,701 )	F	(219,238 )
Interest expense	931,468	-		931,468
Interest expense - RP	117,382	-		117,382
Other (income)	(946,290 )	-		(946,290 )
Total other (income) expense, net	\$ 94,023	\$ 2,046,058		\$ 2,140,081
Net loss	\$ (6,331,205 )	\$ 4,191,124		\$ (2,140,081 )
Net loss per share, basic and diluted	\$ (0.50 )			\$ (0.17 )
Weighted average number of common shares outstanding, basic and diluted				
	12,564,140			12,564,140

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Pro Forma Condensed Statement of Operations  
(unaudited)  
For the nine months ended 12/31/2010

	Nine Months Ended 3/31/2010	Pro forma Adjustments		Pro forma Statement of Operations
Revenue				
Product Sales	\$ 8,200,507	\$ (8,200,507 )	D	\$ -
Operating expenses				
Cost of revenue	5,239,919	(5,239,919 )	D	-
Research and development	146,570	(146,570 )	D	-
Sales and marketing	2,738,613	(2,738,613 )	D	-
General and administrative	2,411,195	(2,411,195 )	D	-
Total operating expenses	\$ 10,536,297	\$ (10,536,297 )		\$ -
Loss from operations	(2,335,790 )	2,335,790		-
Other (income) expense, net				
Loss (income) on Equity Investment	-	861,141	E	861,141
Interest (income)	(8,568 )	(124,611 )	F	(133,179 )
Interest expense	2,650,205	-		2,650,205
Interest expense - RP	285,181	-		285,181
Other (income)	35,757	-		35,757
Total other (income) expense, net	\$ 2,962,575	\$ 736,530		\$ 3,699,105
Net loss	\$ (5,298,365 )	\$ 1,599,260		\$ (3,699,105 )
Net loss per share, basic and diluted	\$ (0.39 )			\$ (0.27 )
Weighted average number of common shares outstanding, basic and diluted				
	13,461,788			13,461,788

## Explanatory Notes to Unaudited Pro Forma Condensed Financial Information

A - Adjustments to reflect the assets transferred to AG Worldwide, LLC by AeroGrow International, Inc.

B - Adjustment to reflect the assets (\$5 million note receivable bearing 4.5% interest and \$1 subscription receivable) received from AG Worldwide by AeroGrow International, Inc.

C - Adjustment for the net difference in the amount of assets surrendered less the assets received in return which would be booked as a gain on disposal of assets.

D - Adjustment to eliminate the operations of AeroGrow International, Inc. as these operations will be transferred to AG Worldwide.

E - Adjustment to reflect the AeroGrow International, Inc. 35% proportionate share of losses of the AG Worldwide.

F - Adjustment to reflect the interest income that will be earned on the interest bearing \$5 million note.



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Safe Harbor for Forward-looking Statements

Certain statements contained herein are not statements of historical fact and constitute forward-looking statements. These statements include specifically identified forward-looking statements herein. Examples of forward-looking statements, include: (i) projections of revenues, income or loss, earnings or loss per share, the payment or non-payment of dividends, capital structure, and other financial items; (ii) statements of plans and objectives of the Company, or any of its management or Boards of Directors; (iii) statements of future economic performance; and (iv) statements of assumptions underlying those statements. Words such as "believes," "anticipates," "expects," "intends," "targeted," "may," "will" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements involve risks and uncertainties which may cause actual results to differ materially from those in such statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include: (i) the strength of foreign and U.S. economies in general and the strength of the local economies in which operations are conducted; (ii) the ability of the Company to finance its planned operations; (iii) the ability of the Company to hire and retain key personnel, (iv) the ability of the Company to maintain as well as protect any patents that may issue from its pending applications; (v) the ability of the Company to compete with financially stronger competitors; (vi) the effects of and changes in trade, monetary and fiscal policies and laws; (vii) inflation, interest rates, market and monetary fluctuations and volatility; (viii) the timely development of and acceptance of new products and perceived overall value of these products by existing and potential customers; (ix) the ability to control expenses; (x) the effect of changes in laws and regulations with which the Company must comply; (xi) the effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies as well as the Financial Accounting Standards Board; (xii) changes in the organization and compensation plans of the Company; (xiii) the costs and effects of litigation and of unexpected or adverse outcomes in litigation; and (xiv) the success of the Company at managing the above risks.

