SCOTTS MIRACLE-GRO CO
Form S-8 POS
May 09, 2005

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As filed with the Securities and Exchange Commission on May 9, 2005
Registration No. 333-72715

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**POST-EFFECTIVE AMENDMENT NO. 1
TO**

FORM S-8

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

THE SCOTTS MIRACLE-GRO COMPANY

(Exact name of registrant as specified in its charter)

Ohio	31-1414921
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

14111 Scottslawn Road, Marysville, Ohio	43041
(Address of Principal Executive Offices)	(Zip Code)

The Scotts Company LLC Executive Retirement Plan

(Full title of the plan)

David M. Aronowitz, Esq.
The Scotts Miracle-Gro Company
14111 Scottslawn Road
Marysville, Ohio 43041

(Name and address of agent for service)

Copy to:
Elizabeth Turrell Farrar, Esq.
Vorys, Sater, Seymour and Pease LLP
52 East Gay Street
P.O. Box 1008
Columbus, Ohio 43216-1008

(937) 644-0011

(Telephone number, including area code, of agent for service)

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EXPLANATORY NOTE AND
ADOPTION OF PREDECESSOR ISSUER S REGISTRATION STATEMENT

This Post-Effective Amendment No. 1 to Registration Statement on Form S-8 (this Post-Effective Amendment No. 1), is being filed by The Scotts Miracle-Gro Company, an Ohio corporation (Scotts Miracle-Gro or the Registrant), as the public company successor to The Scotts Company, an Ohio corporation (Scotts).

On March 18, 2005 (the Effective Time), Scotts consummated the restructuring of Scotts corporate structure into a holding company structure by merging Scotts into a newly-created, wholly-owned, second-tier Ohio limited liability company subsidiary, The Scotts Company LLC (Scotts LLC), pursuant to an Agreement and Plan of Merger, dated as of December 13, 2004, by and among Scotts, Scotts LLC and Scotts Miracle-Gro. This merger is referred to in this Post-Effective Amendment No. 1 as the Restructuring Merger.

Upon consummation of the Restructuring Merger, each of Scotts common shares, without par value (the Scotts Common Shares), issued and outstanding immediately prior to the Effective Time was automatically converted into one fully paid and nonassessable common share, without par value, of Scotts Miracle-Gro (the Scotts Miracle-Gro Common Shares). Also, the entire class of Scotts Miracle-Gro Common Shares became registered under Section 12(b) of the Securities Exchange Act of 1934, as amended (the Exchange Act), in accordance with Rule 12g-3 under the Exchange Act. As a result of the Restructuring Merger, Scotts Miracle-Gro is the new parent holding company and the public company successor to Scotts. Scotts LLC is the successor to Scotts and is a direct, wholly-owned subsidiary of Scotts Miracle-Gro.

As of the Effective Time, Scotts maintained The Scotts Company Retirement Savings Plan (the RSP), a tax-qualified, defined contribution profit sharing and 401(k) plan, and The Scotts Company Executive Retirement Plan (the Executive Retirement Plan), which provides participants with the opportunity for contributions in excess of Internal Revenue Code limitations for the RSP. As of the Effective Time, Scotts LLC assumed the obligations of Scotts under the RSP and the Executive Retirement Plan. The Scotts Common Shares attributable to the accounts of participants under the RSP and the Executive Retirement Plan relating to common share units immediately prior to the Effective Time were, by virtue of the Restructuring Merger, converted into the same number of Scotts Miracle-Gro Common Shares and those Scotts Miracle-Gro Common Shares are attributable to the accounts of those participants upon the same terms and subject to the same conditions as were in effect at the Effective Time.

All provisions of the Executive Retirement Plan remain the same following the Restructuring Merger, except that the Executive Retirement Plan has been amended to change the name of the Executive Retirement Plan from The Scotts Company Executive Retirement Plan to The Scotts Company LLC Executive Retirement Plan and to revise certain definitions to reflect the assumption of the Plan by Scotts LLC and the issuance under the Plan of Scotts Miracle-Gro Common Shares instead of Scotts Common Shares. From and after the Effective Time, common share units under the Executive Retirement Plan will relate to Scotts Miracle-Gro Common Shares.

The Restructuring Merger was approved by the shareholders of Scotts at the Annual Meeting of Shareholders held on January 27, 2005. Prior to the Restructuring Merger, Scotts Miracle-Gro had engaged in no activities other than those incident to the restructuring and had no assets or liabilities other than nominal assets and liabilities.

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Pursuant to Rule 414(d) under the Securities Act of 1933, as amended (the Securities Act), Scotts Miracle-Gro, as the successor issuer to Scotts, hereby adopts Scotts Registration Statement on Form S-8 (Registration No. 333-72715), which Registration Statement is applicable to the securities issuable under the Executive Retirement Plan, as the Registration Statement of Scotts Miracle-Gro for all purposes of the Securities Act and the Exchange Act.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

Scotts Miracle-Gro hereby incorporates into this Post-Effective Amendment No. 1 to Registration Statement on Form S-8 (the Registration Statement) the following documents filed by Scotts Miracle-Gro and Scotts with the Securities and Exchange Commission (the Commission):

The Annual Report on Form 10-K of Scotts for the fiscal year ended September 30, 2004.

The Quarterly Report on Form 10-Q of Scotts for the quarterly period ended January 1, 2005.

The Current Reports on Form 8-K filed by Scotts with the Commission on November 19, 2004, December 8, 2004 (as subsequently amended by the Current Report on Form 8-K/A filed with the Commission on December 17, 2004) and February 2, 2005.

The Current Report on Form 8-K filed by Scotts Miracle-Gro with the Commission on March 24, 2005.

The description of the Scotts Miracle-Gro Common Shares contained in Scotts Miracle-Gro s Current Report on Form 8-K filed with the Commission on March 24, 2005.

Any definitive proxy statement or information statement filed by Scotts Miracle-Gro pursuant to Section 14 of the Exchange Act and all documents which may be filed by Scotts Miracle-Gro with the Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act subsequent to the date hereof and prior to the completion of the offering contemplated by the Executive Retirement Plan, shall also be deemed to be incorporated herein by reference and to be made a part hereof from the date of filing of such documents. Information furnished by Scotts Miracle-Gro under any Current Report on Form 8-K is not incorporated by reference in this Registration Statement.

Item 4. Description of Securities.

Not Applicable.

Item 5. Interests of Named Experts and Counsel.

Not Applicable.

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Item 6. Indemnification of Directors and Officers.

Article Five of the Code of Regulations of the Registrant governs the indemnification of officers and directors of the Registrant. Article Five provides:

Section 5.01. Mandatory Indemnification. The corporation shall indemnify any officer or director of the corporation who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including, without limitation, any action threatened or instituted by or in the right of the corporation), by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, trustee, officer, employee, member, manager or agent of another corporation (domestic or foreign, nonprofit or for profit), limited liability company, partnership, joint venture, trust or other enterprise, against expenses (including, without limitation, attorneys fees, filing fees, court reporters fees and transcript costs), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, he had no reasonable cause to believe his conduct was unlawful. A person claiming indemnification under this Section 5.01 shall be presumed, in respect of any act or omission giving rise to such claim for indemnification, to have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal matter, to have had no reasonable cause to believe his conduct was unlawful, and the termination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, rebut such presumption.

Section 5.02. Court-Approved Indemnification. Anything contained in the Regulations or elsewhere to the contrary notwithstanding:

(A) the corporation shall not indemnify any officer or director of the corporation who was a party to any completed action or suit instituted by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, trustee, officer, employee, member, manager or agent of another corporation (domestic or foreign, nonprofit or for profit), limited liability company, partnership, joint venture, trust or other enterprise, in respect of any claim, issue or matter asserted in such action or suit as to which he shall have been adjudged to be liable for acting with reckless disregard for the best interests of the corporation or misconduct (other than negligence) in the performance of his duty to the corporation unless and only to the extent that the Court of Common Pleas of Union County, Ohio or the court in which such action or suit was brought shall determine upon application that, despite such adjudication of liability, and in view of all the circumstances of the case, he is fairly and reasonably entitled to such indemnity as such Court of Common Pleas or such other court shall deem proper; and

(B) the corporation shall promptly make any such unpaid indemnification as is determined by a court to be proper as contemplated by this Section 5.02.

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Section 5.03. Indemnification for Expenses. Anything contained in the Regulations or elsewhere to the contrary notwithstanding, to the extent that an officer or director of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 5.01, or in defense of any claim, issue or matter therein, he shall be promptly indemnified by the corporation against expenses (including, without limitation, attorneys fees, filing fees, court reporters fees and transcript costs) actually and reasonably incurred by him in connection therewith.

