

**Statements of Operations**  
**(Unaudited)**

	<b>Three Months ended June 30,</b>	
	<b>2013</b>	<b>2012</b>
Product sales	\$ 1,123,169	\$ 1,416,533
Cost of revenue	721,444	693,332
Gross profit	<u>401,725</u>	<u>723,201</u>
Operating expenses		
Research and development	21,669	93,024
Sales and marketing	470,021	451,177
General and administrative	399,231	577,616
Total operating expenses	<u>890,921</u>	<u>1,121,817</u>
Loss from operations	(489,196)	(398,616)
Other (income) expense, net		
Interest (income)	(2)	(2)
Interest expense	91,167	108,975
Interest expense – related party	3,593	11,650
Debt conversion cost	-	6,648,267
Other (income) expense	(516,657)	302
Total other (income) expense, net	<u>(421,899)</u>	<u>6,769,192</u>
Net loss	\$ <u>(67,297)</u>	\$ <u>(7,167,808)</u>
Deemed dividend on convertible preferred stock	<u>(268,157)</u>	<u>--</u>
Net loss attributable to common stockholders	<u>(335,454)</u>	<u>(7,167,808)</u>
Net loss per share, basic and diluted	\$ <u>(0.06)</u>	\$ <u>(1.24)</u>
Weighted average number of common shares outstanding , basic and diluted	<u>5,904,877</u>	<u>5,763,416</u>

**AEROGROW INTERNATIONAL, INC.**  
**Condensed Balance Sheet**

	<b>June 30, 2013</b>	<b>March 31, 2013</b>
	(Unaudited)	(Derived from Audited Statements)
<b>ASSETS</b>		
Current assets		
Cash	\$ 3,301,447	\$ 524,491
Restricted cash	23,571	42,294
Accounts receivable, net of allowance for doubtful accounts of \$544 and \$1,100 at June 30, 2013 and March 31, 2013, respectively	68,083	173,096
Other receivables	106,531	168,511
Inventory	888,364	1,229,397
Prepaid expenses and other	133,259	204,927
Total current assets	4,521,255	2,342,716
Property and equipment, net of accumulated depreciation of \$2,905,650 and \$2,868,610 at June 30, 2013 and March 31, 2013, respectively	251,342	265,508
Other assets		
Intangible assets, net of \$350 and \$134,837 of accumulated amortization at June 30, 2013 and March 31, 2013, respectively	1,825	195,403
Deposits	145,201	145,201
Deferred debt issuance costs, net of accumulated amortization of \$2,262,760 and \$2,253,936 at June 30, 2013 and March 31, 2013, respectively	14,228	23,052
Total other assets	161,254	363,656
Total assets	\$ 4,933,851	\$ 2,971,880
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current liabilities		
Notes payable	\$ 383,960	\$ 518,347
Notes payable – related party	83,649	122,026
Current portion – long term debt	1,109,012	899,399
Accounts payable	330,678	379,242
Accrued expenses	180,138	292,066
Customer deposits	156,248	156,929
Deferred rent	5,829	6,209
Total current liabilities	2,249,514	2,374,218
Long term debt	--	1,168,711
Total liabilities	2,249,514	3,542,929
Commitments and contingencies		
Stockholders' equity (deficit)		
Preferred stock, \$.001 par value, 20,000,000 shares authorized, 2,649,007 and 0 shares issued and outstanding at June 30, 2013 and March 31, 2013, respectively	2,649	--
Common stock, \$.001 par value, 750,000,000 shares authorized, 5,904,877 and 5,904,877 shares issued and outstanding at June 30, 2013 and March 31, 2013, respectively	5,905	5,905
Additional paid-in capital	79,015,408	75,427,217
Accumulated deficit	(76,339,625)	(76,004,171)
Total stockholders' equity (deficit)	2,684,337	(571,049)
Total liabilities and stockholders' equity (deficit)	\$ 4,933,851	\$ 2,971,880

**AEROGROW INTERNATIONAL, INC.**  
**SUPPLEMENTAL INFORMATION**

**SALES BY CHANNEL**

	<b>Three Months Ended June 30,</b>	
	<b>2013</b>	<b>2012</b>
Net revenue		
Direct-to-consumer	70.2%	94.0%
Retail	15.0%	3.1%
International	14.8%	2.9%
Total net revenue	100.0%	100.0%

**SALES BY PRODUCT**

	<b>Three Months Ended June 30,</b>	
	<b>2013</b>	<b>2012</b>
Net revenue		
AeroGardens	66.6%	36.7%
Seed Kits and Accessories	33.4%	63.3%
Total net revenue	100.0%	100.0%

**EBITDA CALCULATION**

	<b>Three Months Ended June 30,</b>	
	<b>2013</b>	<b>2012</b>
Operating Loss	\$ (489,196)	\$ (398,616)
<u>Add Back Non-Cash Items:</u>		
Depreciation	37,260	31,737
Amortization	1,061	3,842
Stock based compensation	43,531	63,384
Total Non-Cash Items	81,852	98,963
EBITDA	<u>\$ (407,344)</u>	<u>\$ (299,653)</u>

EBITDA is a non-GAAP measure. The GAAP measure most directly comparable to EBITDA is net earnings. The non-GAAP financial measure of EBITDA should not be considered as an alternative to net earnings. EBITDA is not a presentation made in accordance with GAAP and has important limitations as an analytical tool. EBITDA should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Because EBITDA excludes some, but not all, items that affect net earnings and is defined differently by different companies, our definition of EBITDA may not be comparable to similarly titled measures of other companies.