In light of the significant uncertainties inherent in the forward-looking statements made in this Information Statement, particularly in view of our early stage of operations, the inclusion of this information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved.



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BUSINESS OF AG WORLDWIDE

The following is a description of the proposed business of AG Worldwide. It is anticipated that there will be no material change in the product offering of AeroGrow through AG Worldwide. Nor do we anticipate any material changes in our sources of supply. The principal difference will be in the mode and manner of our distribution channels utilizing the MLM strategies of our joint venture partner, Cyrano, and its distribution arrangements.

As AG Worldwide has no historical operations, much of our plan of operation is subject to change depending upon facts and circumstances as they develop.

General

AG Worldwide, LLC was formed on March 24, 2011. It is currently a single-member LLC, with its single member being Cyrano Partners, LLC. From its inception through April 21, 2011, AG Worldwide was inactive. Beginning on April 22, 2011, AG Worldwide began sales of AeroGardens and related products pursuant to a Distributor and License Agreement it entered into with AeroGrow on April 12, 2011 (the "License Agreement"). Following the consummation of the transactions anticipated by the Shareholder Action (the "Joint Venture Transaction"), AG Worldwide will become a joint venture between AeroGrow, Cyrano Partners, LLC and third party investors.

Distribution

AG Worldwide markets and sells its products through a direct sales network made up of independent, commissioned individuals who act as distributors for AG Worldwide products. AG Worldwide's distributor commission plan is designed to encourage its distributors to expand their sales of AG Worldwide products using person-to-person selling methods, and to enroll new distributors for AG Worldwide. The independent distributors are charged a fee to join the AG Worldwide distributor network and receive various materials and services from AG Worldwide to assist them in their selling efforts.

Distributors earn commissions on their personal sales activity, as well as on the sales of other distributors who they have personally enrolled, or who are affiliated with them under the terms and conditions of the AG Worldwide commission plan.

Products and Product Development

AG Worldwide offers the full line of AeroGrow-branded products, including AeroGardens, seed kits, grow bulbs, and other accessories. It is anticipated that AG Worldwide will develop new AeroGardens, seed kits and accessory items to broaden its product line and enhance its appeal to distributors and to consumers.

Operations and Manufacturing

Under the terms of the License Agreement, AeroGrow provides all warehousing, fulfillment, and administrative services necessary for AG Worldwide to market, sell and distribute its products. This will continue until the closing of the Joint Venture Transaction, at which time AeroGrow will transfer substantially all of its assets, its management, and employees to AG Worldwide and AG Worldwide will perform these functions independently of AeroGrow.

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AeroGardens sold by AG Worldwide are manufactured by third-party contract manufacturers based in China, as are grow bulbs and many of the accessory items offered for sale. Seed kits are currently manufactured in the U.S. by AeroGrow, but after the consummation of the Joint Venture Transaction, AG Worldwide will take on the manufacturing of seed kits, also in the U.S.

## Competition

Aeroponic and hydroponic technologies have historically been limited to ardent hobbyists and commercial growing facilities. AeroGardens and related products are innovative in that they offer a simple dirt-free indoor growing system for the mass consumer market.

Typical hydroponic manufacturers offer a range of equipment and accessories through distributors or small independent “hydro-shops” in a trade-oriented manner similar to plumbing or electrical suppliers. Purchasers typically mix and match equipment from various suppliers in an “a la carte” fashion to individually customize a large system that they then assemble on their premises. Generally these products are more expensive than the AeroGrow line of products.

The simplified and complete AeroGrow indoor gardening products and current and planned methods of distribution offer significant benefits from these traditional hydroponic industry practices. Since the AeroGarden was first launched in 2006, a kitchen design firm introduced a competitive indoor growing system into the market, to what appears to be very limited success. In AeroGrow’s in-house laboratory tests, these systems performed at levels far below the AeroGarden system in terms of germination success, longevity, speed-of-growth and overall yields.

However, we believe a large market exists for products like ours and there are other companies that are better funded and have greater experience in producing hydroponic products in commercial markets, or that have been more successful in manufacturing or selling consumer product or soil-based gardening products.