Section 5.04. Determination Required. Any indemnification required under Section 5.01 and not precluded under Section 5.02 shall be made by the corporation only upon a determination that such indemnification of the officer or director is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 5.01. Such determination may be made only (A) by a majority vote of a quorum consisting of directors of the corporation who were not and are not parties to, or threatened with, any such action, suit or proceeding, or (B) if such a quorum is not obtainable or if a majority of a quorum of disinterested directors so directs, in a written opinion by independent legal counsel other than an attorney, or a firm having associated with it an attorney, who has been retained by or who has performed services for the corporation, or any person to be indemnified, within the past five years, or (C) by the shareholders, or (D) by the Court of Common Pleas of Union County, Ohio or (if the corporation is a party thereto) the court in which such action, suit or proceeding was brought, if any; any such determination may be made by a court under division (D) of this Section 5.04 at any time [including, without limitation, any time before, during or after the time when any such determination may be requested of, be under consideration by or have been denied or disregarded by the disinterested directors under division (A) or by independent legal counsel under division (B) or by the shareholders under division (C) of this Section 5.04]; and no failure for any reason to make any such determination, and no decision for any reason to deny any such determination, by the disinterested directors under division (A) or by independent legal counsel under division (B) or by shareholders under division (C) of this Section 5.04 shall be evidence in rebuttal of the presumption recited in Section 5.01. Any determination made by the disinterested directors under division (A) or by independent legal counsel under division (B) of this Section 5.04 to make indemnification in respect of any claim, issue or matter asserted in an action or suit threatened or brought by or in the right of the corporation shall be promptly communicated to the person who threatened or brought such action or suit, and within ten days after receipt of such notification such person shall have the right to petition the Court of Common Pleas of Union County, Ohio or the court in which such action or suit was brought, if any, to review the reasonableness of such determination.

Section 5.05. Advances for Expenses. Expenses (including, without limitation, attorneys fees, filing fees, court reporters fees and transcript costs) incurred in defending any action, suit or proceeding referred to in Section 5.01 shall be paid by the corporation in advance of the final disposition of such action, suit or proceeding to or on behalf of the officer or director promptly as such expenses are incurred by him, but only if such officer or director shall first agree, in writing, to repay all amounts so paid in respect of any claim, issue or other matter asserted in such action, suit or proceeding in defense of which he shall not have been successful on the merits or otherwise:

(A) if it shall ultimately be determined as provided in Section 5.04 that he is not entitled to be indemnified by the corporation as provided under Section 5.01; or

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(B) if, in respect of any claim, issue or other matter asserted by or in the right of the corporation in such action or suit, he shall have been adjudged to be liable for acting with reckless disregard for the best interests of the corporation or misconduct (other than negligence) in the performance of his duty to the corporation, unless and only to the extent that the Court of Common Pleas of Union County, Ohio or the court in which such action or suit was brought shall determine upon application that, despite such adjudication of liability, and in view of all the circumstances, he is fairly and reasonably entitled to all or part of such indemnification.

Section 5.06. Article FIVE Not Exclusive. The indemnification provided by this Article FIVE shall not be exclusive of, and shall be in addition to, any other rights to which any person seeking indemnification may be entitled under the Articles or the Regulations or any agreement, vote of shareholders or disinterested directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be an officer or director of the corporation and shall inure to the benefit of the heirs, executors, and administrators of such a person.

Section 5.07. Insurance. The corporation may purchase and maintain insurance or furnish similar protection, including but not limited to, trust funds, letters of credit, or self-insurance, on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, trustee, officer, employee, member, manager or agent of another corporation (domestic or foreign, nonprofit or for profit), limited liability company, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the obligation or the power to indemnify him against such liability under the provisions of this Article FIVE. Insurance may be purchased from or maintained with a person in which the corporation has a financial interest.

Section 5.08. Certain Definitions. For purposes of this Article FIVE, and as examples and not by way of limitation:

(A) A person claiming indemnification under this Article FIVE shall be deemed to have been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 5.01, or in defense of any claim, issue or other matter therein, if such action, suit or proceeding shall be terminated as to such person, with or without prejudice, without the entry of a judgment or order against him, without a conviction of him, without the imposition of a fine upon him and without his payment or agreement to pay any amount in settlement thereof (whether or not any such termination is based upon a judicial or other determination of the lack of merit of the claims made against him or otherwise results in a vindication of him); and

(B) References to an other enterprise shall include employee benefit plans; references to a fine shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to serving at the request of the corporation shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed

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to have acted in a manner not opposed to the best interests of the corporation within the meaning of that term as used in this Article FIVE.

Section 5.09. Venue. Any action, suit or proceeding to determine a claim for indemnification under this Article FIVE may be maintained by the person claiming such indemnification, or by the corporation, in the Court of Common Pleas of Union County, Ohio. The corporation and (by claiming such indemnification) each such person consent to the exercise of jurisdiction over its or his person by the Court of Common Pleas of Union County, Ohio in any such action, suit or proceeding.

Division (E) of Section 1701.13 of the Ohio Revised Code addresses indemnification by an Ohio corporation and provides as follows:

(E)(1) A corporation may indemnify or agree to indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, other than an action by or in the right of the corporation, by reason of the fact that he is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, trustee, officer, employee, member, manager, or agent of another corporation, domestic or foreign, nonprofit or for profit, a limited liability company, or a partnership, joint venture, trust, or other enterprise, against expenses including attorney s fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, if he had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, he had reasonable cause to believe that his conduct was unlawful.

(2) A corporation may indemnify or agree to indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action or suit by or in the right of the corporation to procure a judgment in its favor, by reason of the fact that he is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, trustee, officer, employee, member, manager, or agent of another corporation, domestic or foreign, nonprofit or for profit, a limited liability company, or a partnership, joint venture, trust, or other enterprise, against expenses, including attorney s fees, actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made in respect of any of the following:

(a) Any claim, issue, or matter as to which such person is adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless, and only to the extent that, the court of common pleas or the court in which such action or suit was brought determines, upon application, that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court of common pleas or such other court shall deem proper;

(b) Any action or suit in which the only liability asserted against a director is pursuant to section 1701.95 of the Revised Code.

(3) To the extent that a director, trustee, officer, employee, member, manager, or agent has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in division (E)(1) or (2) of this section, or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses, including attorney s fees, actually and reasonably incurred by him in connection with the action, suit, or proceeding.

(4) Any indemnification under division (E)(1) or (2) of this section, unless ordered by a court, shall be made by the corporation only as authorized in the specific case, upon a determination that indemnification of the director, trustee, officer, employee, member, manager, or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in division (E)(l) or (2) of this section. Such determination shall be made as follows:

(a) By a majority vote of a quorum consisting of directors of the indemnifying corporation who were not and are not parties to or threatened with the action, suit, or proceeding referred to in division (E)(1) or (2) of this section;

(b) If the quorum described in division (E)(4)(a) of this section is not obtainable or if a majority vote of a quorum of disinterested directors so directs, in a written opinion by independent legal counsel other than an attorney, or a firm having associated with it an attorney, who has been retained by or who has performed services for the corporation or any person to be indemnified within the past five years;

(c) By the shareholders;

(d) By the court of common pleas or the court in which the action, suit, or proceeding referred to in division (E)(1) or (2) of this section was brought.

Any determination made by the disinterested directors under division (E)(4)(a) or by independent legal counsel under division (E)(4)(b) of this section shall be promptly communicated to the person who threatened or brought the action or suit by or in the right of the corporation under division (E)(2) of this section, and, within ten days after receipt of such notification, such person shall have the right to petition the court of common pleas or the court in which such action or suit was brought to review the reasonableness of such determination.

(5)(a) Unless at the time of a director s act or omission that is the subject of an action, suit, or proceeding referred to in division (E)(1) or (2) of this section, the articles or the regulations of a corporation state, by specific reference to this division, that the provisions of this division do not apply to the corporation and unless the only liability asserted against a director in an action, suit, or proceeding referred to in division (E)(1) or (2) of this section is pursuant to section 1701.95 of the Revised Code, expenses, including attorney s fees, incurred by a director in defending the action, suit, or proceeding shall be paid by the corporation as they are incurred, in advance of the final

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disposition of the action, suit, or proceeding, upon receipt of an undertaking by or on behalf of the director in which he agrees to do both of the following:

(i) Repay such amount if it is proved by clear and convincing evidence in a court of competent jurisdiction that his action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the corporation or undertaken with reckless disregard for the best interests of the corporation;

(ii) Reasonably cooperate with the corporation concerning the action, suit, or proceeding.

(b) Expenses, including attorney s fees, incurred by a director, trustee, officer, employee, member, manager, or agent in defending any action, suit, or proceeding referred to in division (E)(1) or (2) of this section, may be paid by the corporation as they are incurred, in advance of the final disposition of the action, suit, or proceeding, as authorized by the directors in the specific case, upon receipt of an undertaking by or on behalf of the director, trustee, officer, employee, member, manager, or agent to repay such amount, if it ultimately is determined that he is not entitled to be indemnified by the corporation.

(6) The indemnification authorized by this section shall not be exclusive of, and shall be in addition to, any other rights granted to those seeking indemnification under the articles, the regulations, any agreement, a vote of shareholders or disinterested directors, or otherwise, both as to action in their official capacities and as to action in another capacity while holding their offices or positions, and shall continue as to a person who has ceased to be a director, trustee, officer, employee, member, manager, or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

(7) A corporation may purchase and maintain insurance or furnish similar protection, including, but not limited to, trust funds, letters of credit, or self-insurance, on behalf of or for any person who is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, trustee, officer, employee, member, manager, or agent of another corporation, domestic or foreign, nonprofit or for profit, a limited liability company, or a partnership, joint venture, trust, or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under this section. Insurance may be purchased from or maintained with a person in which the corporation has a financial interest.

(8) The authority of a corporation to indemnify persons pursuant to division (E)(1) or (2) of this section does not limit the payment of expenses as they are incurred, indemnification, insurance, or other protection that may be provided pursuant to divisions (E)(5), (6), and (7) of this section. Divisions (E)(1) and (2) of this section do not create any obligation to repay or return payments made by the corporation pursuant to division (E)(5), (6), or (7).

(9) As used in division (E) of this section, corporation includes all constituent entities in a consolidation or merger and the new or surviving corporation, so that any person who is or was a director, officer, employee, trustee, member, manager, or agent of such a constituent entity, or is or was serving at the request of such constituent

entity as a director, trustee, officer, employee, member, manager, or agent of another corporation, domestic or foreign, nonprofit or for profit, a limited liability company, or a partnership, joint venture, trust, or other enterprise, shall stand in the same position under this section with respect to the new or surviving corporation as he would if he had served the new or surviving corporation in the same capacity.

The Registrant has purchased insurance coverage under a policy which insures directors and officers against certain liabilities which might be incurred by them in such capacity.

Item 7. Exemption from Registration Claimed.

Not Applicable.

Item 8. Exhibits.

See the Index to Exhibits attached hereto and beginning at page 14.

Item 9. Undertakings.

A. The undersigned Registrant hereby undertakes:

(l) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

provided, however, that paragraphs A(1)(i) and A(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Registration Statement.

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(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

B. The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant s annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

C. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described in Item 6 of this Part II, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

[Remainder of page intentionally left blank; signatures on following page.]

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Post-Effective Amendment No. 1 to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Marysville, State of Ohio, on the 9th day of May, 2005.

THE SCOTTS MIRACLE-GRO COMPANY

By: /s/ James Hagedorn

James Hagedorn, President, Chief Executive Officer and Chairman of the Board

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 1 to Registration Statement has been signed by the following persons in the capacities indicated on May 9, 2005.

Signature	Title
/s/ *Mark R. Baker Mark R. Baker	Director
/s/ *Lynn J. Beasley Lynn J. Beasley	Director
/s/ *Gordon F. Brunner Gordon F. Brunner	Director
/s/ *Arnold W. Donald Arnold W. Donald	Director
/s/ *Joseph P. Flannery Joseph P. Flannery	Director
/s/James Hagedorn James Hagedorn	President, Chief Executive Officer and Chairman of the Board (Principal Executive Officer) and Director
/s/ *Katherine Hagedorn Littlefield Katherine Hagedorn Littlefield	Director
/s/Christopher L. Nagel Christopher L. Nagel	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

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Signature	Title
/s/ *Patrick J. Norton Patrick J. Norton	Director
/s/ *Stephanie M. Shern Stephanie M. Shern	Director
/s/ *John M. Sullivan John M. Sullivan	Director

* By James Hagedorn pursuant to Powers of Attorney executed by the directors and executive officers identified above, which Powers of Attorney have been filed with the Securities and Exchange Commission as exhibits to this Post-Effective Amendment No. 1 to Registration Statement on Form S-8.

/s/ James Hagedorn
James Hagedorn, Attorney-in-Fact

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INDEX TO EXHIBITS

Exhibit No.	Description	Location
4.1	Initial Articles of Incorporation of The Scotts Miracle-Gro Company as filed with the Ohio Secretary of State on November 22, 2004	Incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K of The Scotts Miracle-Gro Company dated and filed with the Securities and Exchange Commission on March 24, 2005 (File No. 1-13292) (the March 24, 2005 Form 8-K)
4.2	Certificate of Amendment by Shareholders to Articles of Incorporation of The Scotts Miracle-Gro Company as filed with the Ohio Secretary of State on March 18, 2005	Incorporated herein by reference to Exhibit 3.2 to the March 24, 2005 Form 8-K (File No. 1-13292)
4.3	Code of Regulations of The Scotts Miracle-Gro Company	Incorporated herein by reference to Exhibit 3.3 to the March 24, 2005 Form 8-K (File No. 1-13292)
10.1	Fifth Amendment to The Scotts Company Executive Retirement Plan, effective as of March 18, 2005	Filed herewith
23.1	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm	Filed herewith
24.1	Powers of Attorney of Executive Officers and Directors of The Scotts Miracle-Gro Company	Filed herewith

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=right>$ 38,476

$ 29,643

===

===

For the six months period ending:

June 30, 2003

June 30, 2002

Net realized gains (losses)

Public

	$ 14
	$ -
Private	
	(70)
	(197)

Total net realized gains (losses)	
	(56)
	(197)

Net unrealized gains (losses)	
Public	
	6,634
	(34)
Private	
	1,182
	-

Total net unrealized gains (losses)	
	7,816
	(34)

Investment gains (losses)	
	$ 7,760
	$ (231)
==	

Publicly held investments include 853,924 shares of META Group Inc. ("METG") with a market value of $3.6 million. The Company may only make public sales of these shares pursuant to Rule 144 of the Securities Act of 1933. Under Rule 144, the Company's sales of METG stock for a three month period may not exceed the greater of one percent of the outstanding shares of METG or the average weekly volume of trading in META during the four calendar weeks preceding the sale. META currently has 13.2 million shares outstanding and had an average weekly volume for the four calendar weeks ended June 30, 2003 of approximately 76,000 shares. Also, included in publicly held investments are 2,721,088 shares of Plug Power ("PLUG") and 2,991,040 shares of Mechanical Technology Incorporated ("MKTY"). The PLUG shares have a market value of $12.7 million and may not be sold until after December 23, 2003 pursuant to the holding requirements of Rule 144. The MKTY shares have a market value of $9.3 million and cannot be sold until after December 23, 2004 as a result of a lock-up agreement entered into by the Company with MKTY. Following the expiration of the holding and lock-up periods, the PLUG and MKTY shares are also subject to the provisions Rule 144.

In January 2003, the FASB issued FIN No. 46, "Consolidation of Variable Interest Entities". Under FIN No. 46, the Company is required to consolidate one of its Employee Investment Funds (EIF). The EIF is a limited liability company, established by the Company for the purpose of having select employees invest in private equity placements. The EIF is managed by FAC Management Corp., which has contracted with FA Technology Ventures Corporation, a wholly owned subsidiary of the Company, to act as an investment advisor with respect to funds invested in parallel with the Partnership. The carrying value on the Company's books related to this EIF is $2.5 million excluding the effects of consolidation. The Company is also committed to loan approximately $1.0 million to the EIF. The Company's maximum exposure to loss from the EIF is the carrying value of $2.5 million and the loan commitment of $1.0 million.

The effect of consolidation, as of June 30, 2003, is to increase Investments by $3.2 million, decrease Receivable from Others by $2.1 million and increase Payable to Others by $1.1 million. The Payable to Others amounts relates to the value of the EIF owned by employees.

9. Intangible Assets

(In thousands of dollars)	June 30, 2003		December 31, 2002	
Amortized intangible assets:				
Customer related	$	984	$	984
Accumulated amortization		(49)		-
	$	935	$	984
Unamortized intangible assets:				
Goodwill	$	246	$	246

Aggregate amortization expense for the six month period ending June 30,2003 and 2002 was $49,628 and 0, respectively.

Customer related intangible assets are being amortized over 10 years.

Estimated Amortization Expense
(year ended December 31)

2003 (remainder)	$	49
2004		98
2005		98
2006		98
2007		98
Thereafter		494

There are no changes in the carrying amount of goodwill for the period ended June 30, 2003:

The intangible assets, which are recorded in Other Assets on the Statement of Financial Condition, are related to the FA Asset Management Inc. segment and will be tested annually for impairment in the quarter ending December 31 of each fiscal year.

10. Payables to Others

Amounts payable to others consisted of the following at:

(In thousands of dollars)	June 30, 2003	December 31, 2002
Borrowing under line-of-credit agreements	$ 5,215	$12,006
Others	1,286	2,252
Payable to employees	1,135	1,564
Total	$ 7,636	$15,822

11. Notes Payable

Notes payable consist of a note for $0.7 million which is payable in monthly principal payments of $73,333 plus interest. The interest rate is 1.5% over the 30-day London InterBank Offered Rate ("LIBOR") (1.12% plus 1.50% at June 30, 2003) This note matures on April 1, 2004.

A note for $6.1 million collateralized by 2,991,040 shares of MKTY, 2,000,000 shares of PLUG and 853,924 shares of METG, is payable in quarterly principal payments of $525,000 plus interest. The interest rate is fixed at 7% for the term of the loan. This loan matures September 1, 2006.

Notes payable also includes a Senior Note dated June 13, 2003 for $10,000,000 with interest of 8.5% payable semiannually which matures June 30, 2010. The purchasers of this note are customers of the Company.

There were 400,000 warrants issued to the purchasers of the senior notes which are exercisable between $11.00 and $12.60 per share through June 13, 2010. The value assigned to the warrants was $1,006,000. The value of the senior notes was discounted by the value of the warrants and is being amortized over the term of the notes.

Principal payments which include $996,000 discounted on the senior notes are due as follows:

(In thousands of dollars)	
2006	$2,000

2007	2,000
2008	2,000
2009	2,000
2010	2,000
Total principal payments	10,000
Less: remaining amortization of value of warrants	996
Total principal payments remaining	$9,004

The senior notes contain various covenants, as defined in the agreements, including restrictions on the incurrence of debt, the maintenance of not less than $50,000,000 of net worth and an adjusted cash flow coverage rate for First Albany Corporation of not less than 1.2 to 1. As of June 30, 2003, the Company was in compliance with these covenants.

12. Obligations Under Capitalized Leases

The following is a schedule of future minimum lease payments under capital leases for office equipment together with the present value of the net minimum lease payments at June 30, 2003:

(In thousands of dollars)	
2003	$980
2004	1,742
2005	373
2006	220
2007	181
Thereafter	71
Total minimum lease payments	3,567
Less: amount representing interest	225
Present value of minimum lease payments	$3,342

13. Commitments and Contingencies

Commitments: As of June 30, 2003, the Company had a commitment through July 2006 to invest up to $15.7 million in FA Technology Ventures, L.P. (the "Partnership"). The Company intends to fund this commitment from the sale of other investments and operating cash flow. The Partnership's primary purpose is to provide a source of venture capital to enable privately owned businesses to expand, while providing market-rate investment returns consistent with risks of investing in venture capital. In addition to the Company, certain other limited partners of the Partnership are officers or directors of the Company. The majority of the commitments to the Partnership are from non-affiliates of the Company.

The General Partner for the Partnership is FATV GP LLC. The General Partner is responsible for the management of the Partnership, including among other things, making investments for the Partnership. The members of the General Partnership are George McNamee, Chairman of the Company, First Albany Enterprise Funding, Inc., a wholly owned subsidiary of the Company, and other employees of the Company or its subsidiaries. Mr. McNamee is required under the Partnership agreement to devote a majority of his business time to the conduct of the affairs of the Partnership and any parallel funds. Subject to the terms of the Partnership Agreement, under certain conditions, the General Partnership is entitled to share in the gains received by the Partnership in respect of its investment in a portfolio company. The General Partner will receive a carried interest on customary terms. The General Partner has contracted with FA Technology Ventures Corporation (FATV), a wholly owned subsidiary of the Company, to act as an investment advisor to the General Partner.

As of June 30, 2003, the Company had an additional commitment through July 2006 to invest up to $11.4 million in funds that invest in parallel with the Partnership, which it intends to fund, at least in part, through current and future Employee Investment Funds (EIF). EIF are limited liability companies, established by the Company for the purpose of allowing select employees to invest their own funds in private equity placements. The EIF are managed by FAC Management Corp., which has contracted with FATV to act as an investment advisor with respect to funds invested in parallel with the Partnership. The Company anticipates that the portion of the commitment that is not funded by employees through the EIF will be funded by the Company through the sale of other investments and operating cash flow.

In 1999, the Company acted as a placement agent for a $7.5 million bond issue. In July 2002, as a result of a dispute between the Company and the buyer of the bonds, the Company entered into an agreement, which expires on January 4, 2004, that indemnified the buyer for up to $3.7 million of potential realized losses which might be incurred on the outstanding principal amount of the bonds and up to $0.5 million for unpaid debt service. These bonds are collateralized by a first security interest in certain rights, titles and interests of the company for whom the bonds were issued. As of June 30, 2003, management has estimated the probable amount of the loss expected to be incurred based upon current conditions and has accordingly accrued a $2.0 million expense related to this agreement of which $0.4 million of this liability has been paid. In entering into this agreement, the Company and the buyer of the bonds did not admit or concede to any liability, wrongdoing, misconduct or damages of any kind.

Litigation: In 1998 the Company was named in lawsuits by Lawrence Group, Inc. and certain related entities (the "Lawrence Parties") in connection with a private sale of Mechanical Technology Incorporated stock from the Lawrence Parties that was previously approved by the United States Bankruptcy Court for the Northern District of New York (the "Bankruptcy Court"). The Company acted as placement agent in that sale, and a number of employees and officers of the Company, who have also been named as defendants, purchased shares in the sale. The complaints alleged that the defendants did not disclose certain information to the sellers and that the price approved by the court was therefore not proper. The cases were initially filed in the Bankruptcy Court and the United States District Court for the Northern District of New York (the "District Court"), and were subsequently consolidated in the District Court. The District Court dismissed the cases, and that decision was subsequently vacated by the United States Court of Appeals for the Second Circuit, which remanded the cases for consideration of the plaintiffs' claims as motions to modify the Bankruptcy Court sale order. The plaintiffs' claims have now been referred back to the Bankruptcy Court for such consideration. The Company believes that it has strong defenses to and attends to vigorously defend itself against the plaintiffs' claims, and believes that the claims lack merit.

In the normal course of business, the Company has been named a defendant, or otherwise has possible exposure, in several claims. Certain of these are class actions, which seek unspecified damages, which could be substantial. Although there can be no assurance as to the eventual outcome of litigation in which the Company has been named as a defendant or otherwise has possible exposure, the Company has provided for those actions most likely of adverse dispositions. Although further losses are possible, the opinion of management, based upon the advice of its attorneys and General Counsel, is that such litigation will not, in the aggregate, have a material adverse effect on the Company's liquidity or financial position, although it could have a material effect on quarterly or annual operating results in the period in which it is resolved.

Contingent Consideration:

Under the terms of the purchase agreement related to the Company's acquisition of assets of an asset management business ("Noddings"), the Company may be required to pay up to $750,000 of additional cash consideration contingent upon the amount of assets under management on various dates through December 30, 2004.

Other: The Company enters into underwriting commitments to purchase securities, as part of its investment banking business. Also, the Company may purchase or sell securities on a when-issued basis. As of June 30, 2003, the Company had $5.3 million in outstanding underwriting commitments and had not purchased nor sold any securities on a when-issued basis.

14. Stockholders' Equity

In July 2003, the Board of Directors declared a quarterly dividend of $0.05 per share for the second quarter ended June 30, 2003, payable on August 28, 2003 to stockholders of record on August 14, 2003.

In April 2003, the Board of Directors declared a quarterly dividend of $0.05 per share for the first quarter ended March 31, 2003, payable on May 28, 2003 to stockholders of record on May 14, 2003.

15. Benefit Plans

First Albany Companies Inc. has established several stock incentive plans through which eligible employees of the Company may be awarded stock options, stock appreciation rights and restricted common stock of the Company. The purpose of these stock incentive plans are to promote the interests of the Company, its subsidiaries and its stockholders by enabling the Company and its subsidiaries to attract, retain and motivate employees and officers or those who will become employees or officers of the Company and/or its subsidiaries, and to align the interest of those individuals with the Company's stockholders. To do this, these plans offer performance-based incentive awards and equity-based opportunities to provide such persons with a proprietary interest in maximizing the growth, profitability and overall success of the Company.

The Company has elected to follow Accounting Principles Board No. 25 "Accounting for Stock Issued to Employees" ("APB 25") in accounting for the stock incentive plans. The Company, under APB 25, has recognized compensation costs relating to restricted common stock but has not recognized any compensation costs relating to stock options for the six months ended June 30, 2003 and 2002.

The following table reflects pro forma results as if the Company had elected and recognized compensation costs for the stock incentive plans to follow Financial Accounting Standard No. 123 (FAS 123) "Accounting for Stock-Based Compensation".

	June 30, 2003	June 30, 2002
Net income (loss) as reported	$ 4,772	$ (1,885)
Deduct: Total stock-based employee compensation expense determined under fair value method for all awards, net of related tax effects	538	423
Pro forma net income (loss)	$ 4,234	$ (2,308)
Earnings per share		
Basic - as reported	$0.46	$(0.20)
Basic - pro forma	0.41	(0.24)
Diluted - as reported	0.43	(0.20)
Diluted - pro forma	0.38	(0.24)

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16. Net Capital Requirements

The Company's broker-dealer subsidiary, First Albany Corporation (the "Corporation"), is subject to the Securities and Exchange Commission's Uniform Net Capital Rule, which requires the maintenance of a minimum net capital. The Corporation has elected to use the alternative method permitted by the rule, which requires the Corporation to maintain a minimum net capital amount of 2% of aggregate debit balances arising from customer transactions as defined or $1 million, whichever is greater. As of June 30, 2003, the Corporation had aggregate net capital, as defined, of $30.6 million, which equaled 87.2% of aggregate debit balances and $29.6 million in excess of required minimum net capital.

17. Segment Analysis

On June 17, 2003, First Albany Asset Management changed its name to FA Asset Management Inc. Due to the acquisition of Noddings on December 31, 2002 the Company has expanded its segments to break out FA Asset Management Inc. from Parent and Affiliates. The Company's reportable segments include Taxable Fixed Income, Municipal Capital Markets, Equity Capital Markets, Fixed Income-Other and Corporate-Other which collectively comprise First Albany Corporation, the Company's brokerage operations; Parent and Affiliates, FA Asset Management Inc. and Investments. The Company evaluates the performance of its segments and allocates resources to them based on various factors, including prospects for growth, return on investment, and return on revenue.

The Taxable Fixed Income segment includes institutional sales and trading of corporate, federal government and agency securities. The Municipal Capital Markets segment includes underwriting and institutional sales and trading of municipal securities as well as financial advisory services for municipalities. The Equity Capital Markets segment includes institutional sales and trading of equity securities, corporate finance advisory services and underwritings. The Fixed Income-Other segment includes institutional sales and trading of fixed income middle markets and taxable municipal securities. The Corporate-Other segment includes stock loan/borrow operations and other unallocated revenues and expenses.

The Parent and Affiliates segment, includes the Parent company, excluding its investment portfolio, and the asset management services of FA Technology. The FA Asset Management Inc. segment includes Noddings Investments. The Investment segment includes realized gains and losses, unrealized gains and losses and the equity in income and loss of affiliate from the Company's investment portfolio including gains on sale of equity holdings.

Intersegment revenue has been eliminated for purposes of presenting net revenue so that all net revenue presented is from external sources. Interest revenue is allocated to the operating segments and is presented net of interest expense for purposes of assessing the performance of the business segment. Depreciation and amortization is allocated to the business segments. Total net revenue presented below differs from that presented in the financial statements as a result of the inclusion of the equity in income (loss) of affiliate, sale of equity holdings and discontinued operations as a component of the segment financial information.

Information concerning operations in these segments is as follows for the three months and six months ending June 30:

	Three Months Ended		Six Months Ended	
(In thousands of dollars)	2003	2002	2003	2002

Net revenue (including net interest income)				
Taxable Fixed Income	$ 15,486	$ 13,753	$ 31,217	$ 30,374
Municipal Capital Markets	9,866	12,661	18,887	22,825
Equity Capital Markets	11,991	7,612	21,732	12,704
Fixed Income-Other	4,680	4,675	8,824	9,689
Corporate-Other	711	536	1,363	1,161
First Albany Corporation	42,734	39,237	82,023	76,753
Parent and Affiliates	143	308	360	599
FA Asset Management Inc.	1,107	614	2,462	1,216
Investments	2,913	(1,175)	7,760	(5,234)
Discontinued Operations	250	-	250	-
Total Net Revenue	$47,147	$ 38,984	$ 92,855	$ 73,334
Net interest income (included in total net revenue)				
Taxable Fixed Income	$ 151	$ 200	$ 349	$ 290
Municipal Capital Markets	223	218	590	475
Equity Capital Markets	7	6	14	14
Fixed Income-Other	(36)	163	(14)	374
Corporate-Other	610	740	1,281	1,501
First Albany Corporation	955	1,327	2,220	2,654
Parents and Affiliates	(291)	(149)	(490)	(305)
FA Asset Management Inc.	(9)	(7)	(14)	(7)
Total Net Interest Income	$ 655	$ 1,171	$ 1,716	$ 2,342
Pre-tax Contribution:				
Taxable Fixed Income	$ 3,240	$ 2,926	$ 6,559	$ 6,548
Municipal Capital Markets	1,821	3,013	3,433	5,599
Equity Capital Markets	51	(638)	(1,064)	(3,413)
Fixed Income-Other	2,289	2,392	4,583	5,148
Corporate-Other	(4,820)	(5,093)	(9,429)	(10,026)
First Albany Corporation	2,581	2,600	4,082	3,856
Parent and Affiliates	(1,199)	(494)	(3,978)	(957)
FA Asset Management Inc.	(368)	(219)	(418)	(332)
Investments	2,913	(1,175)	7,760	(5,234)
Discontinued Operations	250	(400)	250	(400)
Income (loss) before income taxes	$ 4,177	$ 312	$ 7,696	$ (3,067)

(In thousands of dollars)

Depreciation and amortization expense (charged to each segment in

measuring the Pre-tax Contribution)								
Taxable Fixed Income	$	74	$	72	$	145	$	145
Municipal Capital Markets		105		104		201		208
Equity Capital Markets		284		239		578		449
Fixed Income-Other		12		16		25		31
Corporate-Other		199		222		423		451
First Albany Corporation		674		653		1,372		1,284
Parent and Affiliates		15		9		24		18
FA Asset Management Inc.		46		14		87		27
Total	$	735	$	676	$	1,483	$	1,329

The financial policies of the Company's segments are the same as those described in the "Summary of Significant Accounting Policies" footnote (Note 1 to the annual report on Form 10-K). Asset information by segment is not reported since the Company does not produce such information. All assets are located in the United States of America. Prior periods' financial information has been reclassified to conform to the current presentation.

18. Discontinued Operations

In 2000, the Company sold assets of its Private Client Group, its retail brokerage branch network, to First Union Securities, a subsidiary of First Union Corp. now known as Wachovia Securities.

In accordance with Accounting Principles Board Opinion No. 30 (APB 30), "Reporting the Results of Operations - Reporting the Effect of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions", the results of the Private Client Group have been reported separately as a discontinued operation for all periods presented.

Components of amounts reflected in condensed consolidated statement of financial condition and condensed consolidated statement of operations are presented in the following tables:

	Three Months Ended		Six Months Ended	
(In thousands of dollars)	June 30, 2003	June 30, 2002	June 30, 2002	June 30, 2001
Net revenues	$ 250	$ -	$ 250	$ -
Expenses	-	400	-	400
(Loss) before income taxes	250	(400)	250	(400)
Income tax expense	(104)	164	(104)	164
Income from discontinued operations, net taxes	$ 146	$ (236)	$ 146	$ (236)

Revenues from discontinued operations for 2003 are the result of refunds from First Union Securities for costs relating to the jointly enhanced financial consultant retention program relating to the Private Client Group. The expenses from discontinued operations for 2002 are the result of legal costs related to the Private Client Group.

19. New Accounting Standards

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143, which is effective for fiscal years beginning after June 15, 2002, requires the fair value of a liability for an asset retirement obligation to be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. SFAS No. 143 was adopted January 1, 2003 and it did not have a material impact on the Company's financial statements.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections as of April 2002", which is effective for fiscal years beginning after May 15, 2002. This Standard addresses a number of items related to leases and other matters. SFAS No. 145 was adopted January 1, 2003 and it did not have a material impact on the Company's financial statements.

In June 2002, the FASB issued SFAS 146, "Accounting for Costs Associated with Exit or Disposal Activities", which is effective for exit or disposal activities that are initiated after December 31, 2002. This Standard addresses the recognition, measurement and reporting costs that are associated with exit or disposal activities. SFAS No. 146 was adopted January 1, 2003 and it did not have a material impact on the Company's financial statements.

In December 2002, the FASB issued SFAS No. 148 " Accounting for Stock Based Compensation - Transition and Disclosure - an amendment of FAS 123." This Statement amends FASB Statement No. 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of Statement 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The Statement has varying effective dates. The Company has adopted the disclosure requirement under this Statement which did not have a material effect on the Company's financial statements. The Company has not yet made a determination as to whether or not it will change its method of accounting for stock based compensation under this pronouncement.

In November 2002, the FASB issued FASB Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others". FIN 45 requires that upon issuance of a guarantee, the guarantor must recognize a liability for the fair value of the obligation it assumes under the guarantee. The interpretation's provisions for initial recognition and measurement must be applied on a prospective basis to guarantees issued or modified after December 31, 2002. FIN 45 was adopted January 1, 2003 and it did not have a material effect on the Company's financial statements.

In January 2003, the FASB issued FIN No. 46, "Consolidation of Variable Interest Entities". FIN No. 46 requires a company to consolidate a variable interest entity (VIE) if the company has variable interests that give it a majority of the expected losses or a majority of the expected residual returns of the entity. FIN No. 46 was fully adopted and applied to all of the Company's VIEs as of December 31, 2002. The adoption of FIN No. 46 did not have a material effect on the Company's financial statements.

In April 2003, the FASB issued SFAS No. 149, Amendment of Statement 133 on Derivative Instrumentsand Hedging Activities. SFAS 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activity under FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities. This Statement is effective for contracts entered into or modified after June 30, 2003. The Company does not believe the adoption of this Statement will have a material impact of its financial statements.

In May 2003, the FASB issued SFAS No. 150, Accounting For Certain Financial Instruments with Characteristics of both Liabilities and Equity. The Statement improves the accounting for certain financial instruments that, under previous guidance, issuers could account for as equity. The new Statement requires that those instruments be classified as liabilities in statements of financial position. This Statement is effective for all financial instruments entered into or modified after May 31, 2003. The Company does not believe the adoption of this Statement will have a material impact on its financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FIRST ALBANY COMPANIES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

	Three Months Ended June 30, 2003	2002
(In thousands of dollars)		
Revenues:		
Commissions	$ 3,708	$ 3,618
Principal transactions	30,176	24,965
Investment banking	7,720	9,130
Investment gain (loss)	2,913	(73)
Interest income	1,385	4,438
Fees and others	1,725	1,275
Total revenues	47,627	43,353
Interestexpense	730	3,267
Net revenues	46,897	40,086
Expenses (excluding interest):		
Compensation and benefits	31,444	28,322
Clearing, settlement and brokerage costs	1,365	771
Communications and data processing	3,722	2,822
Occupancy and depreciation	2,375	2,326
Selling	1,806	1,694
Other	2,258	2,337
Total expenses (excluding interest)	42,970	38,272
Operating income	3,927	1,814
Equity in income (losses) of affiliate	-	(1,687)
Gains on sale of equity holdings	-	585
Income (loss) before income taxes	3,927	712
Income tax expense (benefit)	1,524	353
Income (loss) from continuing operations	2,403	359
Income (loss) from discontinued operations, net of taxes	146	(236)
Net income (loss)	$ 2,549	$ 123
Net interest income		
Interest income	$ 1,385	$ 4,438
Interest expense	730	3,267

Net interest income	$	655	$	1,171

The following is management's discussion and analysis of certain significant factors, which have affected the Company's financial position and results of operations during the periods included in the accompanying condensed consolidated financial statements.

Business Environment

First Albany Companies Inc. (the "Company") is the parent company whose principal subsidiaries include First Albany Corporation, FA Asset Management Inc. and FA Technology Ventures Corporation. First Albany Corporation provides investment banking services to corporate and public clients, and engages in market making and trading of corporate, government and municipal securities. FA Technology Ventures Corporation provides venture capital and merchant banking to the investment and corporate communities, and FA Asset Management Inc. provides asset management services to individuals and institutions.

The investment banking and brokerage businesses generate revenues in direct correlation with the general level of trading activity in the stock and bond markets. The Company cannot control this level of activity, however many of the Company's costs are fixed. Therefore, the Company's earnings, like those of others in the industry, reflect the activity in the markets and can fluctuate accordingly.

Results of Operations

For the quarter, consolidated net revenues from continuing operations for First Albany Companies was $46.9 million, compared to $40.1 million for the same period in 2002, an increase of 17.0%. The Company reported consolidated net income from continuing operations of $2.4 million for the second quarter 2003, compared to a net income from continuing operations of $0.4 million for the same period in 2002. Second quarter 2003 net income per diluted share from continuing operations was $0.21 compared to $0.04 per diluted share in the second quarter of 2002. Including $0.1 million in discontinued operations income, consolidated net income per diluted share was $0.22 for the second quarter 2003, compared to net income per diluted share of $0.01 in the second quarter of 2002.

Net revenues from the Company's brokerage operations, First Albany Corporation, was $42.7 million for the second quarter ended June 30, 2003, compared to $39.2 million for the same period in 2002, an increase of 8.9%. First Albany Corporation had net income of $1.6 million for the second quarter 2003, compared to $1.5 million for the same period in 2002.

For the six months ended June 30, 2003, consolidated net revenues from continuing operations for First Albany Companies was $92.6 million, compared to $78.3 million for the same period in 2002, an increase of 18.3%. The Company reported consolidated net income from continuing operations of $4.6 million for the six months ended 2003, compared to a net *loss* from continuing operations of ($1.6) million for the same period in 2002. For the six months ended June 30, 2003, net income per diluted share from continuing operations was $0.42 compared to a *loss* of ($0.17) per diluted share in 2002.

Net revenues from the Company's brokerage operations, First Albany Corporation, was $82.0 million for the six months ended June 30, 2003, compared to $76.8 million for the same period in 2002, an increase of 6.8%. First Albany Corporation had net income of $2.6 million for the six months ended June 30, 2003, compared to $2.4 million for the same period in 2002.

Major Segment Operating Results

First Albany Corporation

First Albany Corporation is the securities brokerage operation of the Company.

- Taxable Fixed Income net revenues were $15.5 million for the second quarter of 2003, up 12.3% from the $13.8 million for the comparable prior year quarter. The increase in net revenues in the Taxable Fixed Income division was driven primarily by growth in daily trading volume.
- Municipal Capital Markets net revenues were $9.9 million, down 22% from $12.7 million reported for the quarter ended June 30, 2002, due to lower investment banking and trading revenues compared to the prior period. The quarter ended June 30, 2002 was an unusually strong quarter for the division due to a strong underwriting calendar.
- Equity Capital Markets net revenues were $12.0 million for the second quarter of 2003, up 57.9% from the $7.6 million for the second quarter of 2002, mostly due to a $4.6 million increase in NASDAQ trading revenue. Despite the continued decline in overall NASDAQ composite Index volumes, the Company achieved a 148% increase in NASDAQ trading revenues.

Parent & Affiliates

- FA Asset Management Inc. net revenues were $1.1 million for the quarter ended June 30, 2003, up 80.3% from the comparable quarter last year. The increase in net revenues was due to both organic growth and the acquisition of Noddings, which contributed $0.5 million in net revenues in the quarter. Currently, FA Asset Management Inc. has approximately $1 billion in assets under management.
- Investment gains for the quarter ended June 30, 2003 were $2.9 million before income taxes due to an increase in fair market value of the investment portfolio held by The Parent.

Three-Month Period Ended June 30, 2003

Principal Transactions

Principal transactions increased $5.2 million or 21%. This amount was comprised primarily of an increase of $4.0 million by the Equity Capital Markets segment due to an increase in NASDAQ trading revenue, a increase of $1.7 in Taxable Fixed Income, a decrease of $1.2 million in Municipal Capital Markets, an increase of $0.4 million in Fixed Income-Other and an increase of $0.3 in Corporate-Other.

Investment Banking

Investment banking revenues decreased $1.4 million or 15%. The decrease was comprised mainly of a decrease in municipal investment banking of $1.6 million, in the Municipal Capital Markets segment. The quarter ended June 30, 2002 was an unusually strong quarter for the division due to a strong underwriting calendar.

Investment Gain (Loss)

Investment gain (loss) increased by $3.0 million due to an increase in fair market value of the investment portfolio held by the Parent.

Interest Income

Interest income decreased $3.1 million or 69% due primarily to the Company discontinuing its securities borrow/securities loan conduit business in late 2002.

Fees and Other

Fees and other increased $0.5 million or 35% primarily due to increased revenues generated by the FA Asset Management Inc. segment as a result of the Noddings acquisition in December 2002.

Interest Expense

Interest expense decreased $2.5 million or 78% due primarily to the Company discontinuing its securities borrow/securities loan conduit business in late 2002.

Compensation and Benefits

Compensation and benefits increased $3.1 million or 11% due primarily to an increase in Net Revenues (See Note 17 of the Condensed Consolidated Financial Statements).

Clearing, Settlement and Brokerage Costs

Clearing, settlement and brokerage costs increased $0.6 million or 77% due primarily to increase in NASDAQ related trading in the Equity Capital Markets segment.

Communications and Data Processing

Communications and data processing costs increased $0.9 million or 32% due primarily to an increase in the number of equity securities transactions and market data related services in the Equity Capital Markets segment.

Equity in income (losses) of affiliate

As of December 31, 2002, First Albany Companies Inc. changed its method of accounting for its investment in Mechanical Technology Inc. (NASDAQ: MKTY) from the equity method of accounting to the fair value method. As a result, the Company no longer recognizes equity income or loss from its proportionate share of Mechanical Technology's financial results. For the quarter ended June 30, 2002, the Company recognized a $1.7 million equity loss related to its investment in Mechanical Technology.

Gain on Sale of Equity Holdings

As of December 31, 2002, First Albany Companies Inc. changed its method of accounting for its investment in Mechanical Technology Inc. (NASDAQ: MKTY) from the equity method of accounting to the fair value method. For the quarter ended June 30, 2002, the Company recognized $0.6 million gain related to the sale of its investment in Mechanical Technology.

Income Tax Expense (Benefit)

Income tax expense increased $1.2 million due mainly to an increase in income before income tax.

FIRST ALBANY COMPANIES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS

	Six Months Ended	
(In thousands of dollars)	June 30, 2003	June 30, 2002
Revenues:		

Commissions	$	7,895	$6,382
Principal transactions		58,584	52,425
Investment banking		12,970	14,899
Investment gain (loss)		7,760	(231)
Interest income		3,207	8,714
Fees and others		3,680	2,520
Total revenues		94,096	84,709
Interestexpense		1,491	6,372
Net revenues		92,605	78,337
Expenses (excluding interest):			
Compensation and benefits		63,004	57,438
Clearing, settlement and brokerage costs		2,429	1,591
Communications and data processing		7,204	5,398
Occupancy and depreciation		4,644	4,381
Selling		3,476	3,182
Other		4,402	4,011
Total expenses (excluding interest)		85,159	76,001
Operating income		7,446	2,336
Equity in losses of affiliate		-	(6,187)
Gain on sale equity holdings		-	1,184
Income (loss) before income taxes		7,446	(2,667)
Income tax expense (benefit)		2,820	(1,018)
Income (loss) from continuing operations		4,626	(1,649)
Income (loss)from discontinued operations, net of taxes		146	(236)
Net income (loss)	$	4,772	$(1,885)
Net interest income:			
Interest income	$	3,207	$8,714
Interest expense		1,491	6,372
Net interest income	$	1,716	$2,342

<u>Six-Month Period Ended June 30, 2003</u>

Commissions

Commissions revenue increased $1.5 million or 24% primarily due to increases in listed agency transactions in the Equity Capital Markets segment.

Principal Transactions

Principal transactions revenue increased $6.2 million or 12%. This amount was comprised primarily of an increase of $8.6 million by the Equity Capital Markets segment due mainly to an increase in NASDAQ trading revenues, a decrease of $3.4 million in Municipal Capital Markets due mainly to market conditions and an increase of $0.7 in Taxable Fixed Income.

Investment Banking

Investment banking revenues decreased $1.9 million or 13% . The decrease was comprised mainly of a decrease of $1.3 million in the Equity Capital Markets segment and a decrease of $0.6 million in the Municipal Capital Markets segment reflecting lower underwriting activity and revenues.

Investment Gain (Loss)

Investment gain (loss) increased $8.0 million due to an increase in fair market value of the investment portfolio held at the Parent.

Interest Income

Interest income decreased $5.5 million or 63% primarily due to the Company discontinuing its securities borrow/securities loan conduit business in late 2002.

Fees and Other

Fees and other increased $1.2 million or 46% primarily due to increased revenues generated by the FA Asset Management Inc. segment as a result of the Noddings acquisition in December 2002.

Interest Expense

Interest expense decreased $4.9 million or 77% primarily due to the Company discontinuing its securities borrow/securities loan conduit business in late 2002.

Compensation and Benefits

Compensation and benefits expense increased $5.6 million or 10% due primarily to an increase in Net Revenues (See Note 17 of the Condensed Consolidated Financial Statements).

Clearing, Settlement and Brokerage Costs

Clearing, settlement and brokerage costs increased $0.8 million or 53% due primarily to increase in NASDAQ related trading in the Equity Capital Markets segment.

Communications and Data Processing

Communications and data processing expense increased $1.8 million or 33% due primarily to an increase in market data related expenses and a greater number of equity securities transactions.

Equity in losses of affiliate

As of December 31, 2002, First Albany Companies Inc. changed its method of accounting for its investment in Mechanical Technology Inc. (NASDAQ: MKTY) from the equity method of accounting to the fair value method. As a result, the Company no longer recognizes equity income or loss from its proportionate share of Mechanical

Technology's financial results. For the six months ended June 30, 2002, the Company recognized a $6.2 million equity loss related to its investment in Mechanical Technology.

Gain on Sale of Equity Holdings

As of December 31, 2002, First Albany Companies Inc. changed its method of accounting for its investment in Mechanical Technology Inc. (NASDAQ: MKTY) from the equity method of accounting to the fair value method. For the six months ended June 30, 2002, the Company recognized $1.2 million gain related to the sale of its investment in Mechanical Technology.

Income Tax Expense (Benefit)

Income tax expense (benefit) increased $3.8 million due to a change in income (loss) before income taxes.

Liquidity and Capital Resource

A substantial portion of the Company's assets, similar to other brokerage and investment banking firms, are liquid, consisting of cash and assets readily convertible into cash. These assets are financed primarily by the Company's payables to brokers and dealers, bank lines of credit and customer payables. The level of assets and liabilities will fluctuate as a result of the changes in the level of positions held to facilitate customer transactions and changes in market conditions.

As of June 30, 2003, First Albany Corporation, a registered broker-dealer subsidiary of First Albany Companies Inc., was in compliance with the net capital requirements of the Securities and Exchange Commission. The net capital rules restrict the amount of a broker-dealer's net assets that may be distributed. Also, a significant operating loss or extraordinary charge against net capital may adversely affect the ability of the Company's broker-dealer subsidiary to expand or even maintain their present levels of business and the ability to support the obligations or requirements of the Company. As of June 30, 2003, the Corporation had net capital of $30.6 million, which exceeded minimum net capital requirements by $29.6 million.

As of June 30, 2003, the Company had a commitment through July 2006 to invest up to $15.7 million in FA Technology Ventures, L.P. (the "Partnership"). The Company intends to fund this commitment from the sale of other investments and operating cash flow. The Partnership's primary purpose is to provide a source of venture capital to enable privately owned businesses to expand, while providing market-rate investment returns consistent with risks of investing in venture capital. In addition to the Company, certain other limited partners of the Partnership are officers or directors of the Company. The majority of the commitments to the Partnership are from non-affiliates of the Company.

As of June 30, 2003, the Company had an additional commitment through July 2006 to invest up to $11.4 million in funds that invest in parallel with the Partnership, which it intends to fund, at least in part, through current and future Employee Investment Funds (EIF). EIF are limited liability companies, established by the Company for the purpose of allowing select employees to invest their own funds in private equity placements. The EIF are managed by FAC Management Corp., which has contracted with FATV to act as an investment advisor with respect to funds invested in parallel with the Partnership. The Company anticipates that the portion of the commitment that is not funded by employees through the EIF will be funded by the Company through the sale of other investments and operating cash flow.

The Company has net deferred tax assets of $7.6 million and deferred tax liabilities of $4.1 million as of June 30, 2003. The Company expects that it will realize the benefit of the deferred tax assets through the combination of future taxable income and income available in years in which the reversal of the asset can be carried back.

The Company enters into underwriting commitments to purchase securities as part of its investment banking business. Also, the Company may purchase and sell securities on a when - issued basis. As of June 30, 2003, the Company had $5.3 million outstanding underwriting commitments and had purchased no securities on a when-issued basis.

Management believes that funds provided by operations and a variety of bank lines of credit totaling $300 million, of which approximately $181 million were unused as of June 30, 2003, will provide sufficient resources to meet present and reasonably foreseeable short-term and long-term financial needs. These bank lines of credits consist of credit lines that the Company has been advised are available but for which no contractual lending obligations exist and are repayable on demand. These bank lines of credit are limited to financing securities eligible for collateralization which includes Company owned securities.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

MARKET RISK

Market risk generally represents the risk of loss that may result from the potential change in the value of a financial instrument as a result of fluctuations in interest rates and equity prices, changes in the implied volatility of interest rates and equity prices and also changes in the credit ratings of either the issuer or its related country of origin. Market risk is inherent to both derivative and non-derivative financial instruments, and accordingly, the scope of the Company's market risk management procedures extends beyond derivatives to include all market-risk-sensitive financial instruments. The Company's exposure to market risk is directly related to its role as a financial intermediary in customer-related transactions and to its proprietary trading.

The Company trades tax exempt and taxable debt obligations, including U.S. Treasury bills, notes, and bonds; U.S. Government agency notes and bonds; bank certificates of deposit; mortgage-backed securities, and corporate obligations. The Company is also an active market maker in the NASDAQ equity markets. In connection with these activities, the Company may be required to maintain inventories in order to ensure availability and to facilitate customer transactions. In connection with some of these activities, the Company attempts to mitigate its exposure to such market risk by entering into hedging transactions, which may include highly liquid future contracts, options and U.S. Government securities.

Following is a discussion of the Company's primary market risk exposures as of June 30, 2003, including a discussion of how those exposures are currently managed.

Interest Rate Risk

Interest rate risk is a consequence of maintaining inventory positions and trading in interest-rate-sensitive financial instruments. In connection with trading activities, the Company exposes itself to interest rate risk, arising from changes in the level or volatility of interest rates or the shape and slope of the yield curve. The Company's fixed income activities also expose it to the risk of loss related to changes in credit spreads. The Company attempts to hedge its exposure to interest rate risk primarily through the use of U.S. Government securities, highly liquid futures and options designed to reduce the Company's risk profile.

A sensitivity analysis has been prepared to estimate the Company's exposure to interest rate risk of its net inventory positions. The fair market value of these securities included in the Company's inventory at June 30, 2003 was $106.1 million and $186.8 million at December 31, 2002. Interest rate risk is estimated as the potential loss in fair value resulting from a hypothetical one-half percent change in interest rates. At June 30, 2003, the potential change in fair value using a yield to maturity calculation and assuming this hypothetical change, was $4.0 million and at year-end

2002 was $6.6 million. The actual risks and results of such adverse effects may differ substantially.

Equity Price Risk

The Company is exposed to equity price risk as a consequence of making markets in equity securities. Equity price risk results from changes in the level or volatility of equity prices, which affect the value of equity securities or instruments that derive their value from a particular stock. The Company attempts to reduce the risk of loss inherent in its inventory of equity securities by monitoring those security positions constantly throughout each day.

Marketable equity securities included in the Company's inventory were recorded at a fair value of $7.1 million at June 30, 2003 and $6.5 million at December 31, 2002, have exposure to equity price risk. This risk is estimated as the potential loss in fair value resulting from a hypothetical 10% adverse change in prices quoted by stock exchanges and amounts to $0.7 million at June 30, 2003 and $0.7 million at year-end 2002.

The Company's investment portfolio excluding the consolidation of Variable Interest Entities (see Note 8 of the Consolidated Financial Statement) at June 30, 2003 and December 31, 2002 , had a fair market value of $35.3 million and $27.4 million, respectively. This equity price risk is also estimated as the potential loss in fair value resulting from a hypothetical 10% adverse change in prices quoted by stock exchanges and amounts to $3.5 million at June 30, 2003 and $2.7 million at year-end 2002. The actual risks and results of such adverse effects may differ substantially.

CREDIT RISK

The Company is engaged in various trading and brokerage activities whose counter parties primarily include broker-dealers, banks, and other financial institutions. In the event counter parties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the credit worthiness of the counter party or issuer of the instrument. The Company seeks to control credit risk by following an established credit approval process, monitoring credit limits, and requiring collateral where it deems appropriate.

The Company purchases debt securities and may have significant positions in its inventory subject to market and credit risk. In order to control these risks, security positions are monitored on at least a daily basis. Should the Company find it necessary to sell such a security, it may not be able to realize the full carrying value of the security due to the size of the position sold. The Company attempts to reduce its exposure to changes in municipal securities valuation with the use as hedges of highly liquid municipal bond index futures contracts.

OPERATING RISK

Operating risk is the potential for loss arising from limitations in the Company's financial systems and controls, deficiencies in legal documentation and the execution of legal and fiduciary responsibilities, deficiencies in technology and the risk of loss attributable to operational problems. These risks are less direct than credit and market risk, but managing them is critical, particularly in a rapidly changing environment with increasing transaction volumes. In order to reduce or mitigate these risks, the Company has established and maintains an internal control environment that incorporates various control mechanisms at different levels throughout the organization and within such departments as Finance and Accounting, Operations, Legal, Compliance and Internal Audit. These control mechanisms attempt to ensure that operational policies and procedures are being followed and that the Company's various businesses are operating within established corporate policies and limits.

OTHER RISKS

Other risks encountered by the Company include political, regulatory and tax risks. These risks reflect the potential impact that changes in local laws, regulatory requirements or tax statutes have on the economics and viability of current or future transactions. In an effort to mitigate these risks, the Company seeks to review new and pending regulations and legislation and their potential impact on its business.

Item 4. Controls and Procedures

As of the end of the period covered by this Form 10-Q, the Company's management, including the Chief Executive Officer and the Principal Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's management, including the Chief Executive Officer and the Principal Financial Officer, concluded that the Company's disclosure controls and procedures were effective in timely alerting management, including the Chief Executive Officer and the Principal Financial Officer, of material information about the Company required to be included in periodic Securities and Exchange Commission filings. However, in evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect its internal controls subsequent to the date of the evaluation.

Part II-Other Information

Item 1. Legal Proceedings

In 1998 the Company was named in lawsuits by Lawrence Group, Inc. and certain related entities (the" Lawrence Parties") in connection with a private sale of Mechanical Technology Incorporated stock from the Lawrence Parties that was previously approved by the United States Bankruptcy Court for the Northern District of New York (the "Bankruptcy Court"). The Company acted as placement agent in that sale, and a number of employees and officers of the Company, who have also been named as defendants, purchased shares in the sale. The complaints alleged that the defendants did not disclose certain information to the sellers and that the price approved by the court was therefore not proper. The cases were initially filed in the Bankruptcy Court and the United States District Court for the Northern District of New York (the "District Court"), and were subsequently consolidated in the District Court. The District Court dismissed the cases, and that decision was subsequently vacated by the United States Court of Appeals for the Second Circuit, which remanded the cases for consideration of the plaintiffs' claims as motions to modify the Bankruptcy Court sale order. The plaintiffs' claims have now been referred back to the Bankruptcy Court for such consideration. The Company believes that it has strong defenses to and intends to vigorously defend itself against the plaintiffs' claims, and believes that the claims lack merit.

In the normal course of business, the Company has been named a defendant, or otherwise has possible exposure, in several claims. Certain of these are class actions, which seek unspecified damages, which could be substantial. Although there can be no assurance as to the eventual outcome of litigation in which the Company has been named as a defendant or otherwise has possible exposure, the Company has provided for those actions most likely of adverse dispositions. Although further losses are possible, the opinion of management, based upon the advice of its attorneys and General Counsel, is that such litigation will not, in the aggregate, have a material adverse effect on the Company's liquidity or financial position, although it could have a material effect on quarterly or annual operating results in the period in which it is resolved.

Item 4. Submission of matters to a vote of security holders

A. Annual meeting was held on April 29, 2003

B. Elected as Directors (There were no broker non-votes with respect to the election of Directors):

	Votes For	Against	Withheld Authority
Nicholas Gravante	9,472,847	-	550,619
Dale Kutnick	9,401,444	-	622,022
Hugh Johnson	9,401,444	-	622,022
Shannon O'Brien	9,401,444	-	622,022

A. Other matters voted on at the Annual Meeting

1. To consider and act upon a proposal to approve the adoption of the Second Amendment to the First Albany Companies Inc. 1999 Long -Term Incentive Plan.

For:	4,920,030
Against:	788,934
Abstain:	13,327
Broker non-votes:	4,301,175

2. To consider and act upon a proposal to approve the adoption of the Senior Management Bonus Plan.

For:	5,705,553
Against:	644,432
Abstain:	16,739
Broker non-votes:	3,656,742

3. To consider and act upon a proposal to approve the adoption of the 2003 Director's Stock Plan.

For:	5,032,029
Against:	671,782
Abstain:	18,481
Broker non-votes:	4,301,174

Item 6. Exhibits and Reports on Form 8-K

(a)Exhibits

Item No. Item

(10.20) First Albany Companies Inc. 1999 Long-Term Incentive Plan (filed as registration No. 333-105771) dated June 2, 2003.

(10.19) First Albany Companies Inc. 2003 Non-Employee Directors Stock Plan (filed as registration No. 333-105772) dated June 2, 2003.

(10.18) Employment Agreement dated 2/18/03 (filed as exhibit 10.18 to form 10-Q for the quarter ended March 31, 2003)

(10.17) Employment Agreement dated 3/20/03 (filed as exhibit 10.17 to form 10-Q for the quarter ended March 31, 2003)

(11) Statement Re: Computation of Per Share Earnings (filed herewith)

(31) Certification of CEO and CFO pursuant to Section 302 of the Sarbanes-Oxley Act

(32) Certification of CEO and CFO pursuant to Section 906 of the Sarbanes-Oxley Act

(b) Reports on Form 8-K

The following reports on Form 8-K were filed during the quarter ended June 30, 2003:

1. Form 8-K filed April 17, 2003, announcing First Albany Companies Inc's financial results for the quarter ended March 31, 2003.

2. Form 8-K filed on May 5, 2003, First Albany furnished materials presented on the Company's Annual Meeting Webcast.

3. Form 8-K filed June 16, 2003, announcing that First Albany Companies Inc. has completed a $10 million private debt placement.

FIRST ALBANY COMPANIES INC. (Exhibit 11)
COMPUTATION OF PER SHARE EARNINGS

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands, except per share amounts)	2003	2002	2003	2002
Basic:				
Net income (loss)	$ 2,549	$ 123	$ 4,772	$ (1,885)

Weighted average number of shares outstanding during the period	10,469,444	9,601,224	10,353,924	9,542,014
Net income (loss) per share	0.24	$0.01	$ 0.46	$ (0.20)
Dilutive:				
Net income (loss)	$ 2,549	$ 123	$ 4,772	$ (1,885)
Weighted average number of shares outstanding during the period	10,469,444	9,601,224	10,353,924	9,542,014
Effect of dilutive common equivalent shares	1,134,103	119,924	735,682	-
Weighted average shares and common equivalent shares outstanding	11,603,547	9,721,148	11,089,606	9,542,014
Net income (loss)	$ 0.22	$ 0.01	$ 0.43	$ (0.20)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

First Albany Companies Inc.

(Registrant)

Date: August 12, 2003

/s/ ALAN P. GOLDBERG

Alan P. Goldberg

President/Chief Executive Officer

Date: August 12, 2003

/s/ STEVEN R. JENKINS

Steven R. Jenkins

Chief Financial Officer

(Principal Accounting Officer)