As a direct selling company, AG Worldwide competes with other direct selling organizations to attract new distributors. In many cases, these direct selling competitors have longer operating histories, greater name recognition, and greater financial resources. AG Worldwide competes for new direct selling distributors on the strength of its distributor leadership, product offerings, distributor commission plan, management, and the overall business opportunity offered to distributors.

## Intellectual Property

AG Worldwide currently licenses the intellectual property owned by AeroGrow, including its patents and patents pending, brand names, trademarks, trade secrets and other similar items. In addition, AG Worldwide’s intellectual property includes expertise, know-how and trade secrets related to operating in the direct selling industry. As part of the Joint Venture Transaction, AeroGrow will transfer ownership of its intellectual property to AG Worldwide.

## Government Regulation

As a direct selling company, AG Worldwide is subject to a number of federal and state regulations administered by the Federal Trade Commission and various state agencies in the United States, directed at preventing fraudulent or deceptive marketing schemes by ensuring that product sales are made to consumers of the products and that compensation, recognition, and advancement within the distributor network are based on the sale of products rather than investment in the organization or other non-sales-related criteria. These regulatory requirements do not include “bright line” rules and are inherently fact-based. AG Worldwide believes its marketing program complies with applicable federal and state laws and regulations; however, a governmental agency or court could determine that it has

failed to meet these requirements in a particular case. Such an adverse determination could require AG Worldwide to make modifications to its marketing program, potentially increasing its operating expenses. The negative publicity associated with such an adverse determination could also reduce distributor and end user demand for AG Worldwide's products.

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Legislative or regulatory changes in one or more of AG Worldwide's present or future markets could lead to a determination that its marketing system does not comply with applicable laws or regulations and could result in the prohibition of the AG Worldwide marketing system. Failure to comply with applicable laws and regulations could result in the imposition of legal fines and/or penalties.

Employees

As of April 28, 2011, AG Worldwide had one full time employee. Subsequent to the Joint Venture Transaction, it is anticipated that AG Worldwide will employ individuals who are currently employed by AeroGrow.

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RISK FACTORS

Risk Factors Related to AeroGrow Historical Operations

As the essential elements of AeroGrow's historical operations will remain intact following the consummation of the Transaction with AG Worldwide, the risks historically associated with our business will remain applicable in most material respects. Those risk factors include:

Risks Related to our Business, Products and Markets

Current economic conditions and in the global economy generally, including ongoing disruptions in the debt and equity capital markets, may adversely affect our business and results of operations, and our ability to obtain financing.

The global economic environment is currently volatile and uncertain, and the future economic environment may continue to be less favorable than that of recent years. The retail industry has experienced and may continue to experience significant downturns in connection with, or in anticipation of, declines in general economic conditions. The current economic environment has been characterized by higher unemployment, lower family income, lower corporate earnings, lower business investment and lower consumer spending, leading to lowered demand for products and resulting in fewer customers visiting, and customers spending less, which could adversely affect our revenues. In addition, further declines in consumer and commercial spending may drive us and our competitors to reduce pricing, which would have a negative impact on our gross profit. We are unable to predict the timing, duration, and severity of any disruptions in debt and equity capital markets and adverse economic conditions in the United States and other countries, which could have an adverse effect on our business and results of operations, in part because we are dependent upon customer behavior and the impact on consumer spending that market disruptions may have.

The global stock and credit markets have recently experienced significant price volatility, dislocations and liquidity disruptions, which have caused market prices of many stocks to fluctuate substantially and the spreads on prospective and outstanding debt financings to widen considerably. These circumstances have materially impacted liquidity in the financial markets, making terms for certain financings materially less attractive, and in certain cases have resulted in the unavailability of certain types of financing. This volatility and illiquidity has negatively affected a broad range of mortgage and asset-backed and other fixed income securities. As a result, the market for fixed income securities has experienced decreased liquidity, increased price volatility, credit downgrade events, and increased defaults. Global equity markets have also been experiencing heightened volatility and turmoil, with issuers exposed to the credit markets particularly affected. These factors and the continuing market disruption have an adverse effect on us, in